

INYOSI COAL

SOCIAL AND LABOUR PLAN

ZIBULO COLLIERY MP 30/5/1/2/2(338) MR

PERIOD: 2016-2020

PART ONE

Preamble

1.1 Background

Anglo American Inyosi Coal

Anglo American Inyosi Coal (referred to in the document as AAIC) is a division of Anglo American Anglo American Inyosi Coal and a member of the Anglo American plc, which was formed in 2007. A broad-based black economic empowerment company in which Anglo American has a 73% shareholding with the Inyosi consortium holding the remaining 27%.

AAIC houses key future domestic and export-focused coal operations, including Kriel Colliery and the commissioned Zibulo multi-product mine. It also holds the greenfield projects of Elders, New Largo and Heidelberg..

Inyosi is led by the Lithemba Consortium and Pamodzi Coal, and has a beneficiary base that is in excess of 27,000 individuals, the majority of whom are female Historically Disadvantaged South Africans (HDSAs). Women's Development Bank Investment Holdings is also a shareholder. An independent broad-based Community Trust that is benefiting HDSA communities around AAIC operations has been formed.

About Anglo American Coal

Anglo American Coal (referred to in this document as Coal) is a division of Anglo American plc. It wholly owns and operates seven mines and has a 50% interest in Mafube Colliery which is jointly owned with Exxaro. It also holds a 73% interest in Zibulo and Kriel collieries, through its division, Anglo American Inyosi Coal (AAIC).

All mines, with the exception of one situated in the Free State, are located in the Mpumalanga province. They supply Anglo American Inyosi Coal to both the export and local markets and metallurgical coal for export.

Our coal is exported via the Richards Bay Coal Terminal in where Anglo American Inyosi Coal have a 27% interest. In addition, our New Vaal, New Denmark, Kriel and

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Mafube mines supply Anglo American Inyosi coal to Eskom, South Africa's stateowned electrical power utility.

Our Isibonelo Colliery produces five million tonnes of coal per annum for Sasol Synthetic Fuels under a 21-year supply contract.

Our philosophy

Zibulo colliery's philosophy is based on Anglo American's pursuit to preserve and uplift the socio-economic well-being of its host communities. This commitment is clearly set out in a statement made by the company's founder, Sir Ernest Oppenheimer, 94 years ago. He said:

"The aim of this Group is, and will remain, to make profits for our shareholders, but to do this in such a way as to make a real and lasting contribution to the communities in which we operate."

Anglo American aims to realise Sir Ernest's vision by ensuring that its operations positively impact the communities that are directly or indirectly affected by them. While Interventions to achieve this may vary according to the individuals and areas concerned, the process is driven by a strong focus on and commitment to community engagement and sustainable development.

In 2002, Anglo American rolled out its *Good Citizenship: Our Business Principles*, which sets out the values and standards that direct how we run our business. The following extract guides our dealings with stakeholders:

"We aim to promote strong relationships with and enhance the capacities of the communities of which we are a part. We will seek regular engagement about issues which may affect them. Our support for community projects will reflect the priorities of local people, sustainability and cost-effectiveness. We will increasingly seek to assess the contribution our operations make to local socio-economic development and report upon it."

Furthermore, our sustainable development principles define that we will:

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- Be ethical, efficient and create value
- Create meaningful employment in safe, healthy environments
- Reduce our environmental footprint and contribute to biodiversity
- Increase innovation, technology and process involvement
- Contribute to building more adaptable societies

The objectives of the MPRD Act and the SLP are central to the strategic and operational parameters of Anglo American, and we will endeavour to meet these objectives for the benefit of our employees, our local communities, the mining industry and South Africa as a whole.

The SLP is intended to develop human potential and create opportunities for individuals to sustain themselves, their families and their communities throughout their working lives. In addition, this plan will help to minimise the socio-economic impact of job losses in the communities where Anglo American Inyosi Coal operates.

We plan to build skills that are recognised by the National Qualifications Framework and are portable outside the workers' current employment. The success of this plan relies on both AAIC and the employees themselves taking responsibility for their well-being and energetically pursuing the opportunities available to ensure their potential is realised.

Zibulo Colliery will support the well-being of its communities through initiatives that is integrated with the local and district municipalities' Local Economic Development and Integrated Development planning forums and processes.

Anglo American Inyosi Coal subscribes to the principles of the 2002 World Summit on Sustainable Development and increased investor interest in social and ethical issues.

Zibulo Colliery

The company has prospecting rights over coal resources of about 13,965 hectares located on various Anglo American Inyosi Coal (Pty) Limited Zibulo Colliery is situated in the Nkangala District Municipality in the Mpumalanga Province, South Africa. The property is also very close to the border of the Gert Sibande Magisterial District. The towns of Ogies, Phola and Delmas are located nearby in the Nkangala District Municipality, whiles the towns of Lebohang and Leandra is in the Gert Sibande Magisterial District. The area is well served by provincial, district and farm roads.

Zibulo mines the number two and the four and the five seam are reserved for future development.

Detailed Coal and Surface Rights

AOL holds the rights to the all the Seams that extents over 13 965 hectares in part of the north-western Witbank Coalfields. Zibulo Colliery will however only mine the No. 2 seam in the eastern portion of the mining right.

The No. 2 seam is located at depths of between 80 and 130 metres below surface. Access to the reserve is by means of a vertical man and material shaft and coal will exit the mine via an incline shaft.

The colliery extends over certain portions of the farms Zondagsfontein 253 IR, Cologne 34 IS, Leeuwfontein 219 IR, Onverwacht 66 IS, Rietvlei 64 IS, Schoongezicht 218 IR, Smithfield 44 IS, Strafffontein 252 IR, Strehla 261 IR, Uitvlugt 255 IR, Boschpoort 211 IR, Darwina Low 254 IR, Dieplaagte 262 IR, Kleinzuikerboschplaat 5 IS, Klipfontein 3 IS, Olga 35 IS, Vanggatfontein 250 IR, Vlakvarkfontein 213 IR, Welgelegen 221 IR, Zondagsvlei 9 IS and Oogiesfontein 4 IS.

Run of mine (ROM) reserves are estimated to be approximately 700 million tonnes. The production rate (excluding ramp up and ramp down periods) for the mine is an estimated 6.6 Mtpa and the life of mine about 25 years.

The Zibulo Colliery area and resource base is covered by four prospecting rights. The new order rights cover the same surface areas as the old order prospecting permits as defined below:

- Zondagsfontein 1: No. 49/2007 PR (DME ref. MP 30/5/1/1/2/13 PR).
- Zondagsfontein 2: No. 137/2007 PR (DME ref. MP 30/5/1/1/2/1033 PR).
- Zondagsfontein 3: No. 42/2007 PRC (DME ref. MP 30/5/1/1/2/1102 CONV).
- Zondagsfontein 4: No. 40/2007 PR (DME ref. MP 30/5/1/1/2/08 PR).
- Olga 1: No. 39/2007 PR (DME ref. MP 30/5/1/1/2/12 PR).
- Olga 2: No. 520/2007 PR (DME ref. MP 30/5/1/1/2/14 PR)
- Zondagsvlei: No. 52/2007 PR (DME ref. 30/5/1/1/2/07 PR)

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These prospecting rights, which are in respect of the underground reserves, were combined into one mining rights application, which subsequently has been granted and executed and is now awaiting registration

An old order prospecting permit, which has been issued to AOL in respect of the Oogiesfontein mini-pit reserves has subsequently been converted in terms of Section 6 of the Transitional Arrangements (Schedule II) of the MPRD Act to a new order prospecting right.

Oogiesfontein4: No. 69/2007 PRC (DME ref. MP 30/1/1/2/1056 PR CONV)

A separate application for a mining right, in terms of Section 22 of the **MRPD ACT**, has also been lodged on the 5 March 2008. A mining right in respect of this application has been granted and executed and is also awaiting registration.

These rights are regarded by Anglo American Inyosi Coal as being a single operational colliery from the standpoint of natural, human and economic resources.

Future Capital Investments and Expansion Plans

Zibulo Colliery has been mining for 5 years and has ample reserves to sustain it for the next 18 years without having to have additional LifeX projects. Having said that, a number of projects have to be undertaken to enable Zibulo Colliery to mine the 2 seam reserve and to achieve its targets. In addition to this, a number of projects need to be implemented to allow for access to the available reserves.

Firstly, there is a need for an up cast ventilation shaft northwest of the existing incline conveyor belt installation. Zibulo Colliery currently has three ventilation fans, each with a capacity of 400 m³/s, with one fan being run as a standby ventilation fan. Ventilation simulations based on the LOM plan have indicated that an additional up-cast ventilation fan will become necessary between the first quarter of 2017 and the fourth quarter of 2018.

The second project would be the incline shaft complex. In the initial LOM plan, the incline shaft complex was planned to become operational in 2020. However, present geological

conditions being faced with the main development sections have shown that this timetable will have to be moved forward in order to alleviate the risk of Zibulo Colliery running out of pit room. An in-depth analysis of this is addressed in the mining chapter. The incline shaft will also form a second form of egress and will allow for a second incline belt. This will alleviate pressure on the single incline in the south and will also form a strategic part of the LOM belt infrastructure. The introduction of this shaft will also be instrumental in the integration of the 4 seam.

The mined 2 seam from Zibulo Colliery is conveyed to Phola plant for washing purposes into a dual product, where the primary product from the wash is dedicated to the export market while the secondary product is dedicated to the inland market.

Existing Closure Plans

Anglo American realises that the economic and social effects of mine closure are significant—for its employees, the surrounding communities and local businesses. For this reason, all operations are required to produce and implement mine closure plans that are designed to mitigate these potential impacts. A closure plan typically identifies not only the impacts, but also suggests ways to foster economic independence for local businesses as well as ways to best utilise the mine's infrastructure and land (once that land has been rehabilitated).

1.2 The purpose of the SLP

Overview

This Social and Labour Plan (SLP) has been compiled in accordance with the Mineral and Petroleum Resources Development (MPRD) Act 28/2002 for the envisaged life of mine at Zibulo Colliery, a business unit of Anglo American Inyosi Coal (referred to in this document as AAIC). AAIC is 73% owned by Anglo American South Africa, a subsidiary of Anglo American plc.

Zibulo Colliery has been mining for 5 years and its original Social and Labour Plan has lapsed. This document serves to amend Zibulo's SLP for the next 5 years providing updated information on its Human Resources and Local Enterprise Development projects.

This SLP outlines the proposed mine's plans and objective pertaining to:

- Human resources development,
- Local economic development, and
- The management of downscaling and retrenchments.

Progress against plans and objectives is reported annually in the mine's SLP reports; Zibulo Colliery will continue to report for the remaining life of the mining right.

The objective of this SLP Report is:

- To provide Department of Mineral Resources with feedback on the progress as well as initiatives we have made against our Social and Labour Plan commitments:
- To highlight achievements made towards promotion of employment, advancement of social and economic welfare of those who work for Zibulo Colliery and share community upliftment achievements made during 2015 financial year;
- To confirm initiatives as well as challenges on goals to achieve transformation of within our industry; and

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To confirm that as a holder of Mining Rights, Zibulo is continuing to positively contribute to the socio-economic development of the communities in which it operates, including major labour sending areas.

The report will also highlight initiatives and strategy developed to exceed the compliance standards/commitments.

Definitions

In the following text, these terms should be clearly distinguished:

- Anglo American Inyosi Coal refers to all head office and operations personnel and is 73% owned by Anglo American Coal
- Anglo American Inyosi Coal encompasses all personnel at head office, technical divisions and mining operations, and is a wholly-owned division of Anglo American plc.
- Anglo American Inyosi Coal operations include all operational and technical personnel, but exclude head office personnel.
- Zibulo Colliery is a specific operational entity and business unit of AAIC.

1.3 Particulars

Name of the company	Anglo American Inyosi Coal
Name of the proposed mine	Zibulo Colliery
Physical address	Mineral Rights and Property Department
	17th Floor, 55 Marshall Street
	Marshall Town
	2107
Postal address	Anglo Operations (Pty) Ltd
	Private Bag x1
	Marshalltown
	2107
Telephone number	+27 11 638 3479
Fax number	+27 11 638 4608
Mine address	Rietvlei 64 IS Farm
	Portions RE1 and 7/1
Mine postal address	P.O Box 399
	Ogies
	2230
Telephone number	+ 27 13 643 4464
Mine fax number	+ 27 13 643 4451
Location of mine	Anglo American Inyosi Coal (Pty) Limited Zibulo Colliery is situated in the Nkangala District Municipality in the Mpumalanga Province, South Africa. The property is also very close to the border of the Gert Sibande Magisterial District. The towns of Ogies, Phola and Delmas are located nearby in the Nkangala District Municipality, whiles the towns of Lebohang and Leandra is in the Gert Sibande Magisterial District. The area is well served by provincial, district and farm roads.
Commodity	Coal
Life of mine	25 years
Breakdown of employees po sending area	operational with a complement of 726 full time employees and 962 contractors.
Financial year	January to December

PART TWO

Human Resources and Development Programme

2. Human Resources and Development Programme

A workforce with the right skills, experience and training is one of the industry's most basic needs. We invest significant resources into developing the skills of our employees.

To reach our goal of becoming the Employer of Choice in the mining industry, we provide world class and sustainable education for employees across our business, while also extending our capacity building initiatives to members of our immediate communities.

The safety of our employees is our number one priority. To ensure that we reach our goal of Zero Harm, much of our focus was placed on safety risk management training across the organisation during the 2011 - 2015 SLP period. This included compulsory training in Anglo American's A1.2, A2 and A3 courses as well as the Safety Leadership Programme for those in supervisory roles. This focus on safety will continue throughout the period of this Social and Labour Plan.

This section of the SLP highlights the current status of Zibulo Colliery and the targets for the next five years:

- Our Skills Development Legislative compliance
- · The Zibulo Skills Development Plan
- Hard to- Fill vacancies
- · Career progression and planning
- Mentorship and Talent Management
- The internship and bursary plan
- · Employment Equity

2.1 Skills Development Plan

Zibulo Colliery will comply with the requirements of the Skills Development Act, which includes the submission of a Workplace Skills Plan and an Annual Training Report as per the Sector Education and Training Authority's requirements. The report for 2014/2015 was successfully submitted to the MQA and signed – off by all relevant management The stakeholders were engaged on 3 official meetings to discuss the content of the WSP/ATR as well as obtain their input. The stakeholders signed off. A diary of events were compiled, detailing the discussions and submitted to the MQA and branch committee as proof of consultation, this was accepted by the MQA as sufficient

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evidence. The payment of levies and the claiming of grants are conducted in accordance with the provisions of the Mining Qualifications Authority (MQA). All levies are up paid up to date and all relevant claim forms signed and submitted to the MQA for payment.

2.1.1 Skills development facilitator

Zibulo Colliery has appointed a dedicated skills development facilitator (SDF) who administers the development and submission of the Workplace Skills Plan and Annual Training Report to the MQA. The Training Manager has been appointed as the SDF and the appointment of a 2nd SDF was also made, that was nominated from within the EE/Skills committee.

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Table 1: Number and education levels of employees: Zibulo Colliery 2015

OF LITERACY LEVELS	STE/		MALE				FEMALE				TOTAL	
BAND	NOF LEVEL	OLD SYSTEM	African	Coloured		Indian White	African	Coloured	Indian White	White	Male	Female
General	-	No Schooling/	7.0				1				ì	
Education and		Unknown	2								73	
Training (GET)		/Pre ABET										
		ABET 1	4								4	
		ABET 2	~								-	
		ABET 3	<u></u>								_	
		ABET 4	7								~	
Further Education	2	Grade 10/Std 8/N1	35				-				35	
and Training	ო	Grade 11/Std 9/N2	57				4		.,		57	4
(FET)	4	Grade 12/Std 10/	225	•	7	72	51		<u> </u>	o	239	
		N3							•)	}	5
Higher Education	S.	National certificates	101		က	09	12			-	164	13
and Training		& Occupational										
(HET)		awards										
	ဖ	Higher Certificates	ಬ			ო					8	
	7	First degrees/	ć	•		(7	•		((;
		Diplomas	7			٥	=	-		7	<u>n</u>	4
	80	Professional/	ç		•	1	•		•	,	ţ	
		Honours degrees	٧.		_	_	-		-	-	2	m
	တ	Masters										
	:						***************************************					
	19	Doctorate										
		TOTAL	518		S	88	97	Ę.	2	13	613	नत्र

2.2 Zibulo literacy profile

Zibulo Colliery have submitted a literacy profile (refer to table 1 of 2.1) within the required six months of the commencement of operations, and it was anticipated that all new employees will have qualifications above ABET level four (4). Our submission is aligned to the revised 2009/10 National Qualifications Framework. All employees with qualifications below ABET level 4 will be engaged to determine their interest to on portable skills during 2015

Members of the workforce are encouraged, through internal development programmes, to obtain skills or qualifications that are recognised by the National Qualifications Framework and registered through the MQA. At current employees are provided with study assistance, financially, to further their current qualification level. At present all underground employees operating core machinery are assessed in accordance with the MQA skills programmes, which will provide the employees with a national skills certificate based on the skills that they have experienced over the years. These can then be accumulated (as each programme has a certain number of credits) in support of a certificate if the employee which to study further. These qualifications include non-mining skills/portable skills that will assist employees in areas other than mining.

2.3 Learnerships

The five-year plan vs actual for learnerships at Zibulo Colliery will be as follows:

Year	Target	Actual
2012	12	9
2013	22	12 (8)
2014	22	22 (6 being 18.2's)
2015	28	17
2016	28	0

In 2015, 19 Engineering Learners are employed and 3 Learner Miners. The objective of this plan is to maintain the availability of competent technical people on the operation to avoid the future possibility of shortages of these essential skills.

2.4 Hard to fill vacancies

AAIC and AAC will align strategy on capacity building for puposes of uniformity and continuity and will tap into the Anglo American Inyosi Coal in-house bursary scheme as a means to ensure reliable supply of labour

We continuously strive to provide training and development opportunities to address HDSA capacity building and the critical skills shortage in South Africa and have created internal trainee positions for surveyors, ventilation, environmental and safety officers to develop these scarce skills internally.

The following positions inclusive of HDSA, are regarded as hard to fill within AAC and Anglo American Inyosi Coal:

- Geologists
- Electrical engineers
- Mechanical engineers
- Mining engineers
- Surveyors
- Tradesmen
- Technicians

Hard to fill vacancies are addressed through bursary allocation programmes, study assistance schemes (9 for 2014) and the provision of learnerships and skills programmes. Employees are encouraged to study in fields where there is a scarcity of skills.

2.5 Role and activities of the MQA

Zibulo Colliery will participate in MQA structures through the Anglo American Coal. This participation includes:

- The writing and validation of unit standards,
- The design and validation of qualifications, and
- The design and validation of skills programmes and learnerships.

The above mentioned task is performed by Technical Reference Group through AAC group meetings.

2.6 Career progression in AAIC

AAIC together with AA C will continuously look for opportunities to further enhance career development planning processes for employees. We strive to work with individuals in order to provide them with guidance on the required developmental needs that is required for development in terms of the career path that they want to pursue within AAC. This is an ongoing initiative which we continue to refine.

The company has also developed, implemented and communicated role profiles to all employees in Band 6 and above. The role profiles are also available on Anglo's central document network (from The Source) for all levels of employees. In order to ensure that our lower level employees have access to these role profiles we will look at introducing a slide at the Induction process which will inform employees of where to obtain the role profiles, either through their direct supervisors or via the Training centre. In addition, we have extended role profiles to all our Professionals in Training (graduates who have just completed their academic studies). Career pathways for Mining and Engineering were also introduced to provide guidance on the requirements needed from operator till Section Head level.

This enables members of our workforce to manage their careers more effectively and to pursue specific career opportunities, not only within AAC and Anglo American Inyosi Coal, but within the Anglo American Group.

A generic development framework for first-line managers, managers of managers and senior leadership in the organisation has been embedded through:

- AAIC offers a full suite of development tools that will aid employees at all levels in identifying their key strengths as well as areas for further development. Employees are selected to participate in these based on their development plans as well as their potential to fulfil more senior roles in the organisation.
- Career development panels are guided and managed through the AAC processes. Individual development plans are reviewed bi-annually as part of the performance management cycle.

The framework forms the basis for the integration of role profiling, recruitment and selection, talent management, learning and development, career planning and performance management.

2.7 Coaching and mentoring for employees

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Employees are afforded the opportunity to participate in mentoring relationships with an individual they feel could add value to their growth and development. This occurs particularly at the following levels:

- All graduates brought into the organisation are assigned 'buddy' and technical mentors who provide support and guidance in the early stages of their careers
- Middle to senior management aimed at employees in Bands 5 and 6
- Senior leadership aimed at Band 4 and above
- Executive leadership aimed at members of the mine executive committee

The effectiveness of the mentoring relationship is monitored through our career development plans. We also use external coaches who are contracted to provide support and guidance to employees at different levels of the organisation as and when the need arises as determined from the Performance discussions.

Emphasis is placed on developing and coaching senior-skilled employees to progress to first-line supervisors and first-line supervisors to progress to management level. The focus is specifically on HDSA employees to ensure that we prepare sufficient numbers of future leaders for the demands created by the growth of our company.

Anglo has also embarked on a formalised Mentorship programme focusing on Band 6 employees as well as those within Band 7 that has appointed Mentors. Apart from the Mentorship programme, other mine specific programmes have also adopted the "coaching" or mentoring approach as part of the programme curriculum. One such programme is that of the Miner Supervisory programme where the individual is coached for 3 weeks underground on the basis of the theory.

2.8 Talent Management

The Group Talent Management strategy caters for the needs of the company and the individual is utilized in addressing the talent issues. This results in both a net gain and a competitive edge for our organization. Talent Management is a continuous process and does not solely rely on recruitment but focuses strongly on retention and development. Our goal is to become the employer of choice and thus we focus on appreciating each individual and keeping them by supporting the retention strategy.

From January 2011, we introduced changes to the way we manage the development of our people. These changes mean that, for the first time, we have a common global capability framework for Anglo American plc.

The People Development Way

. This sets out the behavioral attributes, knowledge, skills, experience and potential required to succeed as a company and as individuals. This framework and our new interactive development portal will provide employees with the tools and information needed to help them take ownership of their career development.

In support of the People Development Way AAC has also introduced specific Discipline "Way's" which provides guidance for career planning within a specific discipline. The pathway also provides the key technical competencies required for the various roles within the discipline as well as the level that is required.

2.9 Scholarships, bursaries and internships

In living up to the Mining Charter's objectives of addressing the skills gaps within the industry, the following activities are undertaken in conjunction with AAC:

- Regular interaction with statutory bodies such as the MQA on the formulation of skills development strategies.
- Working closely with educational authorities and providing scholarships and bursaries to promote mining as a career option.
- We are in the process of establishing resources to improve the level of education in maths and science which will increase the number of learners who is able to study further in professions related to the mining industry.
- We actively promote mining as a career opportunity by hosting career exhibitions, school visits and participating in initiatives such as the annual Take a Girl Child to Work Day.
- On an internal level, we are investigating skills service providers to equip our employees
 with portable skills so that they can retain their income-earning capacity after mine
 closure. This process has been taken over from a centralised level In order to standardise
 across AAC.
- In 2013, 5 Scholarship were awarded to students from our communities to study.

2.9.1 Bursaries and internships

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AAIC utilises the well-established AAC bursary scheme which aims to develop students who upon completion of their studies, are afforded professional career opportunities within our organisation.

We aim to attract bursars from our operations' host communities and have launched a number of drives to improve marks in maths and science among local learners for this reason in the SACE complex. In addition, the scheme is open to the general public as well as the children and relatives of employees. We award bursaries to those interested in studying the following disciplines:

- · Metallurgical and chemical engineering
- · Electrical and mechanical engineering
- · Mining engineering
- · Mine surveying
- · Industrial engineering
- Rock engineering
- · Environmental management
- · Finance and accounting

We offer experiential learning to a number of students, which not only affords them an opportunity to complete the practical component of their studies but provides the organisation with a pipeline of students who could be offered bursaries and ultimately permanent employment. Our approach is to offer experiential learning to at least 40 learners per annum.

2.9.2 Bursar training programmes

Anglo American Inyosi Coat has well-established training and development programmes, as adopted from AAC, for all graduates in the different disciplines. These are reviewed on an annual basis and are updated where necessary. Programmes allow for continuous monitoring and evaluation to ensure that our trainees get the best exposure available. The company encourages trainees to take ownership of their development and has processes in place to allow for further studies where required.

2.9.3 Budget provision

Budget provision for the company's bursary and internship schemes is managed centrally. The budget is drawn up and approved on an annual basis, specifically to address the educational needs of the organisation as a whole.

2.10 Employment equity

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AAIC is progressively aligning with the Anglo American Coal transformation targets. Currently AAIC's executive committee is comprised of 90% HDSA. Zibulo Colliery's senior management is comprised of 20% HDSA and Band 6 levels are comprised of 45% HDSA. Women account for 20% at Band 6 level. Overall, women comprise 12% of our entire workforce.

A solid plan as per Coal's scorecard is in place to achieve a minimum 57% HDSA participation in management and 25% females in production and technical fields. These are aligned to AAIC stretch targets. Although the colliery has more than achieved the 40% HDSA target in management, it stills lags behind in WIM (15%) as per mining charter requirements. We will actively increase the number of women in mining through new intakes and apprenticeships.

Our employment equity statistics are given in the table below:

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Zibulo Employment Equity statistics (2015)

Occupational Levels		MAI	ALE			FEMALE	Щ		<u>ာ</u>	TOTAL	DISABLED	3L = D
	African	African Coloured	Indian	White	African	Coloured Indian	Indian	White	Male	Female	Male	Female
Top management	0	0	0	0	0	0	0	0	0	0	0	0
Senior management	-	0	0	4	0	0	0	0	5	0	0	0
Professionally qualified and												
experienced specialists and mid	16	~	~	17	7	0	0	က	35	9	0	0
management												
Technical and academically												
qualified workers, junior	ŭ	· ·	ŗ	ô	ų T	•	•		6	ò	(
management, supervisors,	3	>	٧	9	<u>.</u>	_	_	4	8	5	5	0
foreman and superintendents												
Semi-skilled and discretionary	107		,	,	8		,			1	,	
decision-making	7	>	າ	ç 	Ş	>	-	ဂ	165	97	m	-
Unskilled and defined decision-				,	i i							
making	975	>	>	4	င္ပ	>		,	328	92	0	0
TOTALE	518	-	9	88	-65		7	13	613	113	3	-
Non-permanent employees	740	6	က	138	29	-	0	4	068	72	0	0

2.15 Plan to achieve 40% HDSA participation in management

Anglo American has set itself milestones in order to exceed Mining Charter Employment equity targets through Coal's Scorecard to achieve a minimum 57% HDSA participation in management and 25% females in production and technical fields. Although the colliery has achieved more than 40% HDSA target in management, there is a challenge with meeting WIM (15%) as per Mining Charter requirements.

HDSA Participation in Management – Zibulo Colliery

Occupational Level	2014 Actuals	2015 Target	2016 Target	2017 Target	2018 Target	2019 Target	2020 Target
Top Management	0	0	0	0	0	0	0
Senior Management	16%	40%	40%	40%	40%	40%	40%
Middle Management	65%	40%	40%	40%	40%	40%	40%
Junior Management	49%	40%	40%	40%	40%	40%	40%
Core and Critical Skills	85%	40%	40%	40%	40%	40%	40%

Zibulo Colliery commits to actively increase the number of women in mining through new intakes and apprenticeships programme. Next steps to facilitate achievement of the plan are discussed through established Employment Equity Forum which comprises of Mine management, recognised trade Union representatives and members of HDSA groups on the mine. Amongst other duties, this committee focus on identification and elimination of barriers for HDSA participation in the workplace.

PART THREE

Local Economic Development Programme

3. Local Economic Development Programme

AAIC is committed to delivering improvements in the social and human capacities of the people who surround our operations, not only to maintain our social licence to operate, but to create real opportunities for socio-economic advancement.

As a good corporate citizen and partner of choice, our commitment to sustainable development dictates that while our operations may deplete a natural resource, they should in return provide a combination of improvements for the people living around them.

At Coal we are committed to delivering improvements in the social and human capacities of the people who surround our operations, not only to maintain our social licence to operate, but to create real opportunities for socio-economic advancement.

3.1 Socio-economic background information

Emalahleni Local Municipality is located within the Mpumalanga Province and is situated in the jurisdictional area of the Nkangala District Municipality. The district is located to the North-West of the province and is the smallest district in land mass (21%) and has the second largest population concentration (35%) in the province. It covers an area of about 2677.67 km² in extent. The Nkangala District Municipality is made up of six local municipalities, namely:

- Emakhazeni Local Municipality
- Steve Tshwete Local Municipality
- Thembisile Hani Local Municipality
- Dr JS Moroka Local Municipality
- Emalahleni Local Municipality, and
- Victor Khanye Local Municipality.

The Emalahleni population is 395 466, and that of Phola/Ogies 46284 according to the 2011 census.

3.2 Socio-economic profile

Unemployment rate for Emalahleni was 27.3% in 2011 and unemployment rate for females was 37.1% and males 20.8% - youth unemployment rate was 36.0%. Most household's annual income is between R9 601 to R153 800 per annum and with the majority earning between R38 201 – R76 400.

Mining in Emalahleni is the highest contributor to both economic growth and job creation. Given the abundance of coal reserves in Mpumalanga (and being the key mineral within Emalahleni); the local space is likely to benefit from the resources abundantly found within the locality; at the expense of agriculture. However, coal mining and electricity generation within Emalahleni pose serious challenges around environmental degradation and pollution from greenhouse gas emissions; which calls for special focus being given on the green economy and related projects. Coal produced within Emalahleni is for both the local and export markets. For the local market, Eskom is the major buyer while China is the major export buyer. Mining houses contend that production levels and order books tend to fluctuate. However, demand for coal is generally very high for both market segments

3.3 Local economic development key focus areas

The key local economic development focus areas of the NDM are discussed in this section, and are derived from the municipality's Local Economic Development Plan (2006) and the NDM Integrated Development Plan for 2009/2010. The goal of local economic development is to transform the Nkangala district into a hive of economic activity characterised by strong levels of investment, sustainable job creation and improved income levels in a way that builds on the distinctive potential of each municipality, preserves the integrity of the environment and avoids negative competition.

SWOT analysis of the NDM

Strengths	Weaknesses
Maputo corridor transverses the district	Low skills levels
Existing steel cluster	Deteriorating rural infrastructure
A number of government initiatives in the area	Spatial inequalities
Availability of natural resources	Underdeveloped sectoral opportunities
Culturally diverse communities	Uncoordinated development implementation
Opportunities	Threats
Exploiting export opportunities	Impact of HIV/AIDS on the community
Development of SMMEs	Unemployment (increasing)
Scope for large-scale tourism development	Poverty (increasing)
Close location of Gauteng markets	Unbalanced (only urban) development
Opportunities for comprehensive steel and chemical development	Dependence on limited large sectors

(Source: NDM: LED Plan 2006)

Strategic interventions to facilitate local economic development in the NDM

Pillar	Strategic intervention	Development programmes and projects
1.	Good governance and capacitation	Economic Infrastructure maintenance Inter-governmental communication and capacitation Regulatory reform Institutional framework
2.	Human resource and community development	 Tertiary institutions Internal business skills HIV/AIDS care-giver training Extended community public works programme
3.	Industrial and big business development	Business retention and expansion Marketing
4.	SMME development and support	 Establishing services Expansion of existing SMMEs Linkages with large businesses Small business support centre
5.	Agricultural development	Emerging farmer support Commercial farming Agro-processing
6.	Tourism development	Product development Development of 'key tourism icons' Environmental conservation
7.	Rural development	Income augmentation Rural infrastructure and support centre Rural tourism and eco-tourism

3.4 Impact of mining operations

3.4.1 Environment and Communities

Zibulo recognizes the importance of building a close interactive relationship with its surrounding stakeholders in order to share challenges as well as operational best practice.. In order to involve and inform the affected communities, a stakeholder forum is established where possible impacts as well mechanisms to address these impacts are discussed and agreed upon. The mine continuously foster awareness of shared responsibility and accountability for the environment and will initiate projects with the community members to address these.

Zibulo subscribes to the Anglo Social, Anglo Environment Way and the Anglo American Good Citizenship principles which sets out the values and standards of the company's acceptable conduct of business. In respect of communities, Zibulo will continuously:

- promote strong relationships with, and enhance the capacities of the communities where the mine operates.
- Seek regular engagement with the community around issues that affect them
- Support upliftment projects that reflect the priorities of local people and support the

principles of sustainability and cost effectiveness

The Zibulo coal reserves straddle the P53/1 provincial road between the towns of Ogies and Leandra in the Mpumalanga province.

Environmental impacts are discussed in the Environmental Management Programme Report, with internal and external stakeholders during Consultative forums and feedback given where concerns are raised.

3.5 Community Engagement

3.5.1 Socio Economic Assessment Toolbox

Anglo American's Socio-Economic Assessment Toolbox (SEAT) helps each operation to better understand the socio-economic issues and impacts, and related risks, associated with their activities.

The SEAT process also provides valuable insight into the effectiveness with which we are managing these issues and impacts. As such, it is a powerful opportunity for us to assess and improve our performance around social and community issues.

The SEAT tools are also designed to assist in evaluating the overall economic impact of each operation on local, regional and national economies. It helps guide operations through a high level assessment of the effectiveness and appropriateness of their LED/CSI initiatives.

SEAT is conducted for each operation every three years

Zibulo is currently conducting its SEAT. Internal desk top data has been gathered. Engagements with external stakeholders is in process. Data gathered will be assessed and shared with management to formulate management plans on issues/impacts/grievances raised by stakeholders

3.5.2 Stakeholder Engagement

Our main aim is to promote strong relationships with the communities that surround our operations through regular engagement on the issues, challenges and feedback on the mine's performance that may affect them. Our engagement planning include, stakeholder mapping, profiling – determining their interests, influence on the business, health and wellness.

To facilitate on-going dialogue with all our stakeholders we adhere to the Anglo American Coal SA Good Citizenship Principles which guide the way we conduct our business. Our stakeholders are of utmost importance to us, so we encourage relationship building and maintenance with the communities that surround our operations through regular engagement on issues, challenges and programmes that may affect or impact them.

This is attained through us knowing our stakeholders via the Stakeholder Map which identifies all our stakeholders that reside within all our Zones of Influence. The Stakeholder Management Plan is our engagement guideline as it determines the frequency of all our consultations and involvement on different and various engagement forums. Our main engagement platforms being two stakeholder days hosted annually in order for the mine to provide information on the Life of the operation as well as to award the communities an opportunity to voice their views and perceptions in order for us to work together towards finding amicable solutions; and the Future

Forum which is designed to discuss the life of the operation, environmental impact, employment/skills development, procurement, Local Economic Development etc.

These engagements provide a sound platform for our local stakeholders to voice their opinions and concerns, and at the same time provide an opportunity for the mine to promptly rectify any complaints or clarify possible misconceptions concerning the colliery's operations. Our key stakeholders include, among others: employees, contractors, our three recognised trade unions, community members, councillors, farmers, residents of farms and informal settlements, concerned groups, schools and their governing bodies, the eMalahleni Local Municipality, the Community Policing Forum, various government departments, the South African Police Services and other mining houses.

Community Needs

Community Needs	Purpose
Education and training	To promote early childhood development and training for educators; Initiate supplementary programs and additional tuition for Grade 10-12; improving of laboratories
Environmental	With the Environmental Department, identify and implement socio- environment projects. Train students on utilising mine blasting, noise and dust monitors
Health	Support of community clinics, health programmes; aids awareness programmes, substance abuse and support local welfare/NGO organisations
Agriculture	To promote food security and help eradicate poverty; identify and implement an income generating project with the local cooperative and have a strategy in place for sustaining the projects with the help of surrounding established farmers
Capacity Building	To build skills and experience of the workforce of the local municipality
Skills development/ capability training	Identifying and implementing a community training, skills development projects for unemployed youth.
Infrastructure development	Invest, develop and improve community or school infrastructure

3.6 Job creation and enterprise development

Zibulo Colliery employs 30 % of its workforce from surrounding communities (Phola, Ogies Kriel and Leandra), while also facilitating the growth and development of the area's small enterprise sector through the Anglo American Zimele small business hub programme.

This programme provides support to entrepreneurs though the provision of finance through its Communities Fund and a network of walk-in centres or hubs where business owners are given tangible support in the running of their businesses. Anglo American has established seven hubs situated in Ogies, eMalahleni, Middelburg, the Vaal, Secunda, Dennilton and Bushbuckridge.

Support given to entrepreneurs includes the development of business plans, training and coaching on the essentials of running a business, tax advice, marketing support and access to facilities. These include fax, internet, printing and meeting amenities.

In achieving the aims of the Communities Fund and its related hubs, the sustainability of businesses is essential. Therefore the following criteria are used in considering the granting of loans:

- Economic viability and sustainability
- The business must be able to generate a positive cash flow to service and sustain its debt
- The company must comply with the Mining Charter and Broad-Based Black Economic
 Empowerment Codes of Good Conduct regarding shareholding and ownership (at least 25%
 - of the business must be owned by a previously disadvantaged South African)
- The owners of the investee company must be involved, on a permanent basis, in the dayto-day management and operations of the business
- The owners of the investee company must contribute to the company from their own resources to ensure commitment and risk sharing
- The investee company must comply with all necessary legal requirements as well as Anglo

American's standards and procedures regarding environmental and safety management.

The fund assists entrepreneurs with seed and working capital through loan finance of up to R1 million per project which is paid back at preferential interest rates. Beneficiaries must operate in Anglo American business unit areas.

Since the establishment of the fund in 2007, the seven hubs have approved loans to the value of more than R154.6 million, supported more than 627 small businesses that created more than 6085 jobs.

The Ogies Zimele hub has funded 45 SMMEs which created 539 jobs since opening in 2011. .

Zimele has funded many projects from other mining companies around Ogies. This includes orders & contracts from companies such as Eskom, Khutala, Exxaro & Minopex. The establishment of Ogies Zimele hub has assisted local companies to acquire funding, potential businesses to register, creation of local SMMEs database which is shared with surrounding mining companies.

3.7 Zibulo Local Economic Development Projects

CATEGORY	PROJECT DESCRIPTION	BUDGET	PROJECT PARTNER
1. Upgrade of Phola Fire Station	Resourcing Disaster Management Centre and Fire Department in Phota .	R 5 million	Emalahleni Local Municipality, SAPS, Disaster Management Team
2. Education, Training and Capacity Development	Infrastructure Upgrade/Repairs at Mabande Comprehensive High school Academic Intervention for Grade 12 Curriculum gap closure for Grade 10 and 11 at Mabande Comprehensive High School Community Scholarship Scheme – provision of scholarships per study cycle for 5 learners Program packages that will improve municipal capacity, efficiency and effectiveness in order to meet their water challenges in Phola and Ogies. Training of community youth various portable skills	R 8.5 million	Emalahleni Local Municipality , Department of Education, Phola Youth and Various NGOs
3. Economic Development	Investment, sponsorship and development of SMME, and NGOs	R1,5 million	Emalahleni Municipality, SAPS, Disaster Management Team
4. Construction of Phola Taxi Rank	Construction of taxí rank	R1.5 million	Phola Taxi assossiation
5. Green City Project (environmental and Enterprise development projects	Beautification, cleaning and greening of Phola Entrances and Parks	R7 million	Phola/Ogies Unit Municipality
6. Investment in Leandra	Support of community clinics, health programmes; aids awareness programmes, substance abuse and support local welfare/NGO organisations	R1.5 million	Department of Health, NGO's and Communities, Department of Gender and Social Development
Total		R 25 million	

Project 1: Upgrade of Phola Fire Station

Background	Disaster Management and Emergency Response I	nd Emergency Respo		e under resourced	for the growing popu	Departments are under resourced for the growing populations within our communities.	ınities.
Geographic location of the project:	District Municipality Nkangala	Local Municipality eMalahleni	Village name Phola/Ogies	Project start date 2016		Project end date End of 2019	
Output: Capacity building and Infrasture Upgrade	Key Performance Area Safety and Emergency Preparedness	Key Performance indicator Invest in the safety and emergency preparedness of our communities	Responsible entity(inclusive of all role players) AACSA eMalahleni Local Municipality	Quarterly timelines and year Q3 finalisation of funding agreements	Quarterly timelines and year Q4 Identify the materials needed by the department	Quarterly timelines and year Q4	Budget R5 million
No of jobs to be created	TBC	TBC	TBC	TBC	LBC	Total	Comments
Short term							
Medium term							
Long term							
Completion date and exit strategy Handover to the Phola Fire Station	xit strategy ire Station						

Project 2: Education, Training Capacity Development

Project Name	The name of the project : Education, Training Cal Development	. Education, Training	y Capacity	Classification o	Classification of project: Infrastructure support	resupport	
Background	Greatest challenge facing our host municipalities business community and their ability to attract m programme packages that will address municipal communities. This will improve the quality of sen infrastructures, high rate of youth unemployment their studies	g our host municipal I their ability to attra at will address munion prove the quality of		o deliver basic sen s and the community ty to deliver basic: skills developmen portunities for tho	ices which does only lies who reside in the services. This will hav it. Our host communise who pass matric w	s is their ability to deliver basic services which does only reflect badly on government but also on the lore investments and the communities who reside in these localities. Improving the capacity through lity's staffs' ability to deliver basic services. This will have a very positive impact on our business and vice delivery and skills development. Our host community schools are the deteriorating school t and minimal opportunities for those who pass matric well to progress to tertiary institutions to further	ment but also on the the capacity through ton our business and iorating school y institutions to further
Geographic location of the project:	District Municipality Nkangala	Local Municipality Emalahleni	Village name Phola/Ogies	Project start date 2016		Project end date End of 2020	
Output: Capacity Building workshops and training Infrastructure refurbishments Identify depleted school infrastructure for upgrades and to add to more bursars to our community development scholarship Portable Skills Programme for Youth	Key Performance Area Capacity/Skills Development Development Education and infrastructure	Key Performance indicator Improved the quality of service delivery Improved the quality of our schools learning environments	Responsible entity(inclusive of all role players) AACSA Emalahleni Local Municipality	Quarterly timelines and year Scoping	Quarterly timelines and year Procurement and delivery	Quarterly timelines and year	Budget R8.5 million
No of jobs to be created	TBC	TBC	TBC	TBC	TBC	Total	Comments
Short term							
Medium term							

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	Long term	Completion date and exit strategy Hand-over to Department of education More youth jobs and business opportunities created by the portable skill and less dependency on mine related jobs Capacitating municipality staff with skills that will enable them to deliver efficiently and effectively on their duties.
	Long term	Completion date and exit strategy Hand-over to Department of education More youth jobs and business opportunities created by the portable skill and less dependenc Capacitating municipality staff with skills that will enable them to deliver efficiently and effective.

Project 3: Ecomonic Development

Completion date and exit strategy

Create business opportunities with in the host communities to enable them to enter main stream market.

Project 4: Construction of Phola Taxi Rank

			Budget R1.5 million	Comments	
Classification of project: Infrastructure	With rapid increase in population in Phola there is an increase in demand for public transportation.	Project end date End of 2020	Quarterly timelines Budget and year R1.5 mi	Total	
			Quarterly timelines and year Q3 Procurement and delivery	L BC	
		Project start date 2016	Quarterly timelines and year Q2 finalisation of funding agreements	TBC	
. Taxi Rank		Village name Phola/Ogies	Responsible entity(inclusive of all role players) AACSA Emalahleni Local Muicipality Phola Taxi Assossiation	TBC	
		Local Municipality Emalahelni	Key Performance Responsible indicator entity(inclusi indicator transport facilities AACSA Emalahleni Lo Muicipality Phola Taxi Assossiation	TBC	
The name of the project : Taxi Rank	With rapid increase in po	District Municipality Nkangala	Key Performance Area	TBC	
Project Name	Background	Geographic location of the project:	Output: Construct and Build a taxi rank	No of jobs to be created	Short term

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Project 5: Green City Project

The name of the project: Green City Project (Environmental/ Enterprise Developmental Project)	There is an urgent need to address environmental and hygiene issues faced by the community. And create environmental awareness in the community.	of District Municipality Local Village name Project start date Project end date Leandra/Leslie 2016 End of 2020	Key Performance Area indicator ola language ola swareness Key Performance Responsible entity(inclusive entity(inclusive indicator indicator of all role ola lawareness) Quarterly timelines and and year and year and year and year players) Quarterly timelines and and year and year and year and year players) R7 million workshops and initiatives	ed TBC TBC Comments Comments		
The name of th Enterprise Dev	There is an urg	District Munici	Key Performan Environmental awareness	TBC		
Project Name	Background	Geographic location of the project:	Output: Beautification, cleaning and greening of Phola Entrances and Parks	No of jobs to be created	Short term	Medium term

Long term Completion date and exit strategy Adopable environntal awareness campaigns and cleaner community from House hold
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Project 6: Investment in Leandra

Project Name	The name of the project: Investment in Leandra	t : Investment in Lea	Indra	Classification o	of project: Infrastructu	Classification of project: Infrastructure support and Capacity Building	/ Building
Background	Limited health facilities in Steve Tshwete to service I improve the standard of health care in these areas. T	in Steve Tshwete to f health care in these	service the growing a areas. There is a g	g population withir rowing need for ca	our host communitie pacity/skills developn	the growing population within our host communities. Support in a form of facilities will greatly here is a growing need for capacity/skills development for NGO administrators.	acilities will greatly itors.
Geographic location of the project:	District Municipality	Local Municipality	Village name Leandra/Leslie	Project start date 2016		Project end date End of 2020	
Output: Invest in the Local Aids Council initiatives Support NGOs (Vulnerable Groups)	Key Performance Area Key Performance Responsible Health and welfare improved health of all Improved health players) care and welfare AACSA centres DoH	Key Performance indicator Improved health care and welfare centres	Responsible entity(inclusive of all role players) AACSA DoH	Quarterly timelines and year Q2 Identify workshops and initiatives	Quarterly timelines and year	Quarterly and year	timelines Budget R1.5 million
Upgrade Child Welfare							

No of jobs to be created TBC TBC TBC TBC Tatal	Comments
Short term Short term	
Medium term	
Long term	
Completion date and exit strategy	
Working in partnership with the department of health, Local Aids Council, Department of Gender and Social Development	

3.8 Corporate social investment initiatives

AAIC's community development strategy responds to the needs of communities raised through the Socio Economic Assessment process and focuses on areas where we believe we can maximise benefit both to society and our business. We have committed to invest 1.5% of our operating profit in sustainable community development projects.

During 2015, Zibulo invested R1m into various charitable projects in and around host and interested communities.

3.8.1 The Anglo American Chairman's Fund

The Anglo American Chairman's Fund is one of the dedicated instruments through which Anglo American channels its corporate social investment (CSI) spend. As the oldest professionally managed CSI programme in the country, the fund dates back to the 1950s and, over the years, has developed a reputation for being one of the most inclusive funder in the country and a partner of choice in development.

These projects range from small grassroots initiatives to major capital building projects and large-scale service delivery programmes in partnership with provincial and national authorities. Focus areas include HIV/AIDS, healthcare and welfare as well as education and entrepreneurial development.

Almost half of the fund's social investment goes to initiatives that improve the standard of education in South Africa. These focus on maths and science, literacy, the development of teachers and infrastructure. Its flagship project is the Rural Schools Programme which provides infrastructure, mainly in the form of classrooms, laboratories, ablution blocks and libraries for schools in rural areas.

During 2012, the fund invested approximately R68,5 million in local CSI initiatives into various charitable projects.

The fund also assists organisations that care for the elderly, the disabled and children, and supports initiatives in the entrepreneurial development and policy sectors. One of its recent projects involves support for the African Children's Community Education and Feeding Scheme which feeds more than 1,000 families a month and 21,000 orphans and vulnerable children each day.

Zibulo envisage looking at the following community development priority areas:

No	Priorities	Purpose	Beneficiaries
1	Education and training	To promote early childhood development and training for educators	Local community
2	Environmental	Education and empowerment	Local community
3	Health	Support of community clinics, health programmes in the community; aids awareness programmes in the communities	Local community
4	Agriculture	To promote food security and help eradicate poverty	Local community
5	Infrastructure development	To uplift the standard of living and assist the municipality with its service delivery commitments	Local municipality
6	Capacity Building	to build skills and experience, increase opportunities	Local Municipality
7	Skills development/ capability training	Community training, skills development for unemployed.	Local Community

Zibulo Colliery's Stakeholder Management Plan has prioritised collaboration and partnerships with other operations and community stakeholders in order to promote sustainability, self-reliance, support and participation.

3.9 Youth engagement

The mine will work closely with the local municipality to identify new and existing youth-based projects that are in need of support. It will also link young people to the company's Small Business Hub in order to promote and support youth entrepreneurship.

3.10 Local Economic Development projects

AAIC plays an important role in the facilitation of economic development within the district and local municipality and is well represented in the Local Economic Development (LED) and Integrated Development Planning (IDP) forums in the Emalahleni Local Municipality. The projects listed below are supported by Zibulo Colliery and have been discussed with the IDP and LED forums

The allocation of funding in the various stages of these projects is merely a projection and is subject to change.

With Effect from 2009 till 2015, Zibulo colliery embarked on Phola pipeline repairs as well as Sewage Treatment Plant refurbishment and extension to the value of R 40m. The project employed 50 community members and further assisted with safety, health an environmental status of the community

3.11 Housing and Living conditions

Social and Labour Plan guidelines and targets

AAIC has a plan to establish the preferred requirements for infrastructure, housing and living conditions for the new operation, and will determine:

- The need for the establishment of a settlement
- The type of settlement envisaged
- The location of the envisaged settlement
- The sustainability of the settlement beyond the life of the mine

The above housing settlement need has been actioned through Anglo American Coal housing strategy where employees are encouraged to either buy stands and build, fully housing package or take an allowance which allows them to purchase house or accommodation of their choice. The company has subsidized the package by partnering with municipality on assistance of supply of bulk services within areas where employees are encouraged to participate in the schemes.

3.11.1 AAIC housing strategy

AAIC will employ the Anglo American Inyosi Coal strategy and vision of home ownership. As a result, we wish to move away from housing provision entirely and to ensure that employees are accommodated in their own formal accommodation located within the metropolitan frameworks of the regions where our new and existing operations are based.

The primary aims of this vision are:

- To meet the new requirements outlined in the revised Mining Charter for 2014.
- To support the integration of future corporate social investment activities within the regional municipal framework and infrastructure development.
- To assist the Chamber of Mines to meet the Housing Forum commitments and to ensure that the Social and Labour Plan and Mining Charter's obligations are met and are sustainable.
- To enhance the social and economic sustainability of the regions in which Anglo American Inyosi Coal operates through a housing model that is integrated within the greater metropolitan centres and aligned with the Integrated Development Plans for those regions.

Key challenges:

- Lack of affordable housing which encourages employees to remain in mine-provided accommodation in unsustainable areas.
- Bulk infrastructure costs and constraints which have delayed the delivery of serviced stands for residential developments in sustainable areas and which have added to the cost of housing and selling prices.
- Chronic housing backlogs. This has resulted in long waiting lists and delivery lead times.
- Limited municipal resources, particularly funding and capacity, to provide infrastructure and services for residential developments.

3.11.2 Housing Action Plan

There is a current project in place to manage the transition from housing provision to full home ownership. This plan is based on the following pillars:

- The adjustment of housing allowances in line with market conditions to encourage employees to relocate to sustainable residential settlements in established areas.
- To support bulk infrastructure development within the local municipal spatial framework with funding and technical expertise to fast-track the delivery of housing and contain house prices within acceptable levels.
- To specifically source and support housing delivery within metropolitan urban areas that is sustainable in the longer term.
- To facilitate and market home ownership to all employees.

AAIC housing allowances per employee grade is the same as AAC housing allowance as agreed during wage negotiations and detailed below:

Employee grade	2010 RATES	2011 JULY RATES	2012 JULY RATES	2013 -2014 RATES	2015 RATE
D1 and C4#	R6,208	R7,007	R7,532	R8,135	R8,786
cu	R5,321	R6,006	R6,456	R6,973	R7,795
CL and B Band	R4,320	R4,876	R5,242	R5,714	R6,726
Senior-skilled	R4,320	R4,876	R5,242	R5,714	R6,726
Skilled	R3,300	R3,993	R5,242	R5,714	R6,726

3.11.3 Zibulo Strategy

AAIC has identified a number of options which is explored to ensure that the accommodation requirements and standards set in terms of company policy, collective agreements, the Mining Charter and other applicable legislation are met.

Zibulo Colliery will provide employees with a living out allowance and assist employees to purchase their own accommodation by collaborating and influencing developers in the area. Employees residing further than three kilometres from mine property will also be provided with a monthly commuting allowance.

3.11.4 Facilitation and Marketing to company employees

AAIC through Anglo American Inyosi Coal has initiated a training and development scheme for all employees interested in buying or renting property in urban areas. This training program is designed to educate employees on the responsibilities of buying, owning and managing their own homes. This is an ongoing process and is run in parallel with the marketing programmes under way for the all developments envisaged or in progress.

3.12 Measures to address nutrition

AAIC will comply with the Anglo American Inyosi Coal policy negotiated with employee representatives, Zibulo Colliery will not provide food to employees, but will instead provide an accommodation allowance.

In addition, Zibulo Colliery will provide the following:

- Educational programmes (induction, monthly communication report, and peer education)
 to all employees on basic hygiene and nutrition.
- Free supplements to all employees on a monthly basis.

Free supplements have been given to all employees during 2015.

PART FOUR

Management of downscaling and retrenchments

4. Management of downscaling and retrenchments

The primary objective of downscaling and retrenchment management is to ensure that there are no other viable options to achieve operational requirements before considering the downscaling of workers. To achieve this, the following have been put in place:

4.1 Establishment of a Future Forum

Zibulo Colliery will establish a forum consisting of management and employee representatives. This forum is trained on the content of the Minerals and Petroleum Resources Development Act and is established within the first six months of the mine operating. The Forum will consist of

- The General Manager
- Members of the senior mine management team
- A representative from the Employment Relations department
- Two representatives from each of the recognized trade unions active on the mine (National Union of Mineworkers, United Association of South Africa, Solidarity)
- Ad hoc members who might from time to time be able to contribute to the effectiveness of this forum is trained on the contents of the Minerals and Petroleum Resources Development Act, and is tasked to meet at least twice a year.

The agenda will include, but not be limited to, the following:

- Promoting ongoing discussions between worker representatives and management regarding the future of the mine
- Looking ahead to identify problems, challenges and possible solutions with regard to productivity and employment
- Identifying production and employment turnaround strategies
- The implementation of such strategies where required

4.2 Mechanisms to avoid job losses and a decline in employment

Should prevailing economic conditions cause the profit to revenue ratio of any operation to be less than an average of six percent for a continuous period of 12 months, Zibulo Colliery would initiate the following processes which must include, but not limited to, the following:

Social and Labour Plan: Zibulo Colliery| In compliance with Regulation 46 of the Mineral and Petroleum Resources and Development Act, 2002

- Consultation with all relevant stakeholders
- The implementation of section 189 of the Labour Relations Act, 1995
- Notifying the Minerals and Mining Development Board
- Compliance with the Ministerial directive and confirmation of how corrective measures would need to be taken

4.3 Managing retrenchments

Should Zibulo's operations be downscaled or cease with the possible effect of job losses, the following process would be implemented:

- Consultation with all stakeholders
- The mine would follow the Labour Relations Act as well as the guidelines provided by the Department of Labour to ensure fair opportunities to train, redeploy employees and establish alternative measures short of retrenchment
- Our communication strategy would include:
 - Informing employees of possible retrenchments;
 - Informing other interested and affected parties, including labour sending areas and local municipalities, of possible retrenchments at the operation

During 2015, no employee separated as a result of retrenchment.

4.4 Mechanisms to ameliorate social and economic impact on individuals, regions and economies where retrenchments or closure is certain.

Where retrenchments or closure of the operation is imminent, the mine would put in place the following process to ameliorate the social and economic impact on individuals, regions and economies. The process will include:

- Assessment and counselling services for affected employees
- Comprehensive self-employment training programmes
- Comprehensive training (non-mining skills) and re-employment programmes
- Creation of jobs for local economies
- Regeneration of local economies
- Accessing the Social Plan Fund

Zibulo Colliery is in the ramping phase and has therefore long foreseen future.

PART FIVE

Financial provision

5.1 Human resources programme

Zibulo Colliery provision for Human Resource Development

Programme	2016	2017	2018	2019	2020
Skills Development Levy Act	R4 143 926	R4 351 122	R4 568 678	R4 797 112	R5 036 968
Learnership	R 4 404 406	R4 624 626	R4 855 857	R5 098 650	R5 353 583
Internal Training Programme	R8 494 236	R9 003 890	R9 544 124	R10 116 771	R10 723 777
Extenal Training Programme	R11 002 020	R11 135 965	R11 279 546	R11 432 889	R11 593 953
Total	28 044 587	29 115 603	30 248 205	31 445 422	32 708 280

5.2 Local Economic Development

Financial provision for Local Economic Development for Zibulo Colliery

Project	2016	2017	2018	2019	2020	BUDGET
Upgrade of Phola Fire Station		R1 500 000	R1 500 000	R1 000 000	R1 000 000	R5 000 000
Education, Training and Capacity Development	R 500 000	R2 000 000	R2 000 000	R2 000 000	R2 000 000	R8 500 000
Economic Development	R 500 000	R 500 000	R 250 000	R 250 000		R1 500 000
Construction of the Phola Taxi Rank	R0	R 500 000	R 500 000	R 500 000	R 0	R1 500 000
Green City Project (Environmental/E nterprise Developmental Projects)	R500 000	R 2 000 000	R 2 000 000	R 2 000 000	R500 000	R7 000 000
Investment in Leandra	R 500 000	R 250 000	R 250 000	R 250 000	R 250 000	R1 500 000
TOTAL	R2 000 000	R5 250 000	R5 000 000	R4 500 000	R 3 250 000	R25 000,000

5.3. Managing downscaling and retrenchments

Financial provision for management of downscaling and retrenchments

No.	Process	Remarks
1	Consultation with stakeholders	
2	Informing employees of possible retrenchments	
3	Informing other affected parties	Einanaial provision is
4	Informing outside parties	Financial provision is made available for all the
5	Assessment and counselling services for affected employees	processes involved in
6	Self-employment training programmes	managing downscaling and retrenchments
7	Life skills training programmes	and retteriorinierits
8	Regeneration of local economies	
9	Other	

PART SIX

Undertaking

6. Undertaking

the undersigned and duly authorised thereto by ANGLO AMERICAN ANGLO AMERICAN INYOSI COAL, A DIVISION OF ANGLO OPERATIONS LIMITED undertake to adhere to the information, requirements, commitments and conditions as set out in the social and labour plan.

Signed at JOHANNESBURG on the day of

Signature of person responsible

Designation HEAD: MINING AND PROPERY LAW