



COAL

SOCIAL AND LABOUR PLAN

**MINING RIGHT: MP 30/5/1/2/2 (304)MR
GREENSIDE COLLIERY**

PERIOD: 2014-2018

Real Mining. Real People. Real Difference.

PART ONE

BACKGROUND

1. Background

1.1 Anglo American Coal

Anglo American Coal, referred to as Coal, is the fourth largest exporter of seaborne coal in the world, and is wholly owned by Anglo American, one of the world's largest mining and natural resources groups. Anglo American's primary listing is on the London Stock Exchange and it has a secondary listing on the Johannesburg Stock Exchange. In 2012, Coal contributed 13% or US\$482 million to the Group's operating profit.

Coal's resources base, comprising Measured and Indicated resources totals 3.8 Billion tonnes on a 100% basis (2.6 billion tonnes on an attributable basis) and our attributable production in 2012 was 68.7 million. Coal has approximately 14 406 permanent employees and contractors at our managed operations.

We wholly own and operate seven mines in South Africa and have a 50% interest in Mafube Colliery which is jointly owned by Exxaro. We also have a 73% interest in Zibulo and Kriel collieries, both of which are 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 (RBCT) in which we have a 27% interest. In addition, our New Vaal, New Denmark, Kriel and Mafube mines supply coal to Eskom, South Africa's state-owned electrical power utility.

A small percentage of coal ($\pm 1.6\%$) is sold to the inland market being typically power stations other than Eskom and steel and vanadium producers.

1.2 Overview of Greenside Colliery

Greenside Colliery forms part of the South African Coal Estates (SACE) Complex which includes Landau and Kleinkopje Collieries. It is situated 15 kilometres South-West of Witbank in the Mpumalanga province.

The mine produces coal for the export and domestic markets and produces approximately 4.6 million run of mine tonnes a year. It recently introduced a flexible conveyor train to the operation, something that is set to bring about a step change in underground mining in South Africa.

On the number four seam, the mine has five continuous miner sections and the Colliery Training College section. Greenside Colliery has consistently proved to be one of the most productive underground mines in South Africa.

1.3 The purpose of this report

The aims of our Social and Labour Plan are:

- To promote employment and advance the social and economic welfare of all employees and uplift all stakeholders within 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.

The purpose of this report is to provide the Department of Mineral Resources (DMR) with feedback on the progress we have made against the commitments in our Social and Labour Plan. In this report, we discuss our efforts to comply with our undertakings from **2015 - 2019**

Another purpose of this report is to advise the DMR that the mining area and reserves of Greenside Colliery is to be increased by the inclusion of Prospecting Right 184 PR currently held by Anglo Operations (Pty) Limited measuring 17,4974 ha and a portion of the Tweefontein Mining Right 289 MR measuring 129,9373 ha currently held by Glencore Operations SA (Pty) Limited which will increase the Greenside Mining Right area from 4304,3668 ha to 4451,4373 ha.

The effect of the increase in the mineable reserves at Greenside Colliery will also be recored in the Section 102 application for an amendment of the Greenside Mining Work Programme which will in turn have an effect on the financial provisions as recorded Part Five 5 below and increase Greenside Colliery's life of mine .

1.4 Definitions

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

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

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

1.5 The particulars of the holder of the mining rights

| | |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of the company | Anglo Operations (Pty) Limited |
| Name of the mine | Greenside Colliery |
| Physical address | Mining and Property Law Department |
| | First Floor, 44 Main Street |
| | Johannesburg 2001 |
| Postal address | Anglo Operations Limited |
| | PO Box 61587 |
| | Marshalltown |
| | 2107 |
| Telephone number | +27 (11) 638 3781 |
| Fax number | +27 (11) 638 4608 |
| Mine address | Groenfontein Farm |
| | Blackhill |
| | 1032 |
| Mine postal address | Greenside Colliery |
| | PO Blackhill |
| | Mpumalanga,1032 |
| Telephone number | +27 (13) 690 4911 |
| Mine fax number | +27 (13) 690 4311 |
| Location of mine | Greenside Colliery is situated in Blackhill, about 15 kilometres south-west of the city of eMalaheni in the Mpumalanga province. It is approximately 120 kilometres east of Johannesburg in the Republic of South Africa. |
| Commodity | Coal |
| Life of mine | 14 years |
| Breakdown of employees per sending area | See section 2.4.3 |
| Financial year | January to December |
| Reporting Year | 2015-2019 |
| Responsible Person | Frank Glaser |

PART TWO

Human Resources and Development Programme

2. Human Resources and Development Programme

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

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

During 2013, time spent on training was the equivalent of 9 days per employee. This represented 9.6% of our wage bill, which is well above the target of 5% stipulated in the revised Mining Charter. This compares positively to the data in our previous reporting period which was seven days and 8% of the 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 during 2013/2014. This included compulsory training in Anglo American's A1.2, A2 and A3 courses as well as the Safety Leadership Programme for those in supervisory roles.

This section of the report highlights the status of Greenside Colliery and the targets for the next five years:

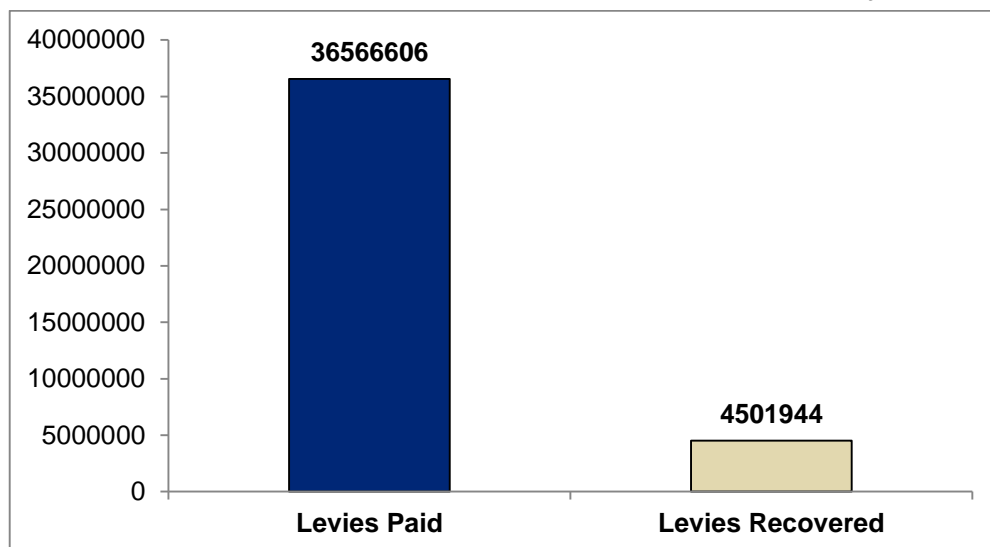
- The Skills Development Plan
- Career progression and planning
- Mentorship plans
- The internship and bursary plan
- The employment equity plan
- Plans to meet the Mining Charter requirements

2.1 Skills Development Plan

Greenside Colliery has a training centre that is ISO 9001: 2008 certified and has training provider status from the Mining Qualifications Authority (MQA). As in previous years, we submitted our 2013 Workplace Skills Plan and an Annual Training Report in accordance with the Sector Education and Training Authority's (SETA) requirements. Both of these documents were accepted for the year. We pay levies and claim grants in line with the provisions of the MQA. The total skill levies paid and recovered is reflected in the graph that follows.

Our levy number is **L270214811**.

Total Skills Levies Paid and Recovered: Greenside Colliery



2.1.1 Skills Development Facilitator

We have two dedicated skills development facilitators, Sydwell Sibiya and Dikeledi Kgoro. Dikeledi is part of the National Union of Mineworkers' branch committee. They are responsible for co-ordinating the Workplace Skills Plan and the Annual Training Report. They continue to do this in consultation with our Employment Equity and Skills Development committees. These committees meet on a regular basis.

The agenda for these meetings includes safety, health and the environment, training statistics, the skills development plan, progress made and challenges encountered re employment equity, vacancies and new appointments.

Table 2.1 Number and education levels of employees: Greenside Colliery (August 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 | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90 | 0 |
| | | Grade 0 / Pre | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Grade 1 / Sub A | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 0 |
| | | Grade 2 / Sub B | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 |
| | | Grade 3 / Std 1 ABET 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 0 |
| | | Grade 4 / Std 2 | 8 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 |
| | | Grade 5 / Std 3 / ABET 2 | 19 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 0 |
| | | Grade 6 / Std 4 | 20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 0 |
| | | Grade 7 / Std 5 / ABET 3 | 15 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 15 | 1 |
| | | Grade 8 / Std 6 | 16 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 16 | 2 |
| | | Grade 9 / Std 7 / ABET 4 | 15 | 0 | 0 | 2 | 2 | 0 | 0 | 17 | 2 | |
| Further Education and Training (FET) | 2 | Grade 10 / Std 8 / N1 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 0 | |
| | 3 | Grade 11 / Std 9 / N2 | 22 | 0 | 0 | 12 | 3 | 0 | 0 | 34 | 3 | |
| | 4 | Grade 12 / Std 10 / N3 | 219 | 1 | 1 | 21 | 73 | 2 | 0 | 6 | 242 | 81 |
| Higher Education and Training (HET) | 5 | Diplomas / Certificates | 57 | 2 | 0 | 58 | 9 | 1 | 0 | 2 | 117 | 12 |
| | 6 | First degrees / higher diplomas | 9 | 1 | 0 | 4 | 4 | 1 | 0 | 2 | 14 | 7 |
| | 7 | Honours / Master's degrees | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 | 1 |
| | 8 | Doctorates | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | 537 | 4 | 1 | 97 | 95 | 4 | 0 | 10 | 639 | 109 |
| | | | | | | | | | | | 748 | |

2.1.2 Adult education and training

During 2013, we met the Adult-based education and training (AET) target set in our Social and Labour Plan. AET is provided from the centre we share with our SACE sister mines, and is promoted on an on-going basis. Despite this, barriers in attracting employee candidates who could benefit from the programme remain. Community members, contractors and employee dependants continue to embrace the programme.

Table 2.2 AET at Greenside Colliery (2014)

| | LEVEL | 2014 | 2015 | 2016 | 2017 | 2018 |
|------|--------------|-----------|-----------|-----------|-----------|-----------|
| 2014 | 1 | 0 | 0 | 0 | 0 | 0 |
| | 2 | 3 | 2 | 3 | 3 | 3 |
| | 3 | 3 | 2 | 2 | 4 | 4 |
| | 4/NQF 1 | 12 | 12 | 12 | 12 | 12 |
| | TOTAL | 18 | 16 | 17 | 19 | 19 |

2.1.3 Learnerships and other training plans

The following provides an update on our performance in terms of learnerships and other training plans. Our approach to budgeting for learnerships is based on maintaining a ratio of one learner to three and a half artisans. We continue to give preference to historically disadvantaged South African (HDSA) candidates. In 2013, 88.57% of our learnerships were comprised of HDSA candidates and of 28.57% women. The plan is to improve the intake of women in learnerships. The 2013 learnerships intake was 51.5% internal and 48.5% external in an attempt to achieve the overall target ratio of 40% internal and 60% external.

The mining learnership intake in 2013 increased from two to four with all the selected individuals being internal HDSA candidates. This was part of their career development plan, as all these learners were Mining Operators before they were promoted to Learner Miners.

Table 2.3 Learnerships and other training plans at Greenside Colliery

| Discipline | SLP Target 2013 | Actual | Var | B 2014 | B 2015 | B 2016 | B 2017 | B 2018 |
|-------------------|-----------------|--------|-----|--------|--------|--------|--------|--------|
| Auto electricians | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 0 |
| Diesel mechanics | 3 | 3 | 0 | 3 | 2 | 3 | 2 | 3 |
| Electricians | 11 | 11 | 0 | 11 | 11 | 13 | 13 | 12 |

| | | | | | | | | |
|----------------------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|
| Fitters | 13 | 13 | 0 | 13 | 11 | 10 | 10 | 9 |
| Platers/Boillermaker | 4 | 4 | 0 | 4 | 2 | 2 | 1 | 2 |
| Instrumentation | 2 | 2 | 0 | 2 | 1 | 0 | 1 | 1 |
| Technicians | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Rigger | 1 | 1 | 0 | 1 | 1 | 0 | 0 | 0 |
| Learner Miner | 4 | 4 | 0 | 1 | 1 | 1 | 1 | 1 |
| Total | 39 | 39 | 0 | 39 | 29 | 29 | 29 | 29 |

| Coal Employee Category | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Bursars | Bursar | 0 | 2 | 2 | 2 | 2 | 2 |
| | Working Bursar (MQA /Others) | 0 | 6 | 8 | 8 | 8 | 8 |
| PIT's | Graduate in training | 15 | 15 | 15 | 15 | 15 | 15 |
| | Diplomats in Training | 4 | 4 | 4 | 4 | 4 | 4 |
| Learnerships | Leainerships - Internal | 14 | 14 | 11 | 11 | 11 | 11 |
| | Leainerships - External | 21 | 21 | 17 | 17 | 17 | 17 |
| | Learner Miners | 4 | 4 | 1 | 1 | 1 | 1 |
| Experiential Trainees | Experiential Trainees | 4 | 6 | 0 | 0 | 0 | 0 |
| TOTAL | | 62 | 72 | 58 | 58 | 58 | 58 |

Portable Skills programme

Part of the skills development plan is to promote portable skills programmes which provide additional or alternative non-mining skills to our current workforce, contractors and the wider community. This promotes the provision of alternative skills which are aimed at promoting entrepreneurship and improves the opportunity for employment. The results of a survey conducted gave a clear indication of which alternative skills is in demand and the marketability of the skills. The demand was so high from the community and dependants that Greenside Colliery had to cater to deliver these much needed skills to them.

The skills programme is based on unit standard and forms part of a qualification, comprising 60 credits of the 120 credits for full qualification. This creates an opportunity for topping up with a relevant further education training (FET) institution.

Greenside Colliery commenced with the provision of the training of the alternative skills in November 2013.

The skill programmes that were identified as in high demand are the following:

- Carpentry
- Plumbing
- Tiling
- Basic Welding
- Building decorative masonry elements

The 2013/14 training plan commenced with carpentry for employees, contractors and community members to satisfy the need and also tapping into the creation of opportunity for employment and starting of small businesses

Table 2.4 Portable skills – Targets and Actuals

| Skills Programme | Target Group | Target 2013 | Actual 2013 | Target 2014 | Target 2015 | Target 2016 | Target 2017 | Target 2018 |
|------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Carpentry | Employees | 12 | 12 | 12 | 18 | 18 | 18 | 18 |
| | Contractors | 12 | 12 | 12 | 18 | 18 | 18 | 18 |
| | Community | 21 | 21 | 22 | 44 | 44 | 21 | 21 |
| Plumbing | Employees | | | 22 | 22 | 22 | 21 | 21 |
| | Contractors | | | 22 | 22 | 22 | 21 | 22 |
| | Community | | | 44 | 60 | 60 | 60 | 60 |

A total of 21 community members completed the carpentry skills training in 2013. All participants were further trained in entrepreneurship skills. Two small businesses were formed as the result the training received. These two businesses will be introduced to Anglo American Zimele for further business advancement.

2.1.4 Leadership Development Programme

Leadership development and up skilling is driven through a number of different leadership programmes which are all in line with the latest global business trends and aimed at driving a high level of performance. A different level of leadership training is given to all levels of leadership. The following are some of the current leadership training programmes:

Foundations of Leadership (FLP): Aimed at all first line and newly appointed supervisors to improve their level of leadership competency, in line with the 21st century leadership skills and techniques. Training will continue and cover all first line supervisors.

Leadership Development Programme (LDP): The programme has been a big success and it is now registered as a qualification with Education, Training and Development SETA. The programme serves as a link between the Foundations of Leadership and the Programme for Management Excellence. The Leadership Development Programme will ensure leadership growth in terms of leadership skills and techniques as these leaders progress to higher levels

Programme of Management Excellence: In order to deliver high levels of leadership and management competence this programme was developed as a partnership between Anglo American and GIBS. Senior leadership is equipped to match the global challenges in order for Anglo American to have a competitive edge.

2.5 Leadership/Management Programme

| Programme | Target 2013 | Actual 2013 | Var | Budget 2014 | Budget 2015 | Budget 2016 | Budget 2017 | Budget 2018 |
|--------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|-------------|
| FLP | 13 | 13 | 0 | 8 | 5 | 5 | 5 | 5 |
| LDP | 2 | 2 | 0 | 4 | 4 | 4 | 4 | 4 |
| PME | 1 | 1 | 0 | 3 | 3 | 3 | 3 | 3 |
| TOTAL | 16 | 16 | 0 | 15 | 12 | 12 | 12 | 12 |

2.1.5 Hard to fill vacancies

Coal has initiated a number of capacity building initiatives to become self-sufficient in the supply of labour. One of these initiatives is an in-house bursary scheme. This includes a group of 143 vacation students, 147 trainees and 10 university of technology students who have been employed as part of the Joint Initiative for Priority Skills Acquisition (JIPSA). In addition, we have 344 learners in the system.

We 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:

- Electrical engineers

- Mechanical engineers
- Mining engineers
- Surveyors

Hard to fill vacancies are addressed through bursary programmes, study assistance schemes and the provision of learnerships and skills programmes. Employees are encouraged to study in the fields where there is a scarcity of skills. Greenside Colliery experienced no hard to fill vacancies during 2013.

2.1.6 Role and activities of the MQA

Coal works with the MQA to identify scarce skills and develop 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.

Greenside Colliery participates in the MQA's structures through company working groups that do the following:

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

2.2 Career Progression Path (Plan)

At Coal, 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 most suited to 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 Coal but within the Anglo American Group.

2.3 Mentorship Plan

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 special 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 the level of 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.

Table 2.6 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 | |

2.4 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 organization. Our talent management strategy 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 retaining them by winning their

hearts and minds.

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

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

2.5 Bursary and Internship Plan

Coal is living up to the Mining Charter's objective to address the skills gap in the mining 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.

At Coal, 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 (see LED section). 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 us 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.

Table 2.7 Professionals in training for Coal

| Discipline | Budget 2011 | Actual 2011 | Budget 2012 | Actual 2012 | Budget 2013 | February 2013 Actual | % HDSA as of current month actual | Budget 2014 | Budget 2015 | Budget 2016 | Budget 2017 | Budget 2018 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Mining | 24 | 39 | 28 | 26 | 32 | 26 | 92% | 26 | 33 | 33 | 43 | 39 |
| Engineering | 30 | 64 | 34 | 51 | 33 | 51 | 82% | 28 | 34 | 29 | 32 | 32 |
| Industrial engineering | 6 | 7 | 7 | 5 | 5 | 5 | 60% | 6 | 5 | 4 | 5 | 4 |
| Rock engineering | 2 | 2 | 2 | 2 | 2 | 2 | 100% | 3 | 2 | 2 | 2 | 2 |
| Geology | 13 | 16 | 11 | 12 | 16 | 12 | 66% | 15 | 10 | 12 | 14 | 11 |
| Metallurgy | 7 | 18 | 7 | 12 | 12 | 12 | 92% | 15 | 10 | 6 | 8 | 7 |
| Total: Technical | 82 | 146 | 89 | 108 | 100 | 108 | | 93 | 94 | 86 | 104 | 95 |
| VOHE | 4 | 6 | 5 | 3 | 5 | 2 | 30% | 6 | 4 | 4 | 4 | 4 |
| Environmental | 5 | 4 | 5 | 5 | 7 | 5 | 100% | 8 | 4 | 4 | 4 | 4 |
| Human resources | 5 | 4 | 5 | 4 | 6 | 4 | 100% | 4 | 3 | 2 | 2 | 2 |
| Commerce (finance and payroll) | 11 | 12 | 6 | 7 | 5 | 7 | 100% | 5 | 6 | 8 | 5 | 0 |
| Survey | 4 | 3 | 3 | 3 | 5 | 3 | 100% | 3 | 2 | 3 | 2 | 1 |
| Safety | 6 | 3 | 5 | 6 | 5 | 6 | 83% | 4 | 4 | 4 | 4 | 4 |
| Total: All | 120 | 180 | 121 | 136 | 135 | 136 | | 123 | 117 | 111 | 125 | 110 |

Table 2.8 University of Technology bursars for Coal

| Discipline | Budget 2011 | Actual 2011 | Budget 2012 | Actual 2012 | Budget 2013 | February 2013 Actual | % HDSA as of current month actual |
|--------------|-------------|-------------|-------------|-------------|-------------|----------------------|-----------------------------------|
| Mining | 16 | 10 | 16 | 10 | 17 | 10 | 100% |
| Metallurgy | 4 | 0 | 5 | 2 | 4 | 2 | 0% |
| Engineering | 7 | 4 | 5 | 1 | 6 | 1 | 100% |
| Geology | 4 | 2 | 4 | 1 | 2 | 1 | 100% |
| Survey | 2 | 1 | 3 | 1 | 3 | 1 | 100% |
| Technicians | 9 | 5 | 7 | 6 | 6 | 6 | 80% |
| Total | 42 | 22 | 40 | 21 | 38 | 21 | |

Table 2.9 University of Science bursars for Coal

| Discipline | Budget 2011 | Actual 2011 | Budget 2012 | Actual 2012 | Budget 2013 | February 2012 Actual | % HDSA as of current month actual |
|------------------------|-------------|-------------|-------------|-------------|-------------|----------------------|-----------------------------------|
| Mining | 31 | 31 | 34 | 30 | 33 | 30 | 83% |
| Commerce | 14 | 15 | 16 | 15 | 15 | 15 | 93% |
| Electrical engineering | 13 | 13 | 10 | 11 | 10 | 11 | 90% |
| Mechanical engineering | 18 | 19 | 22 | 22 | 23 | 22 | 82% |
| Geology | 17 | 18 | 18 | 16 | 19 | 16 | 75% |
| Rock engineering | 0 | 0 | 2 | 0 | 2 | 0 | |
| Metallurgy | 21 | 21 | 19 | 19 | 21 | 19 | 79% |
| Industrial engineering | 7 | 7 | 10 | 8 | 11 | 8 | 75% |
| Total | 121 | 124 | 131 | 121 | 134 | 121 | |

2.5.2 Bursar training programmes

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 2.10 Internships and bursaries to be awarded by Coal (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/rock engineering/survey | 20 | 21 | 22 | 15 | 20 |
| Finance/administration | 13 | 15 | 17 | 12 | 13 |
| Other | 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 |

| FIELD OF STUDY | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| In-House Study Assistance Programme: Greenside Colliery | | | | | |
| Mining | 4 | 4 | 4 | 4 | 4 |
| Engineering | 12 | 12 | 12 | 12 | 12 |
| Metallurgy | 3 | 3 | 3 | 3 | 3 |
| Human resources | 3 | 3 | 3 | 3 | 3 |
| Finance | 1 | 1 | 1 | 1 | 1 |
| VOHE - environment | 2 | 2 | 2 | 2 | 2 |
| Safety | 1 | 2 | 2 | 2 | 2 |
| Security | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 26 | 27 | 27 | 27 | 27 |

2.5.3 Budget provision

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

2.6 Employment equity

One of our greatest assets is the diversity of our people and we have moved beyond simple transformation. At the end of 2013, 47% 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 2013, women accounted for 14% of our total workforce and 40% of senior 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, health, work culture and workplace environment.

Table 2.11 Employment equity statistics for Greenside Colliery (August 2014)

| 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 | 0 |
| Senior Management | 0 | 1 | 0 | 2 | 1 | 0 | 0 | 1 | 3 | 2 | 0 | 0 | 60% |
| Professionally qualified and experienced specialists and mid management | 42 | 2 | 1 | 50 | 12 | 2 | 0 | 5 | 95 | 19 | 1 | 0 | 56% |
| Technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 27 | 0 | 0 | 3 | 10 | 1 | 0 | 3 | 30 | 14 | 0 | 0 | 93% |
| Semi-Skilled and Discretionary decision-making | 96 | 1 | 0 | 41 | 14 | 0 | 0 | 0 | 138 | 14 | 1 | 0 | 72% |
| Unskilled and Defined decision-making | 372 | 0 | 0 | 1 | 58 | 1 | 0 | 0 | 373 | 59 | 3 | 0 | 99% |
| TOTAL | 537 | 4 | 1 | 97 | 95 | 4 | 0 | 9 | 639 | 108 | 5 | 0 | 86% |
| Non-permanent employees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 100% |
| TOTAL PERMANENT | 537 | 4 | 1 | 97 | 95 | 4 | 0 | 10 | 639 | 109 | 5 | 0 | 86% |
| | | | | | | | | | 748 | | | | |

Table 2.12 HDSA in Management

| Occupation 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 | 60% | 30% | 60% | 30% | 60% | 30% | 60% |
| Middle Management | 54% | 30% | 52% | 30% | 53% | 30% | 55% |
| Junior Management | 65% | 40% | 65% | 40% | 64% | 40% | 64% |
| Core Skills | 88% | 40% | 90% | 40% | 91% | 40% | 91% |

PART THREE

Local Economic Development Programme

3. Social and Economic Background

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

Coal operates mainly in three municipal districts, namely Nkangala, Gert Sibande and Fezile Dabi. Nooigedacht, along with Landau, Kleinkopje, Goedehoop and Kriel collieries, is situated in the Emalahleni Local Municipality. Emalahleni Local Municipality is located within the Mpumalanga Province and is situated in the jurisdictional area of the Nkangala District Municipality. The district is located to the North-West of the province and is the smallest district in land mass (21%) and has the second largest population concentration (35%) in the province. The Nkangala District Municipality (NDM) comprises an area of approximately 240km² which includes the following municipalities:

- The eMalahleni Local Municipality
- The Steve Tshwete Local Municipality
- The Delmas Local Municipality
- The Emakhazeni Local Municipality
- The Thembisile Hani Local Municipality
- The Dr JS Moroka Local Municipality

3.1. Socio-Economic Profile

Table 3.1 Population size and growth

| Demographic Indicators | Stats SA Census 2001 | Stats SA Census 2011 | Share of Nkangala's figure 2011 | Share of Mpumalanga's figure 2011 | Ranking: highest (1)-lowest (18) |
|-----------------------------------|----------------------|----------------------|---------------------------------|-----------------------------------|----------------------------------|
| Population number | 276 413 | 395 466 | 30.2% | 9.8% | 3 |
| Number of Household | 82 298 | 119 874 | 33.6% | 11.1% | 3 |
| Area size (km ²) | | 2 677.67 | 16.0% | 3.5% | 13 |
| Population (per km ²) | | 163 | | | |

Source: Census South Africa 2011

- According to Stats SA (2011 Census) 395 466 people were recorded in 2011 – 30.2% of Nkangala's population.
- Population grew by 43.1% between 2001 & 2011 while annualized population growth rate was measured at 3.6%.
- 81.3% Africans, 15.7% Whites, 1.7% Coloured, 0.9% Asians and other 0.3%.
- Youth up to 34 years – 65.6% of Emalahleni's population.
- Number of households 119 874 (3.3 people per household) – 33.6% of Nkangala's households.

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

Table 3.2 Economic Indicators: Contribution by Local Municipal Areas to Nkangala's industries (GVA constant 2005 prices)

| INDUSTRY | Victor Khanye | Emalahleni | Steve Tshwete | Emakhazeni | Thembisile Hani | Dr JS Moroka | Nkangala |
|--------------------|---------------|--------------|---------------|-------------|-----------------|--------------|---------------|
| Agriculture | 30.8% | 13.0% | 42.8% | 6.8% | 2.0% | 4.6% | 100.0% |
| Mining | 2.4% | 52.8% | 40.6% | 3.3% | 0.8% | 0.0% | 100.0% |
| Manufacturing | 1.4% | 19.0% | 74.9% | 1.7% | 2.4% | 0.6% | 100.0% |
| Utilities | 0.3% | 74.1% | 20.9% | 1.2% | 1.9% | 1.7% | 100.0% |
| Construction | 4.4% | 52.5% | 27.7% | 3.9% | 6.7% | 4.8% | 100.0% |
| Trade | 5.8% | 46.1% | 26.0% | 3.2% | 14.7% | 4.3% | 100.0% |
| Transport | 8.5% | 48.3% | 25.9% | 9.9% | 4.8% | 2.6% | 100.0% |
| Finance | 5.1% | 48.9% | 39.6% | 2.3% | 2.3% | 1.9% | 100.0% |
| Community services | 6.6% | 34.5% | 26.1% | 3.6% | 14.9% | 14.3% | 100.0% |
| Total | 4.5% | 45.2% | 38.7% | 3.5% | 4.9% | 3.2% | 100.0% |

- Contribution to Nkangala economy 45.2% - largest of the 6 municipal areas.
- Dominant contributions especially in utilities (74.1%), mining (52.8%) and construction (52.5%), to relevant district industries.
- Leading industries in terms of % contribution to Emalahleni economy – mining (34.9%), finance (14.2%) and utilities (13.3%).
- Increasing role/share of finance & transport and decreasing role/share of mining (but still more than one-third of the local economy).

3.2 Key Economic Activities

At district level Emalahleni contributes 46% of the GDP of the region. This clearly indicates the nature of concentration of economic activities in the area followed by Steve Tshwete (at 37%). Emakhazeni, Dr JS Moroka, Thembisile Hani and Victor Khanye (Delmas) have the least contributions.

The economic dominance of Emalahleni within Nkangala has the potential of influencing population migration from nearby localities 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.

The Economy of the municipality is driven by the Mining sector which contributed more than 50% in 2009 followed by Electricity at 12.1% and Finance at 10.8%. Over the three year period, mining has had a stead

increased contribution to the economy of Emalahleni; from 41% in 2007, 50.8% in 2008, with a slight decline to 49.8% in 2009.

Electricity has also had significant contribution as well, although marginal decline was experienced. However, Agriculture's contribution to the economy of Emalahleni is relatively low compared to the other sectors of the economy. It is critical to investigate and establish the current state of the primary agricultural activities and the value chain activities associated with the sector. The other sectors with potential include Finance, Trade and the green economy (given the dominance of mining and electricity and their environmental degradation potential).

From the socio-economic analysis, it is evident that Emalahleni 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 is the challenge that must be addressed through the development of the Emalahleni 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 and hospitality
- SMME and cooperative development

(See the attached IDP and LED for further details)

Other mining companies in the area:

- BHP Energy Coal South Africa
- Glencore
- Exxaro
- Total Coal

3.3 Community Engagement

3.3.1 Socio-Economic Assessment

To improve our understanding of both the positive and negative impacts of our operations on our host communities, 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. Greenside Colliery maintained a performance rating of a 4 which means pro-active in dealing with social and community issues.

3.3.2 Stakeholder Engagement

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 stakeholder engagement forums, including directly and indirectly affected parties, interested parties and 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.

Our stakeholder and engagement process is undertaken jointly with our sister mines, Kleinkopje and

Landau collieries. Complaints received are addressed individually by the colliery concerned through our complaints and grievance procedure.

Table 3.3 Local community needs

| No | Needs | Purpose | Partner |
|----|----------------------------|--------------------------------------------------------------------------------|---------------------------------------|
| 1 | Education and training | To promote a culture of learning in the community to | DoHE, DoL, SETA's, Training providers |
| 2 | Enterprise development | Promote local procurement and local economic development. | SEDA, NYDA, MEGA |
| 3 | Service delivery | Enhance and improve the capacity of the municipality to deliver basic services | Local municipalities |
| 4 | Infrastructure development | Develop and improve community infrastructure | Local municipality |
| 5 | Local employment | Support | Local municipality |

3.4 Local Economic Development projects

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

Table 3.4 LED Projects

| CATEGORY | PROJECT DESCRIPTION | BUDGET | PROJECT PARTNER |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------------------------------|
| Agriculture and enterprise development | Commercial farming of potatoes with SIMBA guaranteeing uptake | R5 million | eMalahleni Local Municipality |
| Service delivery | Service delivery package – Customer contact centre, renewal of service delivery fleet, electrical bulk services | R 4 million | eMalahleni Local Municipality |
| Infrastructure | Upgrade Emalahleni Land fill site | R 5 million | eMalahleni Local Municipality |
| Education and Training | Community Scholarship Scheme – provision of scholarships per study cycle | R 2.5 million | Department of Education, Office of the Premier, eMalahleni Local Municipality |
| Total | | R 21.5 million | |

Project 1: Commercial Farming

| | | | | | | | |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|------------------------------------------------------|
| Project Name | The name of the project : Commercial Farming | | | Classification of project: Income generation | | | |
| Background | Communities are charecteriserised high unemployment rates, low income levels. Need to promote local employment and enterprise development by utilising available resources such as land and agriculture to promote alternative livelihoods | | | | | | |
| Geographic location of the project: | District Municipality Nkangala | Local Municipality Emalahleni | | Project start date 2015 | | Project end date End of 2019 | |
| Output: Funding of equipment and support to community agro-processing businesses | Key Performance Area Income generation | Key Performance indicator Commercially viable enterprises in agro-processing | Responsible entity(inclusive of all role players) AATC DMR DoA | Quarterly timelines and year Q1 Feasibility studies | Quarterly timelines and year Q2 Finalisation of institutional arrangements and funding agreements | Quarterly timelines and year 2016-2019 implementation | Budget R5 million |
| 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 | 0 | Community enterprise to formed to run with structure |
| Medium term | Non Tech | 5 | 10 | 20 | 15 | 40 | |
| Long term | 0 | 0 | 0 | 0 | 0 | 0 | |
| Completion date and exit strategy | | | | | | | |
| Start-up capital and link with Zimele | | | | | | | |

Project 2: Service Delivery Package

| | | | | | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------|------------------------------|
| Project Name | The name of the project : Emalahleni Service Delivery package | | | Classification of project: Infrastructure support | | | |
| Background | Greatest challenge facing our host municipalities is their ability to deliver basic services which does only reflect badly on government but also on the business community and their ability to attract more investments and the communities who reside in these localities. Improving the capacity of municipalities to deliver basic services will have very positive impacts on our business and communities | | | | | | |
| Geographic location of the project: | District Municipality Nkangala | Local Municipality Emalahleni | Village name Emalahleni | Project start date 2014 | | Project end date End of 2014 | |
| Output: Procurement of new service delivery fleet, customer contact centre in partnership with the other 3 AATC operations in the area | Key Performance Area Service delivery | Key Performance indicator Improved service delivery | Responsible entity(inclusive of all role players) AATC ELM | Quarterly timelines and year Q2 finalisation of funding agreements | Quarterly timelines and year Procurement and delivery | Quarterly timelines and year | Budget R10 million |
| No of jobs to be created | Classification of jobs | Male adults | Female adults | Male youth | Female youth | Total | Comments |
| Short term | | | | | | | |
| Medium term | | | | | | | |
| Long term | 0 | 0 | 0 | 0 | 0 | 0 | |
| Completion date and exit strategy | | | | | | | |
| Hand-over of equipment and continuous capacity building on operations and maintenance | | | | | | | |

Project 3: Emalahleni Waste Management Project

| | | | | | | | |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------|
| Project Name | The name of the project : Upgrade Emalahleni Landfill Site | | | Classification of project: Infrastructure support | | | |
| Background | The current state of the main landfill site prohibits the municipality from running a efficient and effective waste management process and system. Its upgrade will result in better waste management and unlock economic opportunities associated to waste for local communities | | | | | | |
| Geographic location of the project: | District Municipality Nkangala | Local Municipality Emalahleni | Village name Coronation | Project start date 2015 | | Project end date End of 2016 | |
| Output: Upgrade Emalahleni Landfill site | Key Performance Area Service delivery | Key Performance indicator Improved waste management capacity and emergence of community enterprises. | Responsible entity(inclusive of all role players) AATC ELM | Quarterly timelines and year Q1 Funding agreements | Quarterly timelines and year Q2 approval of detailed designs | Quarterly timelines and year 2013-2014 Construction and hand over | Budget R22 million |
| No of jobs to be created | Classification of jobs | Male adults | Female adults | Male youth | Female youth | Total | Comments |
| Short term | | | | | | | Employment figure to be confirmed |
| Medium term | Non Tech | | | | | | |
| Long term | 0 | | | | | | |
| Completion date and exit strategy | | | | | | | |
| Hand-over and support the municipality | | | | | | | |

3.6 Measures to address housing and living conditions

Coal 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 an occupancy rate of one person per room,
- Facilitate home ownership options for all mine employees in consultation with organised labour.

3.6.1 The type of housing provided for employees

The table below provides a summary of the accommodation provided for SACE employees as of the fourth quarter of 2013, and the number of those who receive a housing allowance:

Table 3.5 Types of accommodation per employee type: Greenside Colliery (Dec 2013)

| Employee type | Houses | Married quarters | Flatlets | Single quarters | Private Leased | Other | Total in Housing | Total on housing allowance | Labour strength |
|----------------|------------|------------------|----------|-----------------|----------------|----------|------------------|----------------------------|-----------------|
| Officials | 28 | 0 | 0 | 0 | 0 | 0 | 28 | 138 | 166 |
| Senior-skilled | 49 | 0 | 0 | 0 | 0 | 0 | 49 | 108 | 157 |
| Skilled | 79 | 0 | 0 | 0 | 0 | 0 | 79 | 346 | 425 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 156 | 0 | 0 | 0 | 0 | 0 | 156 | 592 | 748 |

3.6.2 Progress against targets

In terms of the first two revised targets, Coal has completed all hostel conversions required and has a 100% occupancy level of one person per room. The company has introduced housing allowances to promote home ownership and 75% of employees cater for their own accommodation in sustainable areas.

Table 3.6 SACE’s progress against the housing targets

| SACE Collieries | 2014 Milestone | | Home ownership milestone | |
|-----------------|----------------|-------------|--------------------------|------------|
| Employee Type | Target | Actual | Target | Actual |
| Officials | 100% | 100% | 100% | 77% |
| Senior-skilled | 100% | 100% | 100% | 60% |
| Skilled | 100% | 100% | 100% | 81% |
| Other | 100% | 100% | 100% | N/A |
| TOTAL | 100% | 100% | 100% | 75% |

3.6.3 Coal 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 agreements outlined in the ‘Framework of Principles on Accommodation’ with the unions, and to ensure that employees are able to live with their families in normalised, sustainable environments.
- 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.

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.

3.6.4 Housing Action Plan

During 2007, Coal 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 3.7 Coal housing allowances per employee grade

| Employee grade | 2009 Rates | 2010 Rates | 2011 Rates | 2012 Rates | 2013 Rates | 2014 Rates July forward |
|----------------|------------|------------|------------|------------|------------|-------------------------|
| D1 and C4# | R5,775 | R6,208 | R7,007 | R7,007 | R7,532 | R 8135.00 |
| CU | R4,950 | R5,321 | R6,006 | R6,006 | R6,456 | R 6973.00 |
| CL and B Band | R4,000 | R4,320 | R4,876 | R4,876 | R5,242 | R 5714.00 |
| Senior-skilled | R4,000 | R4,320 | R4,876 | R4,876 | R5,242 | R 5714.00 |
| Skilled | R3,000 | R3,300 | R3,993 | R4, 434 | R5,242 | R 5714.00 |

Bulk infrastructure for residential development

We identified three projects to accommodate employees who wish to move from mine villages to urban areas in eMalahleni. Internal surveys conducted at the three SACE collieries revealed that employees would prefer to rent or buy their own properties in the Duvha Park and Kwa Mthunzi Vilakazi suburbs of eMalahleni.

An assessment of SACE's Matimba Village property indicates that it could be incorporated into Duvha Park, the area where those residing in the village would like to remain.

Capacity surveys within eMalahleni and Kwa Mthunzi Vilakazi have also been undertaken and various developments were identified as possible options for infrastructure funding and development. A fourth option, called the Gypsum Housing Project, is also discussed below.

Project one – Matimba Village, next to Duvha Park Extension One in eMalahleni

- This project has been shelved owing to the plan to expand mining operations within the Matimba Village.

Project two – Unproclaimed townships in the Greater eMalahleni urban area

- Coal began negotiations to acquire land for residential development in the eMalahleni area as an alternative to the Presidential Project development. This private development was previously identified to accommodate many SACE employees. However, it was plagued by continuous delays. It was anticipated that this development would not only provide accommodation for SACE employees but for those from Goedehoop Colliery.
- Discussions are in progress with the eMalahleni Local Municipality to acquire suitable land and initiate this project. Two portions of land have already been identified and a proposal is being prepared by Coal to acquire the land from the municipality.
- The estimated number of units ranges from 1,000 to 1,600, depending on final uptake and demand.
- The estimated cost of infrastructure is R62, 5 million to R89, 5 million, depending on the final number of units to be serviced.
- The estimated duration of this project is three to four years.
- Unfortunately this project has been delayed owing to a lack of capacity at municipal level and tendering delays. No additional work has been undertaken to date.

Project three –Kwa Mthunzi Vilakazi development

- This development has progressed significantly to date. There are approximately 500 stands that have been serviced in this development. Work has been completed on the installation of the electrical, water and sewerage networks at a cost of approximately R31 million.

Project Four – Gypsum housing project

- Coal, in partnership with Tower Technologies, has designed a new housing system that makes use of gypsum by-products produced by the company's eMalahleni Water Reclamation Plant.
- A prototype gypsum house has been constructed and has passed all regulatory building test requirements for quality and durability.
- A pilot project involving the construction of 67 of these houses in Kwa Mthunzi Vilakazi has commenced.
- If successful, this system may be used to alleviate the housing backlogs experienced in the areas where the company has its operations.
- The company has built 67 houses using gypsum by-product from the Water Treatment Plant in the bricks and mortar for these houses. So far, the company has spent R21million and this project is 100% complete.

Sourcing and supporting housing delivery

The above projects have been specifically targeted to supply houses to SACE employees because of their proximity and location. This is in line with the company strategy to source employees from sustainable areas. Our housing team is actively involved in discussions with the eMalahleni Local Municipality, technical design personnel, urban planners and private property developers. This is an on-going process for each project identified.

Facilitation and marketing to employees

The company has initiated a training and development scheme for all employees interested in buying or renting property in urban areas. This programme is designed to educate employees about the responsibilities of buying, owning and managing their own homes. This has been developed at the request of employees canvassed during surveys conducted in 2007 which identified that many do not fully understand the complexities of home ownership. This is an on-going process and is being run in parallel with the marketing programmes under way for the above developments.

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, Greenside Colliery has put in place various measures outlined below.

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” which aims to put in place 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 required under Regulation 46 (d) (i) of the MPRDA. A Future Forum 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 above three objectives, we have established a Future Forum, comprising management, the workers and / or their representatives. The mandate of the 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 has been established at the mine-site level and will be utilised as Greenside Colliery’s Future Forum. This Forum is commonly known as the Mine Partnership Forum and will have the following specific objectives:

- 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, challenging 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 Greenside 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 implantation of its plans / proposals.

4.2 Mechanisms to avoid job losses and a decline in employment

One of the requirements of the Future Forum is to have structures in place to facilitate the consultation processes so that Greenside Colliery management and recognised trade union representatives can meet on a monthly basis to discuss workplace issues. The intention is to prove a formal vehicle where all affected parties can consult and discuss challenges and possible solutions to problems facing the workplace that may have the potential to lead to large-scale retrenchments in the future.

In line with the requirements of Regulation 46 (d) (ii) and (iii), Greenside Colliery will develop turnaround or redeployment strategies to reduce job losses and to improve business sustainability. The two sections of this regulation have been combined, as Greenside Colliery strategies to deal with these issues often overlap and are contained within the same policies

4.2.1 Processes for creating job security

The most direct and appropriate intervention is for Greenside Colliery to assist employees facing retrenchments to secure alternative employment. Greenside Colliery has, in co-operation with the other Coal operations put a number of mechanisms in place to mitigate the impact of job losses in the event of downscaling or closure of the mine.

Certain processes will be followed when prevailing economic conditions cause the profit-to-revenue ratio of Greenside Colliery to drop below 6% on average for a continuous period of 12 months. These processes will include:

- Consultations – the consultation process in terms of Section 52(1) of the MPRDA;
- Implementation of Section 189 of the Labour Relations Act;
- Notifications to the Minerals and Mining Development Board – the notification process to the Board in terms of Section 52 (1) (a) of the Act;
- Complying with the Ministers directive and conforming how corrective measures will be taken;
- Internal transfers to the Coal mines;
- Providing training for proxy earners; and
- Reskilling of workers for other jobs on the mine or for jobs outside the mining sector

4.2.2 Internal transfers to other Anglo American Coal mines

Greenside Colliery supports the multi-tasking of employees. One of the mine's strategies encompasses an understanding by employees that jobs and duties, subject to individual skills and capabilities, are flexible within Anglo American Coal's departments and mines such as Greenside Colliery. Consequently, as part of the strategy to broaden the skills base, Greenside provides training and retraining in the employee's existing career path as well as in new technological developments.

This means that if security of jobs is threatened, Greenside Colliery is better placed to transfer an employee to another mine, division, department or section of Anglo American Coal. As per agreements with trade unions and other worker representative bodies, the transfer would only be implemented after consultation and reasonable notice to the employee.

Reskilling of employees for internal and external employment opportunities

One of the objectives of multi-skilling workers is to increase the opportunity for alternative employment either in a different occupation on the mine or in the job outside the mining sector. In pursuit of this aim, Greenside will provide alternative skills training to workers to enable them to be in a better position to seek work in a greater variety of positions or occupations. The focus of this training will be on subsistence, life skills and entrepreneurial activities but more specifically on skills that will be required for proposed socio-economic projects upon mine closure or large scale retrenchments. In addition Greenside Colliery intends to:

- Apply for technical assistance and support from the National Productivity Institute (NPI) via which access is given to the Department of Labour's Advice Centres and Social Plan Centres.;
- Apply to the MQA, which is the mining sector's education and training authority, for applicable grants in terms of the Skills Development Act 97 of 1998 and its regulations; and
- Identify and consider SMMES initiatives that have the potential of creating future employment opportunities in the event of a large-scale retrenchment.

In the life skills education programme, Greenside Colliery intends to address critical retrenchment and retirement planning issues such as;

- Collection of mine pension;
- Access to state benefits for pensioners;
- Financial planning for retirement; and
- Possibilities for supplementing pension income

In addition, Greenside Colliery will revisit the appropriate policies to ensure that an enabling environment is created to achieve the objectives of the Social and Labour Plan

4.3 MANAGING RETRENCHMENT

In line with the requirements of regulations 46 (d)(iii), Greenside Colliery will develop turnaround or redeployment strategies to attempt to provide alternative solutions for creating job security should job losses become unavoidable.

4.3.1 MEASURES WHEN JOB LOSS IS UNAVOIDABLE

Besides disciplinary actions, the primary reasons for loss of employment are technological changes, redundancies, retrenchment, mine closure, adverse economic and trading conditions, and business process streaming.

Under these circumstances, the key issues that need to be considered are the degree of dependence of the mine community and labour-sending area on Greenside Colliery, and the policies and procedures in place at Greenside Colliery to provide financial security for individual employees.

Upon scaling down Greenside Colliery (with the possible effect of job losses) or when mining and production are too closed the following process will be followed:

- Consultation-the consultation process in terms of Section 52(1) of the labour relations
- Implementing section 189 of the act, which will deal with possible retrenchment details?
- Notification to the minerals and mining development board in terms of section 52(1) (b) of the act: and
- Communicating possible retrenchments-an effective communication strategy will be followed:
 - informing employees of possible retrenchments at the mine
 - Informing other affected parties (such as sending areas at their municipalities) of the possible retrenchments; and
 - Informing outside parties (such as the media) of the possible retrenchments.

4.3.2 ALTERNATIVE SOLUTIONS FOR CREATING JOB SECURITY SUPPORT OF SMME'S

There may be people affected by downscaling operations who are keen to start their own enterprises. In these cases, Greenside Colliery will consider the following options, suggested by the Department of Labour:

- Facilities links with Local Business Service Centre or other appropriate support institutions;
- Provide business support services to workers while they are still at work and can explore the options;
- Give assistance and mentoring in feasibility studies and the development of business plan;
- Include business and technical training for self-employment in the range of the Department of Labour's services;
- Provide time off work, so that workers can undergo necessary training before they terminate their workplace;
- Identify opportunities to supply Greenside Colliery with goods or service; and
- Engage with banks and other lending institutions to explore and facilitate arrangements for workers who want to use all or part of their retrenchment packages as collateral security for business loans.

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. Greenside Colliery intends to ensure that the livelihoods of its mineworkers, residents and families are sustained despite the downsizing or closure of the mine.

Strategy

Greenside 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.

Self-employment training and re-employment programmes and portable skills development plan

Greenside Colliery recognises that its operations have a limited life span and that demands of the business could require a reduction in human resources in the future. As part of its corporate social responsibility, Greenside Colliery intends to equip the current work force-as well as members of the community-with portable skills that will benefit the individuals concerned. To realise this commitment, Greenside Colliery has generated a portable skills programmes covering the following skills:

- Carpentry
- Bricklaying
- Painting; and
- Plumbing

The Future Forum will coordinate the provision of the above self-employment training and re-employment programmes for all employees affected by retrenchments

Closure Planning

Greenside Colliery has developed a closure plan that considers the optimal use of mine land and infrastructure during the operational phase as well as the closure phase of the mining life-cycle. This plan will be a focus area of Greenside Colliery's LED strategy to diversify the economy and will take into account the potential social benefits of utilising the existing land and infrastructure.

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 Greenside Section is 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 an 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 grow alternative subsistence sources of food.

Other enterprise on mine property

Greenside Colliery will consider the option of outsourcing current jobs that could be performed on a contractual basis by existing mineworkers. The mine will develop and implement a policy in this regards in conjunction with labour representatives. A suggestion that will be considered involves the voluntary retrenchments of certain employees who would then be assisted in the establishment through a supplier assistance programme. These employees could be allocated premises from which to operate on mine property. These premises could be:

- Buildings, workshops or land no longer used by Greenside Colliery that are essentially redundant;
- Facilities currently used for the functions being considered for outsourcing that could be sub-let to the former employee; or
- New premises specifically constructed on mine land for these functions. These could be financed using funding from SMME assistance schemes offered by Government or development agencies, or possibly as a Greenside Colliery LED project.

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. The most obvious transfer of ownership is non-critical mine housing. Other possibilities include the transfer to local, provincial or national authorities for local authority management of townships and infrastructure.

This infrastructure includes:

- Roads;
- Power lines and major transformations
- Sewerage reticulation and disposal;
- Water supply and reticulation;
- Communication infrastructure
- Recreation facilities, parks and gardens; and
- Social or other non-operational services such as:
 - Primary and responsive healthcare;
 - Education and training; and
 - Security services

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 of 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 considered. 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, Greenside 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

Greenside Colliery undertakes to consider assisting in the establishment of the various business structures where stakeholders or appointees 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 programme

The following represents the financial provision allocated to Greenside Colliery's human resources programmes:

Table 5.1 Financial provision for human resources develop

| Programme | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Skills Development Levies Act | R 27,760,638 | R29867670 | R32134627 | R 34573645 | R 37197784 | R40,021,096 |
| Learnerships | | | | | R3,500,000 | R4,000,000 |
| Internal training programme | | | | | R39,49 5,088 | R41,427,263 |
| External training programme | | | | | | |
| TOTAL | R67,081,321 | R70,626,634 | R74,441,252 | R79,039,058 | R80,192,872 | R85,448,359 |

5.2 Local Economic Development

The following represents the financial provision for Greenside Colliery's Local Economic Development projects:

| Projects | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|--------------------------------|-------------------|-------------------|-------------------|-----------------|-----------------|--------------------|
| Commercial agriculture project | R1,000.000 | R3,000.000 | R1,000.000 | | | R5, 000.000 |
| Service delivery package | R4,000.000 | | | | | R4,000.000 |
| Waste Management Project | | R3,000.000 | R2,000.000 | | | R5,000.000 |
| Community Scholarship Scheme | R500,000 | R500,000 | R500,000 | R500,000 | R500,000 | R2,500.000 |
| Total | R5,500.000 | R6,500.000 | R3 500,000 | R500,000 | R500.000 | R21,500.000 |

5.3 Management of downscaling and retrenchments

Financial provision for the management of downscaling and retrenchments is given in the following table:

| 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

I _____ the undersigned and duly authorised thereto by _____ (Company) undertake to adhere to the information, requirements, commitments and conditions as set out in the social and labour plan.

Signed at _____ on this ____ day of _____ 20__

Signature of the responsible person

Designation: _____

Approved

Signed at _____ on this ____ day of _____ 20__

Signature: _____

Designation: _____