



COAL

SOCIAL AND LABOUR PLAN

NEW DENMARK COLLIERY

MINING RIGHT: MP 30/5/1/2/2 (74) MR

PERIOD: 2015-2019

PART ONE

Preamble

1. Background

About Coal SA

Anglo Coal SA (referred to in this document as Coal SA) is a division of Anglo American plc. We wholly own and operate seven mines and have a 50% interest in Mafube Colliery, which is jointly owned by Exxaro. We also have a 73% interest in Kriel and Zibulo collieries, both Anglo American Inyosi Coal (AAIC) operations.

All our mines, with the exception of one situated in the Free State, are located in the Mpumalanga Province. Our mines supply thermal coal to both the export and local markets and metallurgical coal for export.

Our coal is exported via the Richards Bay Coal Terminal in which we have a 27% interest. In addition, our Kriel, New Vaal, New Denmark and Mafube mines supply thermal coal to Eskom, South Africa's state-owned electrical power utility.

Our Isibonelo Colliery produces five million tonnes of coal for Sasol Synthetic Fuels per annum under a 21-year supply contract. We employ a total of 9,300 employees and 7,100 contractors.

About New Denmark Colliery

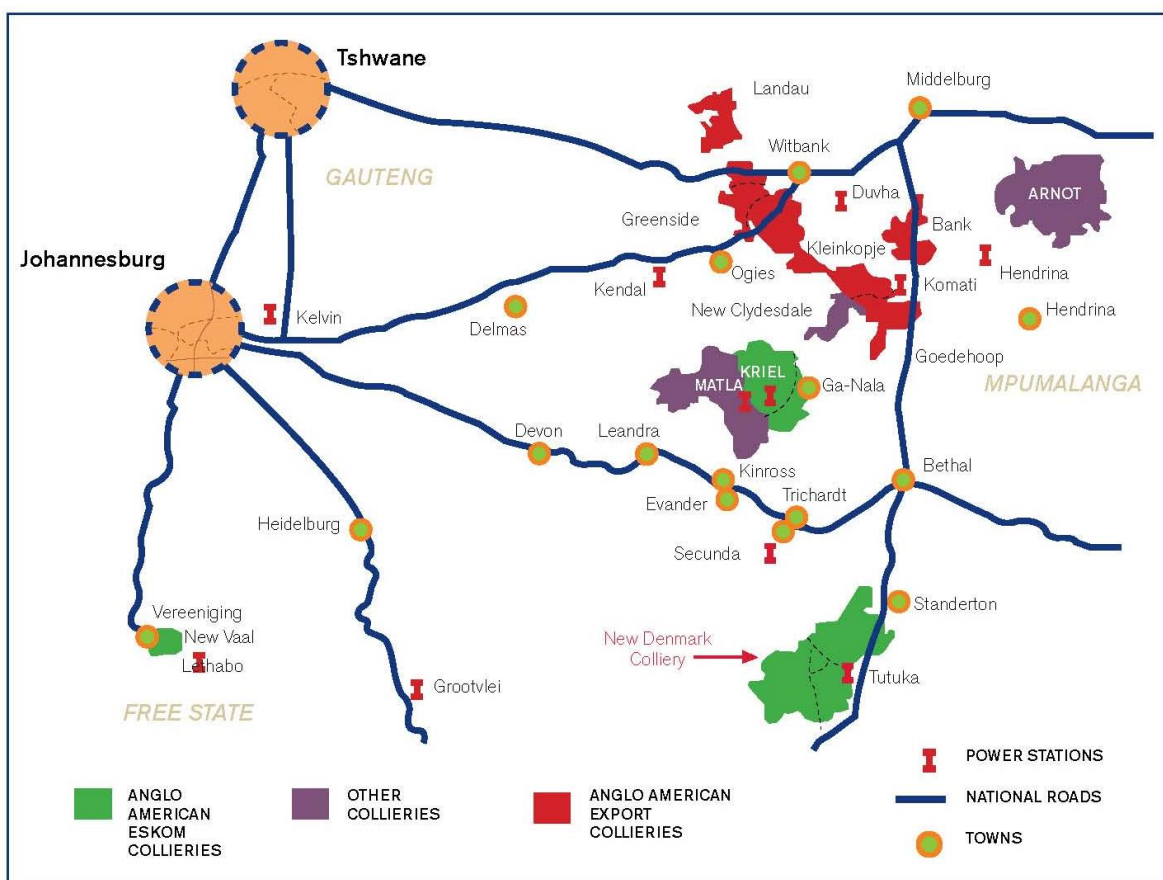
Established in 1980, New Denmark Colliery is one of the deepest coal mines in South Africa, mining at a depth of over 200m, and is one of the few to employ the longwall mining method. Located 30km north of Standerton, New Denmark falls under the jurisdiction of the Lekwa Local Municipality, which is part of the Gert Sibande District in the Mpumalanga Province.

Production commenced at the Central Shaft in 1982, two years after New Denmark was established. New Denmark's North Shaft was commissioned in 1986, and a third shaft, Okhozini, began production in 1996.

With rights to 34 308 hectares, New Denmark is a mechanised underground coal mine using continuous miners to extract bituminous steam coal for Eskom's Tutuka Power Station. In 2013, it extracted 3.4 million tons of coal; ore reserves were estimated at 112Mt.

The mine acquired a new longwall at the end of 2009.

Figure 1: Locations of Anglo American Coal Mines



In 2013, turnover for the mine amounted to \$140 million (R1.4 billion). The budget for social investment projects came to \$146, 800 (R1, 468 million), with capital expenditure amounting to over \$37 million (R378, 568, 000).

2.3 Compliance with Anglo American Corporate Policy Requirements

Anglo American has a firm commitment to good citizenship, hence ethics being the foundation for the organisation, guiding behaviour of individuals both locally and globally. Anglo American is known for best practice with regard to stakeholder engagement.

Anglo American complies with those standards set out by the Department of Mineral Resources (DMR), Mine Health and Safety Act (MHSA) and the Department of Labour (DOL). It is through these statutes that they uphold their company values, show good citizenship to all stakeholders and live up to their commitments of good ethical qualities, thus giving them a good, sustainable reputation and creating a competitive edge which places them one step ahead of their competitors. Anglo American may be described as both ethical and successful in their operations.

2.4 Future Capital Investments and Expansion Plans

Future major projects have been set to take place from 2014 to 2018 The De Stoning Plant project is currently in Pre-Feasibility Stage. The environmental approval applications commenced in March 2013 The current timeline indicates a commission date of May 2017.

Dependent on Eskom financial approval, there is also a plan to re-open the North Mine Shaft to access coal reserves. The current timelines for this are from 2015 when implementation is due to start through to completion in 2018.

2.5 Existing Closure Plans

New Denmark Colliery acknowledges the fact that mine closure could have significant social and economic impacts on its employees and communities. Therefore, New Denmark Colliery will ensure that it leaves a positive environmental, social and economic legacy. As part of sustainable development planning, Anglo American has the SEAT (Socio-Economic Assessment Tool) along with the Anglo Environmental Way.

Community Development abides to its policies and procedures in place for mine closure. A close relationship with stakeholders is maintained and other forums in place to address social and economic impacts on the community. Anglo American strives to be sustainable in the communities in which they operate. Business Integrity is a critical success factor in mine closure plans

1.1 The purpose of the Social and Labour Plans

The plans are being compiled to assist in addressing the social and economic impacts that operations have on surrounding communities as well as those from which migrant labour is drawn

The aims are:

- To promote employment and advance the social and economic welfare of those who work for us and to uplift all the stakeholders in the communities in which we operate;
- To contribute to the transformation of our industry; and
- To ensure that the holders of mining rights contribute to the socio-economic development of the communities in which they operate, including major labour sending areas.

1.2 Definitions

In the text that follows, these terms should be clearly understood:

- Coal SA includes all employees at head office, technical divisions and mining operations, and is a wholly-owned division of Anglo Operations Limited.
- Coal SA operations include all operational and technical personnel, but exclude staff from our head office.
- New Denmark Colliery is a specific operational entity and business unit of Anglo American's Anglo Coal SA business.

This document follows Regulation 46(a) of the Regulations of the Mineral and Petroleum Resources Development Act (2002), which outlines the required contents of the Social and Labour Plan. Progress is aligned to the pillars of the Mining Charter.

1.3 Particulars of the holder of mining rights

Name of the company:	Anglo Operations (Pty) Ltd
Name of the mine	New Denmark Colliery
Physical address	Mineral and Property Rights Department
	17th Floor, 55 Marshall Street
	Johannesburg
	2001
Postal address	Anglo Operations (Pty) Limited
	PO Box 61587
	Marshalltown
	2107
Telephone number	+27 11 638 3781
Fax number	+27 11 638 4608
Mine address	New Denmark Colliery
	Farm Slagkraal , 353 – IS District
	Standerton
	Mpumalanga
Mine postal address	Private Bag x 2022
	Standerton
	2430
Telephone number	+27 17 7400162
Mine fax number	+27 17 7490001
Location of mine	New Denmark Colliery is situated in the Highveld coalfield, about 30 kilometres from Standerton in the Lekwa Local Municipality, Mpumalanga. It is approximately 150 kilometres south-east of Johannesburg.
Commodity	Coal
Life of mine	25 years, with further opportunities being explored
Breakdown of employees per sending area	See section 2.4.3
Financial year	January to December

PART TWO

Human Resources and Development Programme

2. Human Resources Development Programs

At Anglo Coal SA our aim is to be an employer of choice for people in the mining industry. As part of our drive to achieve this, we provide world class and sustainable education for employees across our business, while also extending our capacity-building initiatives to members of our host communities.

During 2014, time spent on training across our entire business was the equivalent of an average of 8 days per employee, representing 8% of the company's wage bill.

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.

This section of the report highlights the progress that New Denmark Colliery has made against the targets set in its Social and Labour Plan for:

- The Skills Development Plan
- Career progression and planning
- Mentorship plans
- The internship and bursary plan
- The employment equity plan
- Plans to meet the Mining Charter requirements

2.1 Skills Development Plan

New Denmark Colliery has a fully-equipped training centre which holds ISO 9001:2000 certification and training provider status from the Mining Qualifications Authority (MQA). As per SETA requirements, it submits a Workplace Skills Plan and Annual Training Report to the MQA every year. Both were accepted during 2014. The payment of levies and the claiming of grants are conducted in accordance with the provisions of the MQA.

New Denmark Colliery's Levy number is **L560714083**

2.1.1 Skills Development Facilitator

Our mine has two dedicated skills development facilitators, Steve Clarke and Alfred Mlaba. The latter is an executive member of the National Union of Mineworkers education Committee. They are responsible for co-ordinating the compilation of the Workplace Skills Plan and Annual Training Report in consultation with New Denmark Colliery's skills development committee. The committee meets each month to discuss compliance, current training programmes, skills development planning and operational requirements. The committee includes management, union representatives and employees from various disciplines.

2.1.2 Number and education levels of employees

Table 2.1 Number and education levels of employees: New Denmark Colliery (2014)

BAND	NQF LEVEL	OLD SYSTEM	MALE				FEMALE				TOTAL	
			African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
General Education and Training (GET)	1	No Schooling / Unknown	138	8	5	0	20	0	0	0	151	20
		Grade 0 / Pre	18	0	0	0	0	0	0	0	18	0
		Grade 1 / Sub A	28	0	0	0	1	0	0	0	28	1
		Grade 2 / Sub B	0	0	0	0	0	0	0	0	0	0
		Grade 3 / Std 1 ABET 1	12	0	0	0	0	0	0	0	12	0
		Grade 4 / Std 2	21	0	0	0	0	0	0	0	21	0
		Grade 5 / Std 3 / ABET 2	29	0	0	0	3	0	0	0	29	3
		Grade 6 / Std 4	15	0	0	0	1	0	0	0	15	1
		Grade 7 / Std 5 / ABET 3	13	0	0	1	1	0	0	0	14	1
		Grade 8 / Std 6	33	0	2	27	2	0	0	1	62	3
		Grade 9 / Std 7 / ABET 4	27	14	1	13	14	0	0	55	14	
Further Education and Training (FET)	2	Grade 10 / Std 8 / N1	35	0	2	27	2	0	0	1	64	3
	3	Grade 11 / Std 9 / N2	58	0	0	29	21	0	0	0	87	21
	4	Grade 12 / Std 10 / N3	139	0	2	32	40	1	1	7	173	49
Higher Education and Training (HET)	5	Diplomas / Certificates	16	0	0	8	21	0	0	5	24	26
	6	First degrees / higher diplomas	11	0	0	6	4	0	0	3	17	7
	7	Honours / Master's degrees	2	0	0	2	1	0	0	0	4	1
	8	Doctorates	0	0	0	0	0	0	0	0	0	0
TOTAL			595	22	12	145	131	1	1	17	774	150
											924	

2.1.3 Adult-based education and training (ABET)

We have a functional ABET centre off the mine property. This is open to employees, their dependents and members of the surrounding community and is funded by the colliery.

Table 2. 4 ABET Targets

LEVEL	2015	2016	2017	2018	2019
1	0	2	1	1	1
2	3	3	2	2	2
3	4	3	3	3	3
4	1	2	2	2	2
TOTAL	8	10	8	8	8

2.1.4 Non-mining skills programmes

Table 2.5 Target on non-mining skills training: 2014 – 2019

Discipline	Target	Target	Target	Target	Target
	2015	2016	2017	2018	2019
Basic welding	1	1	2	2	3
Bricklaying	2	2	2	2	3
Carpentry	0	0	1	1	1
Computer training	2	2	2	1	2
Financial skills	0	0	0		
TOTAL	5	5	7	6	9

2.1.5 Learnerships and other training plans

Learnerships and training programmes ensure capacity for the future of the mining industry and the country as a whole. New Denmark Colliery uses the Anglo American ratio of 4.1 artisans to 1 learner, and employees (18.1 learner) will have the opportunity to have a career development pathway from operator to artisan, increasing their skills and quality of life. It is also in our interest to employee 18.2 learners from the surrounding communities to ensure that opportunities are also given to them.

Table 2.6 Learnerships and other training plans

YEAR	Discipline	Target 2015	Target 2016	Target 2017	Target 2018	Target 2019
2014	Electrician	14	14	14	14	12
	Fitter	16	16	16	14	14
	Boilermaker	3	3	3	3	2
	Diesel mechanic	2	2	2	3	2
	Learner miner	3	3	3	3	3
	TOTAL	43	38	38	37	33

2.1.6 Skills programmes

Skills programmes provide employees with the technical skills needed to meet operational requirements and their own goals for personal development and growth.

Table 2.7 Skills programmes for New Denmark employees: 2014 – 2019

YEAR	Discipline	Target 2015	Target 2016	Target 2017	Target 2018	Target 2019
2014	Competent person A	9	8	9	7	7
	Competent person B	25	25	21	21	20
	Machine Licenses	240	180	140	100	80
	TOTAL	247	213	170	128	107

2.1.7 Hard to fill vacancies

At Anglo Coal SA, we have initiated a number of capacity-building initiatives to become self-sufficient in the supply of labour. One of these initiatives is the existence of an in-house bursary scheme. In 2009, this included 166 group vacation students, 135 trainees and eight technikon students who were employed as part of the Joint Initiative for Priority Skills Acquisition (JIPSA). In addition, we had 321 learners in the system. We continuously strive to provide training and development opportunities to 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.

The following positions are regarded as hard to fill within Coal SA:

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

Hard to fill vacancies are addressed through bursary allocation programmes, study assistance schemes and the provision of learnerships and skills programmes. Employees are encouraged to study in fields where there is a scarcity of skills. New Denmark Colliery experienced no hard to fill vacancies.

2.1.8 Role and activities of the MQA

Anglo Coal works with the MQA to identify scarce skills and assist in developing unit standards and qualifications to address these. The MQA offers bursaries to students mainly on the scarce skills identified in the sector skills plan and offers practical training in these areas.

2.2 Career progression and mentorship

2.2.1 Career development planning

At Anglo Coal SA, we continuously look for opportunities to further enhance our career development planning processes for employees. We strive to have generic career paths for all disciplines and work with individuals to develop a customised career path that will be most suitable for them. 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. 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 Thermal Coal, but within the Anglo American Group.

2.2.2 Coaching and mentoring for 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 process. We specifically focus on HDSAs, with 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 and seeks 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	

2.2.3 Talent management

We have a talent management strategy that caters for the needs of the company and the individual. This results in a net gain for both and a competitive edge for our organisation. 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 winning over their hearts and minds.

The People Development Way

We have refreshed our existing WiWTTSiA framework to create one common global capability framework called the People Development Way. This sets out the behavioural 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.

2.2.4 Scholarships, bursaries and internships

In living up to the Mining Charter's objective to address the skills gaps in the industry by working with a number of stakeholders. Activities in this area include:

- Regular interaction with statutory bodies such as the MQA on the formulation of skills development strategies. This includes the conducting of annual skills audits.
- Working closely with educational authorities and providing scholarships and bursaries to promote mining as a career option.
- We also provide resources to improve the level of education in maths and science which will increase the number of learners who will be able to study further in professions related to the mining industry.

- We actively promote mining as an exciting 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 provide skills training opportunities so that employees can improve their income-earning capacity after mine closure.

Bursaries and internships

At Coal SA, we have a well-established bursary scheme which aims to develop suitable students who – once they have completed 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. We 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 Thermal Coal with a pipeline of students who could be offered bursaries and ultimately permanent employment within the company. The adopted approach is to offer experiential learning to at least 40 learners per annum.

Table 2.8 Professionals in training for Anglo Coal SA

Discipline	Budget	Actual	Budget	Actual	Budget	Actual 2012	Budget	Actual 2013	% HDSA as of current month actual	Budget 2014	Budget 2015	Budget 2016	Budget 2017	Budget 2018
	2010	2010	2011	2011	2012	February	2013	February		2014	2015	2016	2017	2018
Mining	22	33	24	39	28	39	32	29	90%	26	33	33	43	39
Engineering	43	61	30	64	34	64	33	39	92%	28	34	29	32	32
Industrial engineering	5	6	6	7	7	7	5	4	80%	6	5	4	5	4
Rock engineering	2	2	2	2	2	2	2	3	100%	3	2	2	2	2
Geology	6	10	13	16	11	16	16	16	69%	15	10	12	14	11
Metallurgy	10	15	7	18	7	12	12	9	78%	15	10	6	8	7
VOHE	3	6	4	6	5	6	5	7	71%	6	4	4	4	4
Environmental	4	4	5	4	5	4	8	5	80%	8	4	4	4	4
Human resources	4	5	5	4	5	4	6	5	100%	4	3	2	2	2
Commerce (finance and payroll)	8	12	11	12	6	12	5	3	100%	5	6	8	5	0
Survey	3	2	4	3	3	3	5	2	100%	3	2	3	2	1
Safety	5	3	6	3	5	3	5	5	80%	4	4	4	4	4
TOTAL: ALL	115	159	117	178	118	172	134	127		123	117	111	125	110

Table 2.9 University of Technology bursars for Coal SA

Discipline	Budget	Actual	Budget	Actual	Budget	February 2011 Actual	Budget	Actual	% HDSA as of current month actual
	2010	2010	2011	2011	2012		2013	2013	
Mining	20	14	16	10	16	9	17	12	100%
Metallurgy	4	2	4	0	5	0	4	1	100%
Engineering	7	2	7	4	5	4	6	0	0%
Geology	2	2	4	2	4	2	2	0	0%
Survey	3	6	2	1	3	1	3	3	100%
Technicians	9	12	9	5	7	5	6	3	100%
TOTAL	45	38	42	22	40	21	38	19	

Table 2.10 University of Science bursars for Coal SA

Discipline	Budget	Actual	Budget	Actual	Budget	Actual 2012	Budget	Actual 2013	% HDSA as of current month actual
	2010	2010	2011	2011	2012	February	2013	February	
Mining	36	36	31	31	34	31	33	33	84%
Commerce	13	13	14	15	16	15	15	15	93%
Electrical Engineering	20	20	13	13	10	13	14	10	90%
Mechanical Engineering	22	22	18	19	22	19	23	23	74%
Geology	22	22	17	18	18	18	19	19	68%
Rock Engineering	0	0	0	0	2	0	0	0	0%
Metallurgy	18	18	21	21	19	21	23	21	86%
Industrial Engineering	6	6	7	7	10	7	11	11	82%
TOTAL	137	137	90	124	97	124	138	132	

Bursar Training Programmes

Thermal Coal has well-established training and development programmes 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.

Table 2.11 Internships and bursaries to be awarded by Coal SA (five-year plan)

FIELD OF STUDY	2014	2015	2016	2017	2018
University of Science					
Mining engineering	36	40	49	41	50
Mechanical engineering	21	24	20	26	21
Electrical engineering	10	13	18	17	17
Metallurgy	14	20	23	19	20
Geology	20	21	22	15	20
Commerce	13	15	17	12	13
Other (Industrial engineering, environmental)	15	22	26	24	23
TOTAL	129	155	175	154	164
University of Technology					
Mining	9	9	13	21	23
Engineering	4	6	16	16	18
Metallurgy	2	2	2	2	2
Survey	2	5	6	6	7
Geology	2	2	2	2	2
Technicians	3	3	3	3	3
TOTAL	22	27	42	50	55

In-House Study Assistance Programme: New Denmark Colliery				
Mining	1	1	1	1
Engineering	2	2	2	1
Metallurgy	1	0	0	0
Human resources	1	0	1	1
Finance	1	2	1	1
VOHE – environment	2	2	1	0
Safety	2	1	2	1
Security	2	1	1	0
Survey	1	1	1	0
TOTAL	13	10	10	5

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.

2.3 Employment Equity

One of our greatest assets is the diversity of our people and we pride ourselves for having moved beyond compliance over the past couple of years . At the end of 2012, 71% 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 2012, women accounted for 16% of our total workforce and 14% 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

6. Table 2.14 Employment equity statistics for ND Colliery (Q1, 2015)

Occupational Levels	MALE				FEMALE				TOTAL		DISABLED		HDSAs
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	Male	Female	HDSA (%)
Top management	0	0	0	0	0	0	0	0	0	0	0	0	NA
Senior management	1	0	0	6	0	0	0	0	7	0	0	0	16.66%
Professionally qualified and experienced specialists and mid-management	18	0	5	26	6	0	0	1	49	7	1	0	51.78%
Technical and academically qualified workers, junior management, supervisors, foreman and superintendents	152	4	12	100	39	0	1	5	268	45	3	1	66.45%
Semi-skilled and discretionary decision-making	17	1	0	1	12	1	1	2	19	16	1	0	91.42%
Unskilled and defined decision-making	354	2	1	9	99	3	1	0	366	103	1	0	98.07%
TOTAL	542	7	18	142	156	4	3	8	709	171	6	1	83.04%
Non-permanent employees	0	0	0	2	4	0	0	0	2	4	0	0	66.66%
TOTAL PERMANENT	542	1	18	144	160	4	3	8	711	175	6	1	82.84%
									886				

Table 2.7.2 Employment equity targets

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 [<i>Band 5</i>]	14.37%	30%	28%	30%	28%	30%	28%
Middle Management [<i>Band 6</i>]	52%	30%	52%	30%	52%	30%	52%
Junior Management	59%	40%	59%	40%	59%	40%	59%
Core Skills [<i>Artisans/face-bosses</i>]	72.65%	40%	73%	40%	73%	40%	73%

PART THREE

Local Economic Development Programme

3. Socio-economic background

At Coal SA 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.

Coal SA operates mainly in three municipal districts, namely Nkangala, Gert Sibande and Fezile Dabi. New Denmark Colliery along with Isibonelo Colliery is situated in the Lekwa Local Municipality. The Lekwa Local Municipality is 4 586 km², located within the Mpumalanga Province and it is situated in the jurisdictional area of the Gert Sibande District Municipality. The district comprises an area of approximately 31 841 km which includes the following local municipalities:

- The Albert Luthuli
- The Msukaligqwa
- The Mkhondo
- The Pixley ka Seme
- The Govan Mbeki
- The Dipaleseng
- The LEKWA

3.1. Socio-Economic Profile

Population size and growth

DEMOGRAPHIC INDICATORS	Stats SA Census 2001	Stats SA Census 2011	Share of Sibande's figures 2011	Share of Mpumalanga figure 2011	Ranking: Highest (1) – lowest (18)
Population number	103262	115662	11.1%	2.9%	12
Number of households	26199	31071	11.4%	2.9%	13
Area size (km) ²		4586	14.4%	6.09%	10
Population per (km) ²		25			

Source: Census South Africa 2011

- According to Stats SA (2011 Census) 115 662 people were recorded in Lekwa – 11.1 % of Gert Sibande's population.
- Population grew by 12.0% between 2001 & 2011 while annualized population growth rate was measured at 1.1%.
- 84.2% Africans, 11.4% Whites, 2.9% Coloured, 0.9% Asians and other 0.3%.
- Males 49.8% and Females 50.2%

- Youth up to 34 years – 65.2% of Lekwa’s population.
- 12Number of households 31 071 (3.7) people per household) – 11.4% of Gert Sibande’s households.

(See attached IDP and LED Strategies for LLM's baseline data)

Economic Indicators

Contribution by Lekwa Local Municipal Areas to Gert Sibande industries (GVA constant 2005 prices)

INDUSTRY	Albert Luthuli	Msukaligwa	Mkhondo	Dr Pixley ka Seme	Lekwa	Dipaleseng	Govan Mbeki	Gert Sibande
Agriculture	12.3%	14.4%	21.0%	12.9%	23.2	7.6%	8.5%	100.0%
Mining	2.6%	10.8%	3.1%	0.3%	15.7	0.7%	66.9%	100.0%
Manufacturing	0.4%	0.6%	1.0%	0.2%	1.8	0.2%	95.9%	100.0%
Utilities	4.5%	8.4%	1.4%	10.6%	43.6	6.7%	24.8%	100.0%
Construction	7.5%	6.9%	4.2%	11.3%	10.1	1.9%	58.1%	100.0%
Trade	7.5%	18.9%	7.3%	6.0%	10.3	4.8%	45.3%	100.0%
Transport	4.9%	28.3%	7.2%	6.6%	12.3	1.4%	39.2%	100.0%
Finance	8.7%	25.1%	8.5%	3.8%	9.2	2.0%	42.7%	100.0%
Community services	15.4%	21.2%	9.4%	6.4%	17.5	3.0%	27.1%	100.0%
Total	5.2%	11.8%	5.1%	3.5%	10.4	1.9%	62.0%	100.0%

- Lekwa Contributed 10.4% to the Gert Sibande economy in 2012.
- Utilities contributed 43.6% and agriculture 23.2% to the relevant district industries.

3.2. Key Economic Activities

- In 2012 Lekwa Municipality contributed 3.2% to Mpumalanga’s GVA – decreasing contribution since 2001 – ranked no 8 of the 18 municipal areas.
- Expected to record 3.3% GDP growth per annum over the period 2012 – 2017 – lower than district and provincial figures – only 0.7% per annum historic growth for the period 1996 -2012.
- Community Services, mining and utilities should contribute the most to economic growth in the period 2012 – 2017.
- GVA in 2012 – R7.5 billion at current prices and R3.7 billion At constant 2005 prices.

New Denmark Colliery has the potential of influencing population migration from nearby localities and from Eastern Cape and Lesotho, thereby putting a strain on the provision of job opportunities and basic services. Growth and development within neighbouring municipalities is therefore a key priority at the district level.

From the socio-economic analysis, it is evident that the Lekwa Municipality faces a number of challenges that should be addressed by growing certain sectors of the economy that are capable of generating employment opportunities, reduce poverty as well as the poverty gap in line with the terms of the New Growth Path. This challenge is being addressed through the sustainable development of the Lekwa LED plan. The following sectors have the potential to grow the economy:

Potential development sectors and investment opportunities

- Mining
- Manufacturing
- Agriculture and rural development
- Tourism
- SMME and cooperative development

(See the attached IDP and LED for further details)

3.2 Stakeholder Engagement

3.2.1 Socio-Economic Assessment

To improve our understanding of both the positive and negative impacts of our operations on our host communities, Thermal Coal utilizes Anglo American's Socio-Economic Assessment Toolbox (SEAT) process, which facilitates more structured dialogue with our stakeholders.

This three-year cycle, involves profiling of communities as well as gathering information on the impacts (negative and positive) of our operations on host communities. Management responses to the concerns and priorities of stakeholders are published in a form of a report, which is distributed to all stakeholder groups, including local, provincial and national government; non-governmental organisations and interested and affected parties. The implementation of the management responses generated by the SEAT process is taken forward through the social management plan, which is updated annually.

During the SEAT process, stakeholders are identified and engagement takes place through formal and informal meetings and interviews.

We subscribe to the Anglo Social Way, which sets out non-negotiable standards across more than 20 dimensions of social performance. It covers all activities that have the potential to impact on communities during the entire life cycle of our operations – from exploration through to project design, development, operation, decommissioning, closure and post closure.

Each year our mines undertake an assessment of their level of compliance against the various social requirements. Kriel Colliery strives to maintain a performance rating of 4 which means pro-active in dealing with social and community issues.

2. 3 Stakeholder Engagement Planning

We subscribe to Anglo American's Good Citizenship principles which guide the way we conduct our business. Our main aim is to promote strong relationships with the communities that surround our operations through regular engagement on the issues that may affect them. Our engagement planning include, stakeholder mapping, profiling – determining their interests, influence on the business and the relation health.

We have quarterly Synergy forums, including directly and indirectly affected parties, interested parties and local authorities. These enable our stakeholders to bring issues to our attention so that they can be resolved promptly. We have a broad stakeholder base which includes both internal and external stakeholders. Our internal stakeholders include mine management, labour unions, permanent employees and contractors. Our external stakeholders are made up of various communities, regulators and provincial and local authorities, non-governmental organisations, local enterprise and competing mining organisations.

Local community needs

No	Needs	Purpose	Partner
1	Unemployment	Generate employment opportunities by setting up cooperatives to reduce poverty	SEDA
2	Skills Development	Empower the community with skills that will create jobs and generate income	DoL
3	Waste Management	To improve the environmental conditions within the community	ELM
4	Learner Development	Provide resources to improve learners performance in Maths and Science to enable them to get access to tertiary education	Department of Education

3.4 Skills programmes that contribute to poverty alleviation

The Skills Academy and Artisan Development Centre

The launch of the Gert Sibande Further Education and Training College, Skills Academy and Artisan Development Centre, took place on 22 April 2010. By the end of 2010, there were 181 learners on a Community House Building Level 2 learnership and 15 learners on an End User Computing Level 3 learnership, the only two learnerships for which the Centre had programme approval at that stage. The skills programmes consisted of Plumbing and Welding. A total of 63 learners were trained on these two programmes during 2010.

Since then, the Centre expanded and approved programmes for the following learnerships:

- Building and Civil Construction Level 3
- Plumbing Level 4
- Welding Level 2 - 4
- Mixed Farming Level 1

New Denmark Colliery 2014 In compliance with Regulation 46 (a) of the Mineral and Petroleum Resources Development Act, 2002

- Animal Production Level 2
- End User Computing Level 3
- Electrical Level 2
- Early Childhood Development Level 4
- Early Childhood Development Level 5

A total of 800 learners were trained/are in training on these learnerships by the Centre from 2011 until now.

In conjunction with private providers, a further 135 learners were trained/are in on the following learnerships since 2011 until now:

- Boiler Making Level 2
- Contact Centre Operations Level 2
- Business Administration Level 3
- Child and Youth Care Level 4
- New Venture Creation Level 4

The most recent programme approval was received from FPMSeta for Cabinet Making Level 2.

Currently the Centre has applied at Merseta for programme approval for Boiler Making Level 2 – 4 and Diesel Mechanic Level 2 – 4 at the site in Evander.

During 2011/2012, 1,567 learners were trained on different short skills courses ranging from 3 to 15 days in various sites across the Gert Sibande Region. The Skills Academy also trained 162 learners on the following skills programmes: Plumbing, Basic Computers, Carpentry, Painting and Paving from 2012 until present. Thirty electrical and welding artisans were in training for two years, beginning in 2011.

Another partnership with a private provider was used to do Trade Test Preparation for 17 plumbers. The Skills Academy has applied with Merseta to be a Decentralised Trade Test Center for welding and electrical.

This project has created six permanent jobs for local people who are working as trainers. The Centre has plans to expand, and has highlighted the following needs with an estimated cost of R2,390,000

- Equipment and an extraction fan for another welding workshop
- Equipment for a fitting workshop
- Epoxy treatment and demarcation of the floors in two of the workshops
- Epoxy treatment and demarcation of the floors in the current Welding and Plumbing workshops
- Completion of the Hairdressing workshop
- Furniture for the hostel

The Centre is meeting a need for portable skills, both in the community at large and amongst mine workers, as evidenced by its expansion plans and the growing number of learners. Probably the only current hazard is the asbestos roof, which should be replaced.

3.5 Local Economic Development projects

In its Social and Labour Plan, New Denmark Colliery committed to five major community development projects. The following provides an update on their status:

Table 3.5.1 LED PROJECTS

Project 1: Waste Management Services

Project Name	Waste Management Services			Classification of project: Income generation			
Background	Waste management is an integral part of a municipality's service delivery obligations. It is important that the whole process is integrated so that it can deliver sustainable results to the communities and seek to create economic opportunities for the unemployed. New Denmark is looking at improving Lekwa's capacity to fulfil this role by adding onto existing equipment and the creation of enterprise development opportunities through the waste value-chain.						
Geographic location of the project: Sakhile and surroundings	District Municipality: Gert Sibande	Local Municipality Lekwa		Project start date 2016		Project end date End of 2016	
Output: Procurement of waste trucks and waste management related equipment including training on waste management and recycling.	Key Performance Area Collection, processing and enterprise development opportunities	Key Performance indicator Improved collection, processing and recycling	Responsible entity(inclusive of all role players) Lekwa Local Municipality, New Denmark Colliery, Local Environmental Cooperatives and CBO's	Quarterly timelines and year Q4 2015 Feasibility studies	Quarterly timelines and year Q1 2016 Finalisation of procurement	Quarterly timelines and year Q2 2016- implementation	Budget R5,374,413
No of jobs to be created	Classification of jobs	Male adults	Female adults	Male youth	Female youth	Total	Comments
Short term		0	0	0	0	0	
Medium term		0	0	0	0	0	
Long term	Skilled & Gen. labour	0	0	0	0	0	
Completion date and exit strategy 2017 exit and expect local municipality to sustain it.							

Project 2: Storm Water Drain System

Project Name	Storm Water Drain System			Classification of project: Infrastructure support			
Background	Control and management of storm water in residential areas to alleviate challenges of damage to residential property , road network and other associated infrastructure.						
Geographic location of the project:	District Municipality Gert Sibande	Local Municipality Lekwa	Village name Ward 8	Project start date 2018		Project end date End of 2018	
Output: Storm water management system and associated infrastructure for Ward 8	Key Performance Area Storm Water storm management	Key Performance indicator Improved storm water management system	Responsible entity(inclusive of all role players) Lekwa Municipality, Gert Sibande District Municipality, New Denmark Colliery	Quarterly timelines and year Q1 2018 Feasibility study	Quarterly timelines and year Q2 construction	Quarterly timelines and year Q4 2018 completion	Budget R2,000,000
No of jobs to be created	Classification of jobs	Male adults	Female adults	Male youth	Female youth	Total	Comments
Short term							
Medium term	Tech	0	0	0	0	0	
Long term	0	0	0	0	0	0	
Completion date and exit strategy 2017 exit and expect local municipality to sustain it.							

Project 3: Maths and Science Investment

Project Name	Maths & Science Improvement			Classification of project: Learner Development			
Background	Poor performance in Mathematics and Science is a barrier for learners to get access to tertiary education and financial aid.. This project will provide resources to improve learners performance in Maths and Science which will enable learners to get access to tertiary learning and mining industry that recommend these subjects as priorities.						
Geographic location of the project: Wards 12, 8,11 and 4	District Municipality Gert Sibande	Local Municipality Lekwa	Village name Thuthukani, Sakhile, Azalea, Stan-west and town	Project start date 2015		Project end date End of 2016	
Output: Improve learners performance in Maths and Science	Key Performance Area Education	Key Performance indicator Improved past rate of learners	Responsible entity(inclusive of all role players) Department of Education	Quarterly timelines and year Q1 Finalise funding agreements	Quarterly timelines and year Q2 Implementation	Quarterly timelines and year 2014-2016 Implementation and monitor over 3 years	Budget R2,902,991
No of jobs to be created	Classification of jobs	Male adults	Female adults	Male youth	Female youth	Total	Comments Project to be reviewed after 3 years
Short term	0	0	0	0	0	0	
Medium term	Non Tech	0	0	0	0	0	
Long term	0	0	0	0	0	0	
Completion date and exit strategy 2018 project review							

Project 4: Vegetables & Hydroponics Farming

Project Name	Agro - processing			Classification of project: Job creation & poverty eradication			
Background	The current status of the country's unemployment prompted this initiative as means of empowering community members to fend for themselves of a long term period						
Geographic location of the project: Sakhile	District Municipality Gert Sibande	Local Municipality Lekwa	Village name Sakhile	Project start date 2017		Project end date End of 2019	
Output: Agro – processing project with off-take agreements	Key Performance Area Enterprise development	Key Performance indicator Number of jobs created, turn-over of the enterprise and improvement in the quality of life	Responsible entity(inclusive of all role players) Lekwa local municipality, Department of agriculture, technical experts, New Denmark Colliery, Anglo American Zimele	Quarterly timelines and year Q3 Feasibility study, Scope work, funding agreements	Quarterly timelines and year Q4 Tendering and adjudication process	Quarterly timelines and year 2018-2019 Implementation and monitoring	Budget R9,162,438
No of jobs to be created	Classification of jobs	Male adults	Female adults	Male youth	Female youth	Total	Comments
Short term	Non Tech	15	0	20	20	20	Non-technical skills to be recruited from local community to support job creation
Medium term							
Long term							
Completion date and exit strategy :							

Project 5: Refurbishment of water treatment plant

Project Name	Refurbishment of water treatment plants			Classification of project: Infra-structure Development			
Background	Challenges in the supply of quality portable water to the residents of Lekwa municipality. Upgrading the existing water treatment plant to improve the quantity and quality of purification.						
Geographic location of the project: Lekwa Municipality	District Municipality Gert Sibande	Local Municipality Lekwa	Village name Thuthukani, Sakhile, Azalea, Stan-west and town.	Project start date 2015		Project end date End of 2015	
Output: Upgrade the water treatment plant to improve capacity and quality of portable water	Key Performance Area Water and sanitation	Key Performance indicator % improvement in quality, availability and security of supply.	Responsible entity (inclusive of all role players) Lekwa local Municipality, new Denmark Colliery	Quarterly timelines and year Q1 Feasibility study		Quarterly timelines and year Q4 Implementation	Budget R1.8 million
No of jobs to be created	Classification of jobs	Male adults	Female adults	Male youth	Female youth	Total	Comments
Short term	Non Tech	0	0	0	0	0	
Medium / Long term	Tech	0	0	0	0	0	
Completion date and exit strategy							

3.8 WELLNESS

Health care focuses on two fields in particular: HIV/AIDS and the management of chronic illnesses.

- The HIV/AIDS programme is critical since it influences future generations and thus the employees of the future. Current assumptions are that in the next 10 to 20 years, the stigma attached to HIV/AIDS will be a thing of the past and people will be talking about it more openly.
- The management of chronic illnesses is important because they can result in high absenteeism, which in turn affects productivity.

The following strategies will be put in place to manage health-related issues in the future:

- Chronic disease assessment will form part of employees' Certificate of Fitness.
- HIV/AIDS assessments will form part of the Certificate of Fitness.
- Focus on Body Mass Index (BMI), if not managed, will result in the increase of diabetes, hypertension, heart disease, stroke, etc.
- Focus on prevention of harmful exposures.
- Focus on preventative efforts into communities from which we are likely to recruit future employees.
- Extension of HIV disease management to contractor employees.

There is also an on-site health centre that provides services to the employees as per the Mine Health & Safety Act. Services include:

- Medical surveillance
- Occupational disease investigation and management
- Chronic disease management (HIV/AIDS, diabetes, hypertension, cancer screening)
- Emergency care and injury reporting

Medical surveillance and improved systems introduced by Anglo American Coal at Highveld Hospital will continue to improve the overall health care delivered to employees and dependents.

3.9 Housing and living conditions

Anglo Coal SA promotes home ownership with the long-term goal of meeting the Mining Charter's requirement that all employees live in sustainable human settlements. The Mining Charter has been revised as follows: By 2014, mining companies must implement the following measures to improve the standards of housing and living conditions for mineworkers:

- Demolition of hostel blocks
- Attain the occupancy rate of one person per room,
- Facilitate home ownership options for all mine employees in consultation with organised labour,.

3.9.1 The type of housing provided for employees

The table below provides a summary of the accommodation provided for New Denmark employees, and the number of those who receive a housing allowance:

Table 3.7 Types of accommodation per employee type: New Denmark (July 2014)

Employee type	Houses (Anglo and Eskom)	Married quarters	Flatlets	Single quarters	Total in housing	*Total on housing allowance
Officials	73	0	4	0	77	154
Senior-skilled	73	0	0	0	73	105
Skilled	96	6	0	0	102	385
Other	7	0	0	0	7	54
TOTAL	249	6	4	0	259	698

3.9.2 Progress against targets

In terms of the first two revised targets, New Denmark Colliery has met its targets in 2013 by ensuring that all employees stay with their families in owned company provided accommodation, all employees resides in family flats which are in liveable conditions. The company has introduced housing allowances to promote home ownership and 72% of employees cater for their own accommodation in sustainable areas.

A plan is underway to start demolishing vandalised hostel single accommodation blocks. Due to occupancy dropping over the last five years, employees opt for their own accommodation the blocks became vacant and vandalised to such extend that demolishing them are the only option.

Table.3.8 Progress made against the housing targets: New Denmark (July 2014)

NDC 2014 Employee type	2015 Milestone		Home Ownership Milestone	
	Target	Actual	Target	Actual
Officials	100%	100%	N/A	66%
Senior-skilled	100%	100%	N/A	59%
Skilled	100%	100%	N/A	79%
Other	100%	100%	N/A	88%
TOTAL	100%	100%	N/A	72%

3.9.3 Anglo Coal SA Housing Strategy

Our vision for housing is long-term 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 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 Coal SA 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.

3.9.4 Housing action plan

The Company has initiated an employee survey at the end to 2014. The purpose of the survey is to identify options for home ownership through the investment in bulk services for developments in the Standerton and Secunda areas. The aim of which would be to speed up delivery of housing for home ownership purposes. The results of the survey are expected in the first quarter of 2015 and will assist with the development of specific options for home ownership for our employees. While there are some developments underway and earmarked for Standerton and Secunda it is not possible to estimate the extent of any investment into services until the results of the employee survey are produced. The previous estimate of R23 million was made. However, this still has to be confirmed and the developments in the Standerton and Secunda areas are still being investigated

In 2007, Coal SA initiated a project to manage the transition from housing provision at its operations 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.

Table 3.9 Anglo Coal SA housing allowances per employee grade

Employee grade	2012 RATES	2013 RATES	2014 Rates
GBF5	R9,000	R9,000	R9,000
GBF6	R8,000	R8,000	R8,000
C4#	R7,007	R7,532	R8,786
CU	R6,006	R6,456	R7,531
CL and B Band	R4,876	R5,242	R6,172
Senior-skilled	R4,876	R5,242	R6,172
Skilled	R4,434	R5,242	R6,172

PART FOUR

Management of downscaling and retrenchments

3. 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

Future forums are an outcome of the 1997 Presidential Job Summit, where the tripartite parties agreed on the implementation of a “Social Plan” that seeks to put in place of three sets of measures, or interventions namely;

- To prevent retrenchments taking place;
- Where retrenchments are unavoidable, they are managed humanely; and
- Where large-scale retrenchments have taken place, then measurements to assist the affected individuals and communities to find alternative form of employment or sustainable livelihood.

The establishment of a Future Forum is a requirement under Regulation 46 (d) (i) of the MPRDA. A Future Forums is a site-specific labour-management body that will focus on the implementation and monitoring of the Social and Labour Plan.

For Anglo American to address the three objectives mentioned above, the establishment of a Future Forum is imperative /mandatory consisting of management, employees and / or their representatives and authorities. The mandate of Future Forum is to “look ahead into the future, at problems facing Anglo American and its operations that may result in job losses and / or decline of the Company, and come up with possible solutions to address potential job losses.

A joint labour-management committee [Union – Management] has been established at the mine-site level and it is utilised by New Denmark Colliery to achieve the following:

- To promote on-going discussion / consultations between workers or their representatives and employers about the future of the mine and industry / sector.
- To look ahead / into the future to identify problems, challenges facing the mine and the industry or sector that may contribute to future job losses or decline of the mine and industry/sector, and agree and propose possible solutions;
- To develop turnaround or redeployment strategies to help reduce job losses and to improve business sustainability;

- To structure and implement proposals agreed on both by New Denmark Colliery and worker parties; and
- To notify the Minister of Labour if its proposals and to indicate if the Future Forum requires support in the implementation of its plans / proposals.

4.2 Mechanisms to avoid job losses and a decline in employment

Should prevailing economic conditions cause the profit revenue ratio of any operation to be less than an average of six per cent for a continuous period of 12 months, New Denmark Colliery would initiate the following processes which must include, but not be 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 the mine'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
 - Informing outside parties of possible retrenchments

4.4 Mechanisms to ameliorate social and economic impact

Planning for closure and downsizing takes place throughout the life cycle of the mine, from exploration through to post-closure rehabilitation. New Denmark Colliery intends to ensure that the livelihoods of its mineworkers, residents and families are sustained despite the downsizing or closure of the mine.

Strategy

New Denmark Colliery will make every effort to ameliorate the social and economic impact of individuals, regions and economies where retrenchment and closure is certain. These initiatives will focus on:

- Assessment and counselling services for affected individuals
- Comprehensive self-employment training and re-employment programmes; and
- Closure planning

Assessment and counselling services

The Company will consider providing counselling through professional counsellors. Requests for such counselling are to be directed to the Manager Human Resources.

Closure Planning

New Denmark Colliery is projected to close in 2039, barring any life extension projects in the future. New Denmark undertook a gap analysis in 2007 to understand the extent of the impacts mine closure might have. A further liability costing exercise was conducted in 2008. The review was conducted by Snowden Mining Consultants, and focused on the rehabilitation of land disturbed by mining activities and the mitigation of post-closure impacts on surface and groundwater. The Snowden report declared immediate closure costs (in 2008) at \$8.35 million, while planned closure costs (in 2008) were estimated at \$5.6 million. A further study was completed in 2011 to assess rising closure costs. Total liability for planned closure increased to \$13.45 million (excl. VAT), and to \$14.03 million (excl. VAT) for immediate closure.

As the life of mine stretches to 2039, only a preliminary closure plan is required at this point, which will be completed in 2018, using the criteria laid out in the Mine Closure Toolbox. The final mine closure plan will be completed in 2039.

Of the importance is the consideration of alternative uses of the physical infrastructure in the event of mine closure, which will require an amendment to the existing Environmental Management Plan Reports (EMPRs) in consultation with the Department of Mineral And Energy

While the Social and Labour Plan is geared towards mitigating the impact of mine-closure on mine communities and labour sending areas, specific planning is required regarding the concurrent and post-mining use of the physical assets of New Denmark Colliery as potential community development purposes. These physical assets include:

- Land holdings by the mine;
- Physical infrastructure;
- Social infrastructure;
- Commercial and industrial infrastructure; and
- Administrative infrastructure

All infrastructure and mine management programmes on projects will be conceived and implemented within the context of the accepted standards of sustainable development.

Land and infrastructure for food production enterprise on mine land

A principal issue in the reduction of risk exposure of mine communities is their lack of food security. More specifically, loss of wage income as a consequence of retrenchment eliminates or reduces the capacity of the urban resident to purchase food. In a rural environment, residents can often undertake subsistence farming as a substitute for purchased food. Inevitably, due to space constraints and the competition for formal sector employment in a urban environment, lower income groups will have the greatest difficulty in gaining alternative employment. They will also be most restricted in their access to land to grow alternative subsistence sources of food.

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

Transfer of ownership and responsibility of some infrastructure and services

Planning will be undertaken at the operational stage for the nationalisation of physical and social infrastructure owned, managed or subsidised by the mine. Other possibilities include the transfer to local, provincial or national authorities for local authority management of townships and infrastructure. This infrastructure includes but not limited to:

- Roads;
- Power lines and major transformations
- Sewerage reticulation and disposal;
- Water supply and reticulation;
- Communication infrastructure

The timeous transfer of these facilities and utilities to the appropriate authorities well before mine closure will be vital in creating sustainable mine communities, as will the establishment of permanent communities through home ownership schemes.

Post-closure use mine infrastructure

Once the possibilities for concurrent use of mine land and infrastructure have been exhausted, the future of the remaining land infrastructure belonging to or managed by the mine needs to be concerned. It is not always possible to find alternative uses for mine-specific infrastructure or land-use such as waste dumps and slimes and dams. However, New Denmark Colliery will examine each component of its land and infrastructure and assess the extent to which post-mining use is possible

The options will include the following:

- Transfer of land and associated infrastructure to mine communities for conversion and use in local economic development, skills development and training programmes to build capacity in a number of vocational or technical areas;
- Sale of land and infrastructure to private individuals;
- Transfer of land and associated infrastructure to the government or state agencies; and
- Rehabilitation of the land or demolition and removal of the infrastructure.

Training and mentorship of community members

New Denmark Colliery undertakes to consider assisting in the establishment of the various business structures where stakeholders or appointers will be trained and mentored in the appropriate business and technical skills as a kernel focus of the LED programme. Other capacity initiatives would include:

- Training and educating community leaders and owners to manage the resources in a sustainable manner,
- Understanding the post-mining use potential of the mining infrastructure, land and natural resources;
- Paying for essential skills such as water and power after mining
- Communication skills;
- Negotiation in terms of the economic aspects after closure; and
- Ensuring that the non-renewable mineral resources can be replaced by enhancement of biologically renewable resources.

PART FIVE

Financial provision

5. Financial provision

5.1 Human resources programmes

The following represents the financial provision allocated to Kriel Colliery's human resources programs:

Table 5.1 Financial provision for human resources development 2014 - 2018

Programme	Committed Budget 2014	Committed Budget 2015	Committed Budget 2016	Committed Budget 2017	Committed Budget 2018
Skills Development Levies Act	R8,118,458	R8,605,565	R9,121,898	R9,669,211	R10,249,363
Learnerships	R3,848,556	R4,079,469	R4,324,237	R4,583,691	R4,858,712
Internal training programme	R2,295,716	R2,433,458	R2,579,465	R2,734,232	R2,898,285
External training programme	R4,513,932	R4,784,767	R5,071,853	R5,376,164	R5,698,733
TOTAL	R18,776,662	R19,903,259	R21,097,453	R22,363,298	R23,705,093

5.2 Local Economic Development

The following table represents the Local Economic Development Financial Provision:

Project	2015	2016	2017	2018	2019	Total
Integrated Waste Management		R2 000 000	R3 000 000			R5 000 000
Upgrade Water Treatment Plant	R1 800 000					R1 800 000
Upgrade Storm Water System				R2 000 000		R2 000 000
Learner and teacher Development Program – Maths and Science	R1 000 000	R1 000 000	R900 000			R 2 900 000
Community Scholarship Scheme	R 500 000	R 500 000	R500 000	R500 000		R2 000 000
Agro- Processing			R2 000 000	R2 000 000	R5 000 000	R9 000 000
TOTAL	R3 200 000	R3 500 000	R6 400 000	R4 500 000	R5 000 000	R22 700 000

5.3 Management of downscaling and retrenchments

Financial provision for the management of downscaling and retrenchments is given below:

Table 5.5 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

Our Ref: CM/W/15/5/Ne Denmark

Your Ref: MP 30/5/1/2/2(74) MR

Regional Manager
Department of Minerals and Energy
Mpumalanga Region
Private Bag X7279
WITBANK
1035

11 August 2015

UNDERTAKING TO ADHERE TO THE SOCIAL AND LABOUR PLAN MINING RIGHT : NEW DENMARK COLLIERY

This undertaking forms part of the Social and Labour Plan.

Anglo Operations (Pty) Limited hereby undertakes to adhere to the Annual Progress Report and the 5 year Review Report as required by the Social & Labour Plan approved by your Department.

CHANTELLE GERBER

Head: Mineral and Property Rights Department
Anglo American Coal, South Africa