



SOCIAL AND LABOUR PLAN

MINING RIGHT APPLICATION
MAFUBE COLLIERY
MP 30/5/1/2/2/172 MR

MAY 2013

PART ONE

Preamble

1. Preamble

1.1 Background

Mafube Coal Mining (Pty) Ltd

Mafube Coal Mining (Pty) Ltd ("Mafube") is a 50/50 joint venture company established between Anglo Operations Limited (under its Mafube mining Thermal Coal division, or AATC) and Exxaro as a vehicle to carry out all mining operations in respect of the Mafube reserves, and in the spirit of the provisions of the MPRDA.

Mafube holds the following two discrete rights:

An old order Mining Licence ML 30/2004; issued to Anglo Operations Limited (Mafube Colliery) on 30th April 2004 comprising portions of the farms Elandsfontein 433 JS, Kleinfontein 432 JS and Springboklaagte 416 JS, which is known as Springboklaagte. An application for the conversion of this licence to a new order mining right was submitted in 2006, and the conversion was granted and executed on 31 July 2008 under filing reference MP 30/5/1/2/2/172 MR and registered at the Mineral and Petroleum Titles Registration Office under MPT No 07/2009 on 27 January 2009 (the Mafube Mining Right). The Mafube Mining Right was ceded to Mafube Coal Mining (Pty) Limited under MPT No. 33/2009 on 17 November 2009.

The Mafube Mining Right and the Nooitgedacht and Wildfontein Prospecting Right are regarded by Mafube Colliery as a single operational colliery from the standpoint of natural, human and economic resources. Mining has commenced in respect of the Mafube Mining Right at Springboklaagte, with the intention to move into the nearby Nooitgedacht and Wildfontein areas in due course.

2. 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 extension of Mafube Colliery,

With the mining right already granted, executed and registered and mining under way in respect of the Springboklaagte reserve block, Mafube is submitting this SLP to cover for the Nooitgedacht and Wildfontein resource blocks. The long term optimal mining plan for the Mafube reserves, comprising Springboklaagte, Nooitgedacht and Wildfontein, involves a multi-product operation producing an export thermal coal and a middling for Eskom.

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 these plans and objectives will be reported annually through the SLP progress reports.

The objective of this SLP is:

- Promote economic growth and mineral and petroleum resources development in the Republic (Section 2 (e) of the (MPRDA);
- Promote employment and advance the social and economic welfare of all South Africans (section 2 (f) of the (MPRDA)
- To ensure that Mafube contributes to the socio-economic development of the communities in which it operates, including major labour sending areas.
- To utilize and expand the existing skills base for the empowerment of HDSA and to serve the community

1.2 Our philosophy

Our philosophy is anchored on a strong pursuit to preserve and uplift the socio-economic well-being of our host communities. Our sustainable development principles define that we will:

- 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 Mafube Mining, 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.

This 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

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

will help to minimise the socio-economic impact of job losses in the communities surrounding the Mafube.

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 Mafube and its employees taking responsibility for their well-being and energetically pursuing the opportunities available to ensure their potential is realised.

Mafube Colliery will support the well-being of its communities through initiatives that will be integrated into the local and district municipalities' Local Economic Development and Integrated Development planning processes.

1.3 Particulars

Name of the company	Mafube mining (Pty) Ltd.
Name of the proposed mine	Mafube Colliery
Physical address	Mining and Property Law Department
	Farm Springboklaagte, old Middelburg/Belfast road
	Middelburg
Postal address	1050
	Anglo Operations Limited
	P.O. Box 3385,
Telephone number	Middelburg
	1050
	013 246 9410
Fax number	013 246 9604/9543
Mine address	Farm Springboklaagte, old Middelburg/Belfast road
Mine postal address	Middelburg, 1050
	P.O. Box 3385,
	Middelburg
Telephone number	1050
	013 246 9410
	013 246 9604/9543
Mine fax number	013 246 9604/9543
Commodity	Coal
Life of mine	20 years

Financial year	January - December
Reporting year	2013 to 2018 (Application for section 102 for the Amendment)
Responsible Person Geographical origin of employees District Municipality Local Municipality	Bram van Stelten Mpumalanga Nkangala District Municipality Steve Tshwete Local Municipality
Financial year	January to December

PART TWO

Human Resources and Development Programme

2. HUMAN RESOURCE DEVELOPMENT PROGRAMME

2.1 Compliance with Skills Development Legislation

NAME OF THE SETA	Mining Qualifications Authority (MQA)
Registration Number with the SETA	16/MQA/079/AC4/080709
Confirmation of having appointed a Skills Development Facilitator	Dumisani Nhlapo
Proof of submission of workplace skills plan and date of submission	Mining Qualification Authority: 21/06/2012

2.2 Skills Development Plan

2.2.1 Education levels of employees

Mafube's literacy profile is outlined in the table below:

Table 2.2.1.1 Number and education levels of employees: Mafube Colliery (Q1:2012)

BAND	NQF LEVEL	OLD SYSTEM	MALE				FEMALE				TOTAL		
			African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
General Education and Training (GET)		No Schooling / Unknown	0	0	0	0	0	0	0	0	0	0	0
		Grade 0 / Pre	0	0	0	0	0	0	0	0	0	0	0
		Grade 1 / Sub A	0	0	0	0	0	0	0	0	0	0	0
		Grade 2 / Sub B	0	0	0	0	0	0	0	0	0	0	0
		Grade 3 / Std 1 / ABET 1	0	0	0	0	0	0	0	0	0	0	0
	1	Grade 4 / Std 2	0	0	0	0	0	0	0	0	0	0	0
		Grade 5 / Std 3 / ABET 2	0	0	0	0	0	0	0	0	0	0	0
		Grade 6 / Std 4	0	0	0	0	0	0	0	0	0	0	0
		Grade 7 / Std 5 / ABET 3	0	0	0	0	0	0	0	0	0	0	0
		Grade 8 / Std 6	1	0	0	0	0	0	0	0	1	0	0
	Grade 9 / Std 7 / ABET 4	0	0	0	0	0	0	0	0	0	0	0	
Further Education and Training (FET)	2	Grade 10 / Std 8 / N1	0	0	0	0	0	0	0	0	0	0	0
	3	Grade 11 / Std 9 / N2	0	0	0	0	0	0	0	0	0	0	0
	4	Grade 12 / Std 10 / N3	141	3	0	25	57	1	0	1	169	59	12
Higher Education and Training (HET)	5	Diplomas / Certificates	50	0	0	3	10	0	2	0	53	12	3
	6	First degrees / higher diplomas	30	1	2	4	3	0	0	37	3	0	0
	7	Honours / Master's degrees	4	0	0	0	0	0	0	0	4	0	0
	8	Doctorates	0	0	0	0	0	0	0	0	0	0	0
TOTAL			225	4	2	32	70	1	3	264	74	338	

Skills Development Plan

Table 2.2.1.1

	Year 1	Year 2	Year 3	Year 4	Year 5	Total Budget
Officials	20	20	20	20	20	100
Senior Skilled	13	13	13	13	13	65
Skilled	43	43	43	43	44	216
Total Number	76	76	76	76	77	381
Budget	R5 046 273.68	R5 046 273.68	R5 046 273.68	R5 046 273.68	R5 046 273.68	R25 231 368.40

Learnerships (External)

Table 2.2.1.2

Type/Area of training	Targets and timeline					
Engineering	1					
Total Number	1	1	0	1	1	
Budget	R 120,000	R 120,000	R 0	R 120,000	R 120,000	R 480,000

Artisans Training

Table 2.2.1.3

Type/Area of training	Targets and timeline					Total Budget
	Year 1	Year 2	Year 3	Year 4	Year 5	
Technical	5	5	13	13	13	
Total Number	5	5	13	13	13	
Budget	R 130,900	R 130,900	R 1,163,967	R 1,163,967	R 1,164,000	R 3,753,734

2.3 HARD TO FILL VACANCIES

Occupational level	Job Title of vacancy	Main reason for being unable to fill the vacancy
Top Management	n/a	n/a
Senior Management	n/a	n/a
Professionally Qualified and experienced Specialists and Middle Management	Technicians and Surveyors	Scarce skills
Skilled technical and academically qualified workers, management, supervisors, foreman and superintendents	Mining Training Practitioner	Scarce skills
Semi-skilled and discretionary decision making	n/a	n/a
Unskilled and defined decision making	n/a	n/a

Matube will align with the Anglo American Thermal Coal strategy on capacity building for purposes of uniformity and continuity and will tap into the Thermal Coal in-house bursary scheme as means to ensure reliable supply of labour. We continuously strive to provide training and development opportunities to

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

address 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.

2.4 Career Progression

Mafube will continuously look for opportunities to further enhance career development planning processes for employees. We strive to have generic career paths for all disciplines, as per the Mining Charter's requirement, and work with individuals to develop a customised career path that will be most suitable for them. This is an on-going initiative which we continue to refine.

The company has also developed, implemented and communicated role profiles to all employees in Band 6 and above. In addition, we have extended role profiles to all our Professionals in Training (graduates who have just completed their academic studies) in Band 7.

This enables members of our workforce to manage their careers more effectively and to pursue specific career opportunities, not only within Mafube but within the broader Anglo American and Exxaro portfolios.

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

- The establishment of centres to assist individuals in understanding their development needs and career progression. Three of these centres are aimed at younger, high potential candidates. We have extended this to include a larger employee population.
- Mafube 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 per discipline allow for the alignment of individuals' development along the discipline's career path. This process is fully embedded within the organisation and takes places at least twice a year in all disciplines.
- Individual development plans are reviewed bi-annually as part of the performance management cycle.
- Bi-monthly human resource planning and development meetings are held to monitor individuals' development against this framework.

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

2.5 Coaching and Mentoring of employees

As per the Mining Charter's requirements, we have investigated further opportunities to enhance our mentorship programme. A refresher programme will allow for the better matching and closer monitoring of mentor-mentee relationships. We also provide employees with the opportunity to be mentored as part of the talent management and personal development planning processes. We specifically focus on HDSAs, with particular emphasis on the development of women.

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.

Emphasis is placed on developing and coaching senior-skilled employees to progress to first-line supervisors. 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.

Coaching and mentorship development checklist

Item	Yes	No
Annual identification of coaching and mentoring requirements is aligned to career paths	X	
Appropriate guidelines are in place to administer the coaching and mentoring process	X	
A formal system is in place to monitor, evaluate and improve the coaching and mentoring process	X	
The provision of external coaching and mentoring	X	
A diverse group of trained coaches and mentors is in place	X	

2.6 Bursaries and internships

Mafube will continue to utilise the well-established Anglo American Thermal Coal, bursary scheme which aims to develop suitable students who upon completion of their studies are afforded professional career opportunities within our organisation.

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

- Geology
- 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. The adopted approach is to offer experiential learning to at least 40 learners per annum.

Furthermore a community bursary scheme will be established to cater for learners who may want to pursue careers outside the world of mining but still be relevant and aligned to national scarce and critical skills programme. This is accounted for in the LED chapter under broader mine community development framework.

2.7 Employment equity

One of our greatest assets is the diversity of our people and we have moved beyond simple transformation. At the end of 2010, 49% of our management was made up of HDSAs, well beyond the Mining Charter's requirement of 40%. We have an excellent pipeline of talent and continuously focus on ways of improving our performance in this area.

We pay a great deal of attention to the attraction, retention and advancement of women in all disciplines and at all levels of our organisation. At the end of 2010, women accounted for 17% of our total workforce and 13% of management. A number of initiatives are in place to increase the number of women in mining and to address their particular needs, including the physical aspects and health

Our employment equity profile is outlined in the table below.

2.7.2 Annual HDSA Progressive Targets

Table 2.7.2 Employment equity statistics for Mafube Colliery (Q1:2013)

Occupational Levels	2014	Minimum Progress to be achieved	2015	Minimum Progress to be achieved	2016	Minimum Progress to be achieved	2017
Executive Management	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Senior Management	40%	30%	55%	30%	55%	30%	55%
Middle Management	40%	30%	70%	30%	70%	30%	70%
Junior Management	50%	40%	70%	40%	70%	40%	70%
Core Skills	50%	40%	100%	40%	100%	40%	100%

PART THREE

Local Economic Development Programme

3. Local Economic Development Programme

MAFUBE 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.

3.1 Socio-economic background information

Mafube Colliery is located within the Steve Tshwete Local Municipality which forms part of the Nkangala district. The Nkangala District Municipality (NDM) comprises an area of approximately 240km² and includes the following municipalities:

- eMalahleni Local Municipality
- Steve Tshwete Local Municipality
- Victor Khanye Local Municipality
- Emakhazeni Local Municipality
- Thembisile Hani Local Municipality
- Dr JS Moroka Local Municipality

3.2 Socio-economic profile

The NDM has a total population of about 1, 23 million people living in approximately 160 different towns throughout the region. The breakdown is as follows:

Population breakdown of NDM

No	Municipality	Population
1	Delmas	4%
2	eMalahleni	35%
3	Dr JS Moroka	20%
4	Emakhazeni	3%
5	Steve Tshwete	15%
6	Thembisile Hani	23%

(Source: NDM: IDP 2009/2010)

3.3 Socio-economic profile of Steve Tshwete

Gender Profile	Males = 47% and Females = 53%
Population Profile	The project area has a population of 99% African and 1% White
Economic Profile	Most community members are employed in the agricultural sector as labourers and some are employed in the mining companies around the area.
Education Level	Education level is very low in the area, with most adults having not completed their schooling. Non Applicable = 11%, No Schooling = 18%, Some Primary = 27%, Completed Primary = 6%, Some Secondary = 24%, Grade12 = 10% and Higher = 4 %
Employment Profile	Majority in the project area are pensioners totalling to 45%, while 28% are farm workers and 23% are employed in the mining companies around the area. Unemployment rate of economically active individuals is low = 4%.
Income Profile	Household incomes in the project area ranged between R500 to R4000 per month. However majority of the households earn between R1500 and R3000 per month.
Infrastructure	No primary health facilities. The community depends on a mobile clinic. Roads are not tarred.
Housing	Mixture of dwellings, brick mud Ndebele styled houses.
Water and Sanitation	40% of households in the project area are dependent on the land owners - farmers for water supply drawn from the boreholes. They use tanks to collect and store their water. There are no flush toilets, 77% of households uses pit latrines.
Electricity	Very few in the project area have access to electricity. 72% of households do not have electricity, they use candles, wood, coal, gas and paraffin for lighting and cooking.
Unemployment	The project area has a number of elderly people amounting to 45% and the legal employable age group amount to 4% in the project area.

3.4 Other Mining Companies around Mafube

Mining Company	Commodity
Precision Open cast	Coal
Kopermyn	Coal
Zonneblom- Xstrata	Coal
Onverwacht Colliery - Shanduka	Coal
Emalahleni Colliery	Coal
Arnot Colliery- Exxaro	Coal
Woestallen Colliery - Coal of Africa	Coal
Vuna- Coal of Africa	Coal

3.5 Negative Impact on the Mining Operations

Possible Impact	Negative	Yes	No	If Yes, how will you address it?
Relocation of people		X		Resettlement in their preferred area. Construction of houses for them and compensation. All this will be done in line with the World Bank standards and International Finance Corporation guidelines.
Exhumation of graves		X		Re-interment to be conducted in consultation with affected individual families. The process will be conducted according to social norms and cultural values and adequate time will be invested in the process. All legislative requirements will be complied with. The process will take place under the supervision of an Archaeologist.
Influx of people		X		Partner with District Municipality and Local Municipality on their RDP administrators in their programme of dealing with influx issues within the Municipality.
Loss of employment in the farming community		X		SMME Development and preferential employment in non-specialised fields.

3.4 Impact of mining operations

3.4.1 Environment and Communities

Mafube will impact the immediate communities next to the mine as well as the surrounding rural communities. In order to involve and inform the affected communities, stakeholder forums will be established to discuss and mitigate the impacts. The mine will foster awareness of shared responsibility and accountability for the environment and will initiate projects with the community members to address these.

Mafube will continue to subscribe to the Mafube Mining Good Citizenship Principles, Anglo American Social and Environment Ways - which are standards and values on how business is conducted. We will aim to:

- To 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

3.5 Priority needs of the area

General	Gaps	Possible interventions	Municipality
Health	Health facilities	Clinics	Steve Tshwet Local Municipality
Social	Social facilities	Community service centres	Steve Tshwet Local Municipality
Electricity	Electrification	Bulk supply	Steve Tshwet Local Municipality
Housing	Informal housing	Formal housing units	Steve Tshwete Local Municipality
Job Creation	Preferential employment in non-specialised fields and SMME development	Income generating initiatives, enterprise development	Steve Tshwete Local Municipality

3.6 Local Economic Development Projects

Mafube will invest considerably in projects and programmes that will seek to address the priority needs of the area. These were identified and agreed upon with the Steve Tshwete municipality and the local communities. These will include;

- Community housing project
- Electrification programme

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

- Food security project – income generation
- Community bursary scheme

The allocation of funding in the various stages of these projects is merely a projection and is subject to change. The project plans are outlined below;

Project 1

Job Creation		Local Economic Development				
<p>Background: Majority of people are not working and those who are working earn a salary which keeps them in the poverty line. Preferential employment will be geared to them especially in the fields which are not specialized. Communal garden project will be introduced as one measure to create employment. This will enable them to use agricultural skills and more training and support will be provided to them in partnership with local farmers and the Department of agriculture in the region. Assistance will be made to source the market from where they can sell their produce. SMME development through the Mine business development hub will assist those who want to be self-employed to register their companies and also help them with business plan development and registration on supplier database with different companies. Mentoring support will also be provided as well as the business administration space and resources, while they are starting. Preferential procurement will also be geared towards to local people.</p>						
Geographical Location of Project	Nkangala District Municipality	Steve Tshwete Local Municipality	Sikhululwe Village	Project Start date: Jan - 2014		Project end date: Dec 2016
	Community Facilities, which will give the community a sense of dignity. Easy access to primary health care	Cultivation and ultimately production over a period of time	Mafube Mine, Local Municipality, Department of Agriculture, Local farmers and beneficiaries	Quarterly timelines and Year	Quarterly timelines and Year	Budget: R3 000 000.00
Classification of jobs	No. of Jobs creation	Male Adults	Female Adults	Male Youth	Female Youth	Total
Short term	10	5	5	5	5	20
Medium Term	15	5	10	5	5	35
Long Term	20	5	15	6	6	22

Project 2:

Community Housing		Infrastructure					
Background: Shortage of formal houses in the communities around the mine is serious. The mine is in agreement with the municipality that it will invest financial resources into the construction of houses to add to those that the municipality will be building. The project will not only assist with job creation but can also contribute to the towards the establishment and support of local SMME's							
Geographical Location of Project	Nkangala District Municipality	Steve Tshwete Local Municipality	Sikhululwe Village	Project Start Date: Jan 2015		Project End date: Dec 2016	
	Identifying a project area. Recruiting project participants and training them	Cultivation and ultimately production over a period of time	Mafube Mine, Local Municipality, Department of Human Settlements	Quarterly timelines and Year	Quarterly timelines and Year	Quarterly timelines and Year	Budget :R3,800 000 00
Classification of jobs	No. of Jobs creation	Male Adults	Female Adults	Male Youth	Female Youth	Total	Comments
Short term	20	6	4	6	4	20	
Medium Term	0	0	0	0	0	0	
Long Term	0	0	0	0	0	0	

Exit strategy: 2018 and the houses will be handed over to the local municipality to be allocate to those in their housing waiting list

Project 3

Electrification			Infrastructure			
Background: 72% of the community have no access to electricity, they use wood and coal. With electricity they can apply for indigent members of the community those who are not						
Geographical Location of Project	Nkangala District Municipality	Steve Tshwete Local Municipality	Sikhululiwe Village	Project Start date: Jan 2015		Project end date: Dec 2017
	Electrical reticulation	Electrification in the area	Mafube Mine, Eskom and Steve Tshwete Local Municipality	Quarterly timelines and Year	Quarterly timelines and Year	Budget:R3 000
Classification of jobs	No. of Jobs creation	Male Adults	Female Adults	Male Youth	Female Youth	Comments
Short term	10	4	2	2	2	10
Medium Term	0	4	0	0	0	0
Long Term	Pre-paid electricity vendors 1	0	1	0	0	0

Completion date and exit strategy: The project will be completed in year 5 and the project will be handed over to the Local Municipality for sustainability.

Project 4

Community Bursary Scheme			Education and Training		
Provision of 5 bursaries per year to learners in a bid to improve access and skills of communities around Mafube.					
Geographical Location of Project	Nkangala Municipality	District	Steve Tshwete Local Municipality	Project Start date: Jan 2014	Project end date: Dec 2019
Classification of jobs					Budget R2.5m
Short term					
Medium Term					
Long Term					

3.7 Housing and Living conditions

3.7.1 Housing at Mafube

Mafube will employ the Anglo American Thermal 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 Thermal Coal operates through a housing model that is integrated within the greater metropolitan centres and aligned with the Integrated Development Plans for those regions.

3.7.1.1 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.
-

3.7.2 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 will be sustainable in the longer term.
- To facilitate and market home ownership to all employees.

3.7.3 Mafube Strategy

A number of options are currently been implemented 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.

Employees are provided with a living out allowance to assist them in 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.

3.7.4 Facilitation and marketing to company employees

Furthermore we have through Anglo American Thermal Coal 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 on-going process and is run in parallel with the marketing programmes under way for the all developments envisaged or in progress.

This is all aligned to the broader Steve Tshwete Municipal Housing Strategy. (Strategy is attached).

Current status of housing

	Tick the appropriate	%
Hostels	N/A	N/A
Own Home	X	50%
Rentals (company's rent to buy)	X	25%
Other Staying with parent	X	25%

Housing and Living conditions over a 5 year period

	2013	2015	2016	2017	2018/2019
	Baseline	25%	50%	75%	100%
Home Ownership	50%	62.50%	75%	85%	100%
Family units	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Occupancy rate

	2013	2015	2016	2017	2018/2019
Baseline	25%	40%	50%	75%	100%
Home ownership	50%	62.50%	75%	100%	100%
Rent to buy	25%	15%	10%	5%	0%

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

A future forum is in place and consists of the following structures:

- Mine management
- Employees representatives
- Government authorities – Labour, Environment, DMR etc
- Local/ district municipality
- Community organizations

This forum will be trained on the contents of the Minerals and Petroleum Resources Development Act, and will be tasked to meet at least twice a year. The agenda will include, but not be limited to, the following:

- Discussions on the future of the mine
- Production and employment turnaround strategies
- Sustainable development
- Socio-economic impacts of the mine
- Procurement
- Housing and living conditions
- Life extension

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, Mafube Colliery would initiate the following processes which must include, but not limited to, the following:

- 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 Mafube'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 sending areas and local municipalities, of possible retrenchments at the operation

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
-

PART FIVE

Financial provision

5.1 Human resources programme

Mafube Colliery provision for Human Resource Development

Programme	2014	2015	2016	2017	2018	TOTAL
Skills Development Levies Act	R1.240.192	R1 240.192	R1 240.192	R1 240.192	R1 240.192	R6 200.960
Learnerships		R120 000	R120 000	R120 000	R120 000	R480.000
Internal Training Programme	R140.000	R140.000	R1 163.987	R1 163.987	R1 164.000	R3 753.734
External Training Programme	R5 046.273	R5 046.273	R5 046.273	R5 046.273	R5 046.273	R 25 231 368
TOTAL	R6 406.465	R6 546.465	R7 570.452	R7 570.452	R7 570.465	R35 666.062

* Budget provision escalates by 5% on an annual basis

5.2 Local Economic Development for Mafube Colliery

Project	2014	2015	2016	2017	2018	TOTAL
Agricultural project	R1 000.000	R1, 000.000	R1, 000.000			R3,000,000
Community Housing		R1, 600.000	R1,600.000			R3 800,000
Electrification		R1, 500.000	R1, 500.000			R3 000.000
Community Bursary Scheme	R500.000	R500.000	R500.000	R500.000	R500.000	R2 500.00
TOTAL	R1,500,000	R4 600,000	R4 600,000	R500.000	R500.000	R12 300,000

5.3. Managing downscaling and retrenchments

Financial provision for management of downscaling and retrenchments

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

PART SIX

Undertaking

6. Undertaking

I, **HENRI ROUX NIEUWOUDT** the undersigned and duly authorised thereto by **MAFUBE MINING THERMAL 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 **28th** day of **NOVEMBER 2011**

Signature of person responsible _____

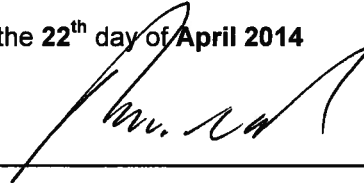
Designation **HEAD: MINING AND PROPERTY LAW**

6. Undertaking

I, **ROBERT BOTHA** the undersigned and duly authorised thereto by **MAFUBE MINING THERMAL 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 **22th** day of **April 2014**

Signature of person responsible _____



Designation **DEPUTY HEAD: LEGAL SA**

