

SOCIAL AND LABOUR PLAN

**ISIBONELO COLLIERY (Kriel South)
MP 30/5/1/2/2/130 MR**



5 YEAR REVIEW REPORT: 2015 - 2019

PART ONE

Preamble

Real Mining. Real People. Real Difference.

1.1 Background

Anglo American Thermal Coal

Anglo American Thermal Coal, referred to as Thermal Coal, is the fourth largest exporter of seaborne thermal coal in the world, and is wholly owned by Anglo American, one of the world's largest mining and natural resource groups. Anglo American's primary listing is on the London Stock Exchange and it has a secondary listing on the Johannesburg Securities Exchange. In 2010, we contributed 7% or US\$710 million to the Group's operating profit.

We have 3.4 billion tonnes in thermal coal resources and our attributable production in 2012 was 56.98 million tonnes. Approximately 14000 permanent employees and contractors work 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 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 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.

Overview on Isibonelo Colliery

Located approximately 120km due east of Johannesburg, 60km south of Witbank and 13km east of Secunda. The mine falls within the Govan Mbeki Local Municipality, within Gert Sibande District Municipality in the Mpumalanga Province. Isibonelo colliery is part of Anglo Operations, Thermal Coal business unit. Isibonelo Colliery was officially opened in April 2006.

It was established following the signing of contractual agreements between Thermal Coal and Sasol Mining to jointly develop the Kriel South coal reserve. The infrastructure and employees of the operation were taken over from Sasol, and this is the first operation of its kind where a complete transfer of equipment, assets and labour force has been successfully achieved. Isibonelo is a producer of thermal coal for conversion into synthetic fuel by Sasol and produces five million tonnes a year.

The mine is widely recognised for its exceptional safety performance, and won the Department of Mineral Resources' Safety Achievement Flag for 2010/2011. This is presented to operations showing the greatest reduction in the number of days lost owing to accidents when comparing two consecutive three-year periods. Isibonelo, which has a workforce of 320 employees and 837 core

contractors, worked more than 1,304 days – or three-and-a-half years, without a single LTI and has completed more than 4,000 fatality-free production shifts in 2011. This resulted in the colliery being recognized at the 2011 Anglo American plc global Applaud Awards function. Unfortunately in April 2012 Isibonelo had 1 LTI but completed the year with 5504 fatality-free production shifts. Isibonelo was given first place in the Safety Team category, the first Thermal Coal operation to receive this honour. In 2013 we completed with year with zero LTI and zero fatalities, reaching 6000 fatality-free production shifts in September. Isibonelo also achieved lowest LTI Frequency rate and most improved over a period of three years.

1.2 Objectives

The objectives of our Social and Labour Plan are:

- To promote employment and job creation 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
- To utilise and expand the existing skills base for the empowerment of HDSA and to serve our community

1.3 Definitions

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

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

This document follows Regulation 46 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 with the pillars of the Mining Charter.

1.4 The particulars of the holder of the mining rights

Name of the company	Anglo American Thermal Coal
Name of the mine	Isibonelo Colliery
Physical address	Mining and Property Law Department First Floor, 45 Main Street Johannesburg 2001
Postal address	Anglo Operations Pty Ltd PO Box 61587 Marshalltown 2107
Telephone number	+27 (11) 638 3781
Fax number	+27 (11) 638 4608
Mine address	Vlaklaagte, Old Syferfontein Trichardt-Kriel Road Mpumalanga
Mine postal address	Private Bag X701 Trichardt 2300
Telephone number	+27 (17) 620 2700
Mine fax number	+27 (17) 620 2759
Location of mine	Isibonelo Colliery is situated in the Mpumalanga province between the towns of Kinross, Secunda, Bethal and Kriel. This area is part of the Highveld coalfields and falls within the Govan Mbeki Local Municipality.
Commodity	Coal
Life of mine	2025
Breakdown of employees per sending area	See section 2.4.3
Financial year	January to December

PART TWO

Human Resources and Development Programme

2.1. Overview

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

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

The safety of our employees is our number one priority. To ensure that we reach our goal of Zero Harm, much of our focus was placed on safety risk management training across the organisation during 2012. This included compulsory training in Anglo American's A1, A2 and A3 courses as well as the Safety Leadership Programme for those in supervisory roles.

Anglo American Thermal Coal's Human Resource Development Strategy incorporates a comprehensive subset of focus areas including:

- Talent Management
- Performance Management
- Competency Based Career Development, including Learnerships, the Anglo Coal Bursary Scheme and Graduate Trainee Programs as well as Community Bursary Scheme
- ABET
- Empowerment Group capacity building

Talent management for senior positions is done through the corporate office. Employees are transferred around the operations as part of their development and operations requirements. All Human Resource issues on this plan (and all other Anglo American Thermal Coal operations) will reflect the divisional statistics and plan as well as those of the specific operation. These issues will include:

- Skills Development Plan
- Career Progression
- Mentorship Plans
- Internship and Bursary Plan
- Employment Equity Plan
- Plans to meet the Mining Charter requirements

2.2 Skills Development Plan

Isibonelo 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 requirements. Both of these documents were accepted for the year. We pay levies and claim grants in line with the provisions of the MQA. Isibonelo Colliery complies and will continue to comply with the requirements of the Skills Development Act.

Our levy number is **L270214811**

2.2.1 Skills development facilitator

We have two skills development facilitators; Hemraj Beni, who is the Training Manager at Isibonelo Colliery, and Isaac Thompson, who is a member 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 Learning and Development department, and the report is presented to the employment equity and skills development committee during the mid-year review.

2.2.2 Number and education levels of employees

Isibonelo Colliery Literacy Profile as at December 2013

An extremely small percentage of our workforce is classified as illiterate (around 1.2%). Therefore we do not have an Adult-based education and training (ABET) centre on site. We continue to encourage the small number of employees who could potentially benefit from ABET to participate at the centres based at our customer, Sasol, and sister mine, Kriel Colliery's, sites.

There are no ABET targets set for 2013 - 2018

Table 2 Number and Education Levels of Employees: Isibonelo 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	33	2	0	8	7	3	0	4	43	14		
		Grade 0 / Pre	0	0	0	0	0	0	0	0	0	0		
		Grade 1 / Sub A	0	0	0	0	0	0	0	0	0	0		
		Grade 2 / Sub B	0	0	0	0	0	0	0	0	0	0		
		Grade 3 / Std 1 / ABET 1	0	0	0	0	0	0	0	0	0	0		
		Grade 4 / Std 2	0	0	0	0	0	0	0	0	0	0		
		Grade 5 / Std 3 / ABET 2	3	0	0	0	0	0	0	0	3	0		
		Grade 6 / Std 4	0	0	0	0	0	0	0	0	0	0		
		Grade 7 / Std 5 / ABET 3	0	0	0	0	0	0	0	0	0	0		
		Grade 8 / Std 6	0	0	0	1	0	0	0	0	1	0		
Grade 9 / Std 7 / ABET 4	0	0	0	0	0	0	0	0	0	0				
Further Education and Training (FET)	2 3 4	Grade 10 / Std 8 / N1	20	1	0	3	3	2	0	2	24	7		
		Grade 11 / Std 9 / N2	4	2	0	4	3	0	2	10	5			
		Grade 12 / Std 10 / N3	101	4	3	44	21	2	10	152	33			
Higher Education and Training (HET)	5 6 7 8	Diplomas / Certificates	19	0	1	2	5	1	1	22	7			
		First degrees / higher diplomas	4	1	0	2	2	0	1	7	3			
		Honours / Master's degrees	2	0	0	2	2	0	0	4	2			
		Doctorates	0	0	0	0	0	0	0	0	0			
TOTAL			186	10	4	66	43	8	20	266	71			
												337		

2.2.3 Other training plans

We continue to give preference to historically disadvantaged South African (HDSA) candidates and work towards maintaining a 70% / 30% split in favour of HDSA learners. Currently the mine budget for engineering learners is set at 17

Table 3 Learnerships and other training plans

Discipline	2015	2016	2017	2018	2019
Electrician	2	2	1	1	1
Filter	2	2	1	1	1
Diesel Mechanic	1	1	1	1	1
Boiler making	1	1	1	0	0
Riggers	0	0	1	1	1
Instrument Mechanicians	0	0	0	0	0
TOTAL	6	6	5	4	4

Note: These are not exact numbers because the Intake of learnerships will vary depending on operational requirements existing at the time

2.2.4 Skills programmes

Skills programmes will provide employees with relevant technical skill for employees to meet operational requirements and career growth.

Table 4 Skills programmes

Discipline	2015	2016	2017	2018	2019
Earthmoving equipment	52	43	43	39	31
Blasting Assist	3	3	3	3	3
Make Safe	2	2	3	3	3
Technical Engineering	62	58	52	48	45
Leadership (Supervisory)	8	8	9	10	10
TOTAL	231	233	236	239	244

2.2.5 Hard to fill vacancies

Thermal 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 approximately 140 vacation students, 140 trainees and 10 university of technology students who have been employed as part of the Joint Initiative for Priority Skills Acquisition (JIPSA). In addition, 358 people were enrolled in Engineering Learnerships.

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 Thermal Coal:

- Geologists
- Electrical engineers
- Mechanical engineers
- Mining engineers

- Surveyors
- Metallurgists
- Tradesmen
- Mine Planners

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 the fields where there is a scarcity of skills. Isibonelo Colliery experienced challenges to fill in vacancies of artisans namely rigging, mine planners, VOHE and section engineers.

Table 5 Hard To Fill Vacancies: Anglo Coal Operations

Occupational Level	Job Title of Vacancy	Reason
Top Management	Nil	n/a
Senior Management	Nil	n/a
Professionally qualified and experienced specialists and mid management	Nil	n/a
Technical and academically qualified workers, junior management, supervisors, foreman and superintendents	Nil	n/a
Discretionary decision making	Nil	n/a
Defined decision making	Nil	n/a

2.2.6 Role and activities of the MQA

Thermal 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.

Isibonelo 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.

2.3 Career progression and mentorship

Mining Charter objective: career paths implemented for all disciplines Anglo American Thermal Coal (AATC) objectives: clearly-defined career paths and development routes for employees at all levels in the organisation.

At Thermal 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 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.

2.4 Coaching and mentoring for employees

Mining Charter objective: each company has developed systems to mentor empowerment groups.

Anglo American Thermal Coal (AATC) objectives: employees are offered the opportunity to be mentored / coached as part of the Talent Management and Personal Development Planning processes.

2.4.1 Current Status

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 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 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	

2.4.2 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. 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. In 2012 this framework was extended to all the disciplines and we envisage embedding the system in 2013 and beyond

The People Development Way

We have refreshed our existing WiWTTSiA (What it Would Take To Succeed in Anglo) 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.

2.5 Scholarships, bursaries and internships

Thermal 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.

Bursaries and internships

At Thermal 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 7 Professionals in Training for Coal South Africa

Discipline	Budget 2010		Budget 2011		Actual 2011		Budget 2012		Actual 2012		Budget 2013		Actual 2013		% HDSA as of current month actual	Budget 2014		Budget 2015		Budget 2016		Budget 2017		Budget 2018	
	2010	2010	2011	2011	2011	2011	2012	2012	February	February	2013	2013	February	February		2014	2014	2015	2015	2016	2016	2017	2017	2018	2018
Mining	22	33	24	36	36	28	39	32	29	29	32	29	29	28	90%	28	33	33	33	33	43	43	39	39	
Engineering	43	61	30	64	64	34	64	33	39	39	33	39	39	28	92%	28	34	34	29	29	32	32	32	32	
Industrial engineering	5	6	6	7	7	7	7	5	4	4	5	4	4	6	80%	6	5	5	4	4	5	5	4	4	
Rock engineering	2	2	2	2	2	2	2	2	3	3	2	3	3	3	100%	3	2	2	2	2	2	2	2	2	
Geology	6	10	13	16	16	11	16	16	16	16	16	16	16	15	69%	15	10	10	12	14	14	14	11	11	
Metallurgy	10	15	7	18	18	7	12	12	9	9	12	9	9	15	78%	15	10	10	6	8	8	7	7	7	
VOHE	3	6	4	6	6	5	6	5	7	7	5	7	7	6	71%	6	4	4	4	4	4	4	4	4	
Environmental	4	4	5	4	4	5	4	8	5	5	8	5	5	8	80%	8	4	4	4	4	4	4	4	4	
Human resources	4	5	5	4	4	5	4	6	5	5	6	5	5	4	100%	4	3	3	2	2	2	2	2	2	
Commerce (finance and payroll)	8	12	11	12	12	6	12	5	3	3	5	3	3	5	100%	5	6	6	8	5	5	0	0	0	
Survey	3	2	4	3	3	3	3	5	2	2	5	2	2	3	100%	3	2	2	3	2	2	1	1	1	
Safety	5	3	6	3	3	5	3	5	5	5	5	5	5	4	80%	4	4	4	4	4	4	4	4	4	
TOTAL ALL	115	159	117	178	178	118	172	134	127	127	134	127	127	123		123	117	117	111	125	125	110	110	110	

Table 9 University of Technology bursars for Coal South Africa

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

Table 10 University of Science bursars for Coal South Africa

Discipline	Budget		Actual		Budget		Actual		February 2013 Actual		Budget		Actual		% HDSA as of current month actual
	2010	2011	2010	2011	2012	2011	2012	2011	2012	2013	2013	February	February		
Mining	36	31	36	31	34	31	31	31	33	33	33	84%			
Commerce	13	14	13	15	16	15	15	15	15	15	15	93%			
Electrical Engineering	20	13	20	13	10	13	13	13	14	10	10	90%			
Mechanical Engineering	22	18	22	19	22	19	19	23	23	23	23	74%			
Geology	22	17	22	18	18	18	18	18	18	19	19	68%			
Rock Engineering	0	0	0	0	2	0	0	0	0	0	0	0%			
Metallurgy	18	21	18	21	19	21	21	23	23	21	21	86%			
Industrial Engineering	6	7	6	7	10	7	7	11	11	11	11	62%			
TOTAL	137	90	137	124	97	124	124	138	138	132	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 11 Internships and bursaries to be awarded by Coal South Africa

FIELD OF STUDY	2015	2016	2017	2018	2019
University of Science					
Mining engineering	10	12	15	16	17
Mechanical engineering	4	4	5	6	7
Electrical engineering	5	6	4	5	6
Metallurgy	3	5	5	6	7
Geology/rock engineering/survey	3	7	3	5	5
Finance/administration	4	4	4	4	4
Other	2	2	3	2	2
TOTAL	31	40	39	44	48
University of Technology					
Mining	6	4	6	7	8
Engineering	4	6	4	5	6
Metallurgy	2	3	3	4	5
Survey	2	2	2	2	2
TOTAL	14	15	15	18	21

Table 12 In-House Study Assistance Programme: Isibonelo Colliery

Field of Study	Actual 2014	2015	2016	2017	2018
Mining	0	0	0	0	0
Engineering	0	2	2	2	2
Human resources/ Finance	2	2	2	2	2
VOHE/ Environment	0	1	1	1	1
Safety	4	3	3	2	2
Security	0	0	0	0	0
TOTAL	6	11	9	8	8

2.2.5 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 Mentorship of empowerment groups

As South Africa's largest coal mining company, we are at the forefront of creating sustainable black economic empowered (BEE) companies that have a vibrant and meaningful role to play in our industry.

Our advancement in fulfilling the requirements of the Mining Charter and our commitment to BEE was rewarded when the Department of Mineral Resources granted us new order mining rights for all our operations.

In everything we do, we strive to go beyond legal compliance and believe that legislation has given us a positive framework in which to empower black-owned mining companies. Our approach to transformation focuses on large-scale broad-based BEE transactions as well as providing emerging companies with viable commercial opportunities through the sale of non-core coal assets and hands-on guidance and support.

We started conducting significant BEE transactions well before the Mining Charter was unveiled, and in 2000 announced the transfer of our Arnot and New Clydesdale collieries to Eyesizwe. Retaining an 11% shareholding in the venture and playing a role in the mentorship and transfer of knowledge, Eyesizwe was able to successfully acquire the coal holdings of our sister company, Kumba Iron Ore, and created Exxaro, one of the largest coal producers in South Africa today.

We also created Anglo American Inyosi Coal (AAIC), a R7 billion broad-based BEE company formed in 2007. We have a 73% shareholding in the venture while the remaining 27% is retained by the Inyosi Consortium, which has more than 85% participation by HDSAs, 50% of whom are women.

AAIC's projects include the existing Kriel Colliery and the multi-product Zibulo mine as well as the greenfield New Largo, Elders and Heidelberg projects. The Zibulo project comprises an underground mine and opencast section and first coal was produced towards the end of 2009. It was ramped up during the course of 2011, for full production of 8 million tonnes per annum (Mtpa) in 2012.

We have also assisted with the creation of various emerging companies, including Umcebo Mining, Leeuw Mining, Umsimbithi Mining and World Wide Coal. This was done through the sale of non-core assets to smaller scale companies that are more suited to extract value from them for reasons of size, market and method of mining. Transactions are accompanied by various levels of commercial and technical support to ensure project implementation and success.

In 2010, we sold our Panfontein and South Rand assets in the Vaal basin near Vereeniging to emerging HDSA-owned and controlled entities. Panfontein includes resources of 281 million tonnes and South Rand 143 million tonnes that could be used to supply coal to the domestic thermal coal market.

2.4 Employment equity

One of our greatest assets is the diversity of our people and we have moved beyond simple transformation. At the end of 2012, we had surpassed the Mining Charter's requirement of 40% HDSA's in management. 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 over 17% of our total workforce and approximately 13% of management. A number of initiatives are in place to increase the number of women in mining and to address their particular needs, including the physical aspects, health, work culture and workplace environment.

Table 13 Employment equity statistics for Isibonelo Colliery (2014)

Category	Category Definition	Isibonelo Actual	AACSA	Mining Charter Target			
				2014 Target	2011	2012	2013
Senior Management (HOD)	Band 5 and above employees	40%	N/A	25%	30%	35%	40%
Professionally Qualified	Band 6 employees	46%	N/A	25%	30%	35%	40%
Junior Management	C4, C4# and GBF 7 employees	57%	51%	35%	40%	40%	40%
Technical Skill	Senior Skilled employees	64%	51%	40%	40%	40%	40%
Skilled	Skilled employees	93%	51%	20%	30%	35%	40%

2.4.1 Women in mining

Thermal Coal recognises the strength in diversity to be gained from employing women and has successfully increased the number of women employed at our operations. We ensure that women are engaged in all aspects of our business and the integration of women into previously male dominated roles is a priority. Our objective is to attract, retain and advance women in all disciplines and at all levels of the organisation.

Table 14 Women participation in mining at Isibonelo Colliery

Occupational Levels	2014		
	Target	Actual	Variance
Top management	0	0	0
Senior management	1	1	0
Professionally qualified and experienced specialists and mid-management	6	5	-1
Technically and academically qualified workers, junior management, supervisors, foremen and superintendents	11	24	13
Semi-skilled and discretionary decision-making	32	29	-3
Unskilled and defined decision-making	1	0	-1
TOTAL	51	59	8
% workforce (301)	16.9%	19.6%	

2.4.2 HDSA participation in management

At Thermal Coal, we invest in the development of HDSA employees. Preference is given to HDSA candidates during the recruitment process and personal development plans are in place to further the careers of employees so that they can participate in the management structures of our organisation.

Table 15 HDSA participation in management: Isibonelo Colliery

Occupational Levels	2014		
	SLP Target	Actual	Variance
Top management	0	0	0
Senior management	3	2	-1
Professionally qualified and experienced specialists and middle-management	10	12	2
Total junior management	42	45	3
TOTAL	55	59	4
	44.8%	53%	

PART THREE

Local Economic Development Programme

Local Economic Development Programme

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

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

3.1. Socio-Economic Background Information

Thermal Coal operates mainly in three municipal districts, namely Nkangala, Gert Sibande and Fezile Dabi. Isibonelo and sister mine New Denmark Colliery fall within the Gert Sibande District Municipality (GSDM) and therefore share similar socio-economic backgrounds.

Gert Sibande is one of the three district municipalities forming the Mpumalanga Province. The other two are Nkangala and Ehlanzeni. Although the background information provided in this document focuses on the local municipality and its people, regional and provincial influences are not ignored. The GSDM comprises an area of around 31,845km² and includes:

- The Dipaliseng Municipality
- The Govan Mbeki Municipality
- The Msukaligwa Municipality
- The Lekwa Municipality
- The Albert Luthuli Municipality
- The Pixley Ka Seme Municipality
- The Mkhondo Municipality

Isibonelo Colliery is situated in the **Govan Mbeki Local Municipality**.

3.2 Socio-Economic Profile

According to the 2011 Census, the GSDM has a population of approximately 1,043,194 people. The breakdown is as follows:

Table 16 Population breakdown of GSDM

Demographic Area	Population	Percentage (%)	Growth Rate (%)
Dipaliseng Municipality	42,390	4.06	0.93
Govan Mbeki Municipality	294,538	28.23	2.84
Msukaligwa Municipality	149,377	14.32	1.80
Lekwa Municipality	115,662	11.09	1.13
Albert Luthuli Municipality	186,010	17.83	-0.09
Pixley Ka Seme Municipality	83,235	7.98	0.30
Mkhondo Municipality	171,982	16.49	1.84
TOTAL	1,043,194	100	1.48

Source: 2001/2011 Census Data

The population of the Gert Sibande District Municipality region is made up from the municipal areas as indicated in Table 20 above, with the largest population residing in Govan Mbeki with 28.23% of the total population and Dipaliseng with the smallest population forming 4.06% of the total population of the district municipality. Table 21 below reflects the population and household status quo of the Govan Mbeki municipality.

Table 17 Population Distribution

		Total Population	African	Coloured	Indian	White
Govan Mbeki	2001	209,659	164,491	2,390	2,402	38,468
	2011	294,538	237,190	4,502	4,406	47,176

Source: 2001/2011 Census Data

Table 18 Age Distribution

Category	Age	Population		Percentage (%)	
		2001	2011	2001	2011
Pre-school	0 – 4	21,669	30,306	9.77	10.29
School going age	5 – 14	42,621	48,899	19.22	16.60
Economically active	15 – 34	84,517	116,232	38.11	39.46
Economically active	35 – 64	66,439	88,241	29.96	29.96
Post Economically active	Over 65	6,501	10,859	2.93	3.69
TOTAL		221,747	294,536	100 %	100 %

Source: 2001/2011 Census Data

Table 19 Gender Profile

Gender	Population		Percentage (%)	
	2001	2011	2001	2011
Male	112,317	152,211	50.65	51.68
Female	109,430	142,326	49.35	48.32
TOTAL	221,747	294,536	100 %	100 %

Source: 2001/2011 Census Data

Table 20 Dependency Ratio (Employment)

Age between 15 and 64	Figures		Unemployment Rate	
	2001	2011	2001	2011
Employed	60,619	95,324	39.9	26.4
Unemployed	40,165	34,109		
TOTAL	100,784	129,433		

Source: 2001/2011 Census Data

Table 21 Economic Indicators

ECONOMIC SECTOR	Percentages (%)
Community Services	10.8
Private Households	8.5
Agriculture	2.6
Mining	19.7
Manufacturing	21.5
Utilities	0.5
Construction	6.0
Trade	21.8
Transport	1.6
Finance	6.0

Source: 2011 Census Data

Table 25 indicates that manufacturing (21.5%), trading (21.8%) and mining/quarrying (19.7%) are the most important economic sectors providing employment in the Govan Mbeki area.

Table 22 Individual Monthly Income

INCOME	INDIVIDUALS
None	122,872
R1 – 9800	37,801
R9801 - 38500	44,806
R38501 - 76400	17,051
R76401 - 153800	14,802
R153801 - 307600	11,946
R307601 - 614400	5,882
R614401 – 1 228800	1,836
R1 228801 – 2 457600	484
R2 457 601 +	282
Unspecified	34,272
Not Available	2,702
TOTAL	294,536

Source: 2011 Census Data

3.3 Local Economic Development Projects

Project No. 1: Maths and Science Incubator Programme		Classification of Project: Education and Youth					
1	<p>PROJECT BACKGROUND: Employment giants in the Govan Mbeki Local Municipality require feedstock from the engineering field. Investing in a maths and science programme will provide feedstock for the industry which will contribute to the economic participation of local residents.</p> <p>This is a new project for Isibonelo Colliery</p>	<p>Project Start Date: January 2016</p> <p>Project End Date: Ongoing</p>					
GEOGRAPHICAL LOCATION OF PROJECT	Govan Mbeki Local Municipality: Secunda						
OUTPUT	<p>TARGET GROUPS (beneficiaries): HDSA pupils</p> <p>LOCATION: Govan Mbeki Municipality</p> <p>EMPLOYMENT OPPORTUNITIES: Youth in the community via Learnerships and bursary schemes. Tutors will be recruited from the surrounding community</p>						
ACTIVITIES	RESPONSIBILITY	TIMEFRAME (2015 - 2019)					
Identification of service provider	Isibonelo Colliery	2015	2016	2017	2018	2019	Budget
Provision of financial support	Isibonelo Colliery	1.170,000	1.170,000	1.170,000	1.170,000	1.170,000	5.850,000
Launch of programme	Isibonelo Colliery & Service provider	40,000					
	TOTAL	1.210,000	1.170,000	1.170,000	1.170,000	1.170,000	5.890,000

Project No. 2: Upgrade Bethal Dam		Classification of Project: Infrastructure and Urban Development						
2	PROJECT BACKGROUND: Govan Mbeki Municipality has identified the need to upgrade the Bethal dam, in line with their vision of making Bethal the tourist hub for the municipality. This project will contribute to the urban development of the facility and the town. It will also be a recreational facility for the Govan Mbeki Municipality community.							
	GEOGRAPHICAL LOCATION OF PROJECT	Govan Mbeki Local Municipality: Bethal	Project Start Date: January 2016	Project End Date: 2016				
	OUTPUT	TARGET GROUPS (beneficiaries): Govan Mbeki Local Municipality residents	EMPLOYMENT OPPORTUNITIES: Job creation and skills transfer during the construction phase of facility.					
ACTIVITIES			TIMEFRAME (2015 - 2019)					
	RESPONSIBILITY		2015	2016	2017	2018	2019	Budget
Complete scope of work and bill of contents	Govan Mbeki Municipality			300,000				
Capital approval	AATC (Isibonelo Colliery)			0,00				
Tender for construction	AATC (Isibonelo Colliery)			700,000				
Commence construction of facility	Isibonelo colliery & GMM			2,500,000				
Hand-over and opening of facility	GMM & Isibonelo Colliery							
	TOTAL			3,500,000				3,500,000

Project No. 3: Upgrade Electricity Network Embalenhle/ Storm Water Channel and Roads		Classification of Project: Infrastructure & Energy						
3	PROJECT BACKGROUND: As identified in the IDP of the municipality. The area and community have increased leading to the need to upgrade the electricity network. Storm water channels need to be constructed and road upgraded from gravel roads							
	GEOGRAPHICAL LOCATION OF PROJECT	Govan Mbeki Local Municipality: Secunda	Project Start Date: January 2017	Project End Date: 2019				
	OUTPUT	TARGET GROUPS (beneficiaries): Govan Mbeki Local Municipality residents	EMPLOYMENT OPPORTUNITIES: Construction phase of facility					
	ACTIVITIES		TIMEFRAME (2015 - 2019)					
			2015	2016	2017	2018	2019	Budget
	Complete scope of work and bill of contents	GMM			500,000			500,000
	Capital approval	AATC (Isibonelo Colliery)				0,00		
	Tender for construction	AATC (Isibonelo Colliery)				800,000		800,000
	Commence construction of facility	Isibonelo colliery & GMM				4,000,000	5,700,000	9,700,000
	Hand-over and opening of facility	Isibonelo Colliery & GMM						
		TOTAL			500,000	4,800,000	5,700,000	11,000,000

4		Project No. 4: Sewer network in Lebohang – Phase 2		Classification of Project: Sanitation Infrastructure				
PROJECT BACKGROUND:		As identified in the IDP of the municipality. To improve service delivery to Lebohang residents through improving sanitation infrastructure						
GEOGRAPHICAL LOCATION OF PROJECT		Govan Mbeki Local Municipality: Lebohang	Project Start Date: January 2017	Project End Date: 2018				
OUTPUT		TARGET GROUPS (beneficiaries): Govan Mbeki Local Municipality residents		EMPLOYMENT OPPORTUNITIES: Construction phase of facility				
ACTIVITIES		RESPONSIBILITY		TIMEFRAME (2015 - 2019)				
Complete scope of work and bill of contents	GMM	2015	2016	2017	2018	2019	Budget	
Capital approval	AATC (Isibonelo Colliery)			0,00				
Tender for construction	AATC (Isibonelo Colliery)			700,000				700,000
Commence construction of facility	Isibonelo colliery & GMM			1,000,000	3,300,000			4,300,000
Hand-over and opening of facility	Isibonelo Colliery & GMM				0,00			0,00
TOTAL				1,700,000	3,300,000			5,000,000

PART FOUR

Housing and Living Conditions

4 Housing and living conditions

Thermal 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:

- Convert and upgrade hostels into family units.
- Attain an occupancy rate of one person per room.
- Facilitate home ownership options for all mine employees in consultation with organised labour.

Isibonelo Colliery is fully compliant with the housing requirements of the Mining Charter. All employees, apart from approximately 26 officials, reside in their own homes in sustainable areas.

4.1 Thermal Coal Housing Strategy

Thermal Coal's vision for housing is long-term home ownership. As a result, the company wishes to move away from housing provision entirely and ensure that employees are accommodated in their own formal accommodation located within the metropolitan frameworks of the regions where our new and existing operations are based.

The primary aims of this vision are:

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

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. These have resulted in long waiting lists and extended delivery lead times.
- Limited municipal resources, particularly funding and capacity, to provide infrastructure and services for residential developments.

4.2 Housing action plan

During 2007, Thermal 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 will be sustainable in the longer term.
- To facilitate and market home ownership to all employees.

Table 23 Thermal Coal housing allowances per employee grade

Employee grade	2010 RATES	2011 RATES	2012 RATES	2013 RATES
C4#	R6,208	R 7,007	R7532	R8135
CU	R5,321	R 6,006	R6456	R6973
CL and B Band	R4,320	R 4, 876	R5242	5714
Senior-skilled	R4,320	R 4, 876	R5242	R5714
Skilled	R3,300	R 4, 434	R5242	R5714

PART FIVE

Management of Downscaling and Retrenchment

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:

5.1 Establishment of a future forum

Isibonelo Colliery has established a forum, including both employer and employee representatives. This forum meets as part of the monthly Management / Union meeting; and there is an annual review meeting where external stakeholders are represented. The purpose of these discussions is to:

- Identify challenges affecting the mine and to come up with solutions to them
- To implement solutions agreed upon by both employer and employee representatives

No employees were retrenched during 2013.

5.2 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 percent for a continuous period of 12 months, Thermal Coal and Isibonelo 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

5.3 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

5.4 Mechanisms to ameliorate social and economic impact

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

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

PART SIX

Financial provision

6.1 Human resources programme

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

Table 24 Anglo American Coal Financial Provision for Human Resource Development

Programme	2014	2015	2016	2017	2018	2014	Total R
Skills Development Levies Act							
Learnerships							
Internal Training Program							
External Training Program							
Total							

6.2 Local Economic Development

Table 26 gives the financial provision allocated to Isibonelo Colliery's Local Economic Development

Table 25 Financial Provision for Local Economic Development

Project	2015	2016	2017	2018	2019	TOTAL (R)
Maths & Scianca Programme	1,210	1,170	1,170	1,170	1,170	5,890,000
Upgrade Bethal Dam		3,500				3,500,000
Lebohang Sewer Network Phase 2			1,700	3,300		5,000,000
Upgrade Electricity Network & Storm Water Channels - eMbalenhle			500,000	4,800	5,700	11,000,000

6.3 Management of downscaling and retrenchments

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

Table 26 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/ISIBONELO

Your Ref: MP 30/5/1/2/2(130) MR

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

5 June 2015

UNDERTAKING TO ADHERE TO THE SOCIAL AND LABOUR PLAN MINING RIGHT : ISIBONELO 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.



BHEKI KHUMALO
Head of Corporate Affairs, Mineral and Property Rights
Anglo American Coal, South Africa

Chantelle Goebel
Mineral & Property Rights Manager