

# **YORK AND TELELE SOCIAL AND LABOUR PLAN 2**



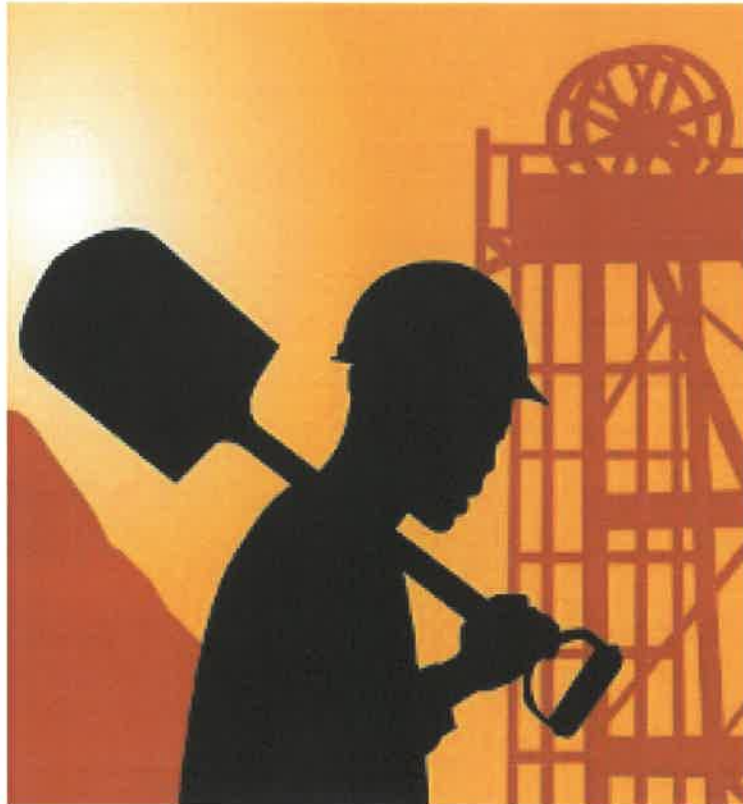
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## **ABBREVIATIONS AND ACRONYMS**

|        |  |
|--------|--|
| ABET:  | Adult Basic Education and Training               |
| BBBEE: | Broad Based Black Economic Empowerment           |
| DME:   | Department of Minerals and Energy                |
| DoL:   | Department of Labour                             |
| EE:    | Employment Equity                                |
| GM:    | Ga-Magara Local Municipality                     |
| GS:    | Ga-Segonyana Local Municipality                  |
| HDSAs: | Historically Disadvantaged South Africans        |
| HRD:   | Human Resources Development                      |
| IDP:   | Integrated Development Plan                      |
| JM:    | Joe Morolong Local Municipality                  |
| JTG:   | John Taolo Gaetsewe District Municipality        |
| LED:   | Local Economic Development                       |
| MPRDA: | Minerals and Petroleum Resources Development Act |
| MQA:   | Mining Qualifications Authority                  |
| NQF:   | National Qualifications Framework                |
| SLP:   | Social and Labour Plan                           |
| SMMEs: | Small, Medium and Micro Enterprises              |
| VAT    | Value Added Tax                                  |
| WSP:   | Workplace Skills Plan                            |



## **SECTION 1: PREAMBLE**

# 1. PREAMBLE

**Table 1: Background Information**

|  |   |
|--|---|
| Name of company                                    | Kudumane Manganese Resources (Pty) Ltd (KMR)  |
| Name of mine                                       | Kudumane Manganese Mine   |
| Mining Right                                       | NC 0268 MR  |
| Physical Address                                   | Farm York A279 and Telele 312   |
| Postal Address                                     | P O Box 1010,<br>Houghton,<br>2041  |
| Telephone number                                   | Head Office 011 880 2771 or<br>Mine 053 742 3500  |
| Fax number   | Head Office 011 447 5912  |
| Location of mine/<br>production operation          | <b>Farms:</b><br>Farm York A279 and Telele 312<br><br><b>Municipality:</b><br>John Taolo Gaetsewe District Municipality<br>Joe Morolong Local Municipality  |
| Commodity  | Manganese   |
| License Term                                       | 30 years  |
| Financial year                                     | 31 <sup>st</sup> March  |
| Responsible person                                 | Siviwe Ntlonti<br>Head Office Tel: +27 11 880 2771<br>Mine Fax: +27 11 447 5912<br>Or<br>Mine Tel: +27 53 742 3500<br>Email: <a href="mailto:siviwe.ntlonti@kmr.co.za">siviwe.ntlonti@kmr.co.za</a> |
| Geographic origin of employees (mine<br>community) | Northern Cape   |
| Labour sending areas)                              | North West, Free State and Gauteng  |
| Employees  | The operation currently employs 859 people  |

The following is an Application for a Social and Labour Plan (SLP) 2 for the Farm York A279 and Telele 312 operation, in support of an existing Mining Right NC 0268 MR which was granted in 2013. The first SLP cycle (SLP 1) ended in December 2018, hence this application for the second cycle (SLP 2).

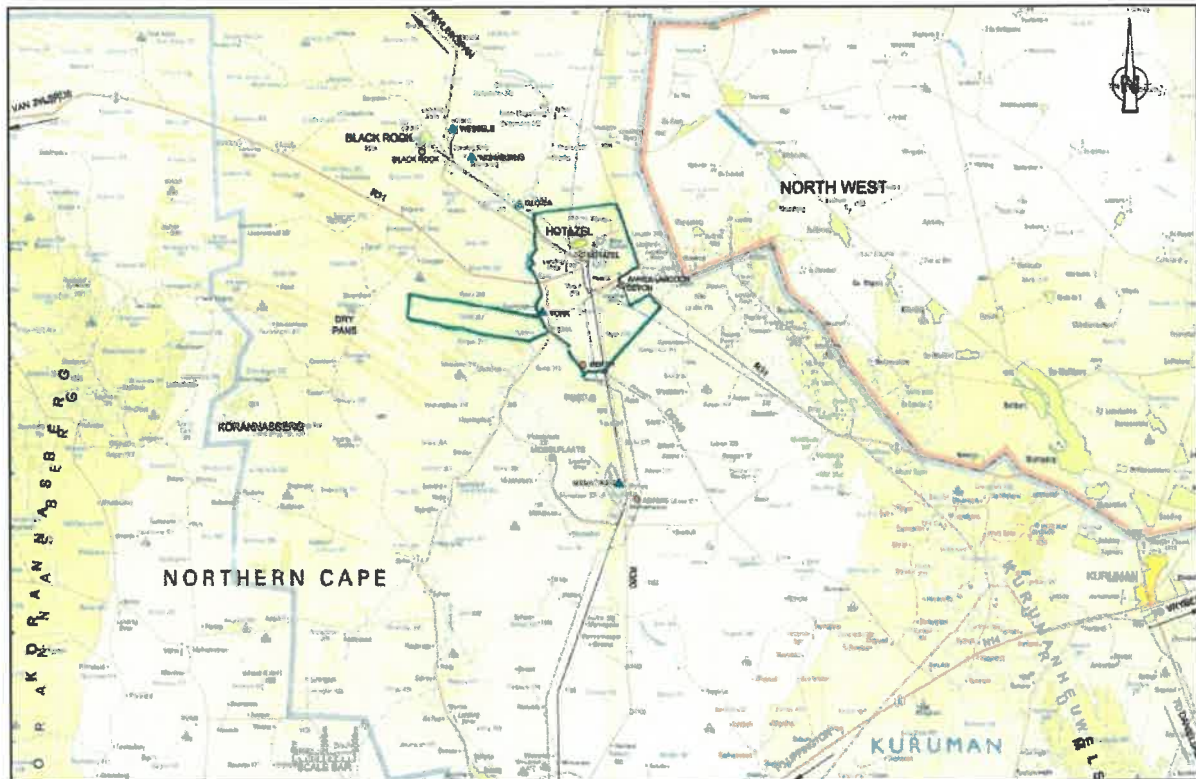
The Socio-economic development of communities and employees is an integral part of KMR operations. The objective of the KMR SLP programme is to:

- Develop employee skills through education and training to improve the quality of life of workers, productivity in the workplace and to become employer of choice
- Contribute towards community infrastructure development and poverty eradication projects
- Ensure that employees are skilled post mining operation
- Drive economic growth of the JTG through capacity building of local SMMEs through their inclusion in the procurement of services and goods for KMR



## 1.1 LOCATION OF THE MINE

The operation on farms York A279 and Telele 312 is in Northern Cape, in the John Taolo District Municipality, which is 60 kilometres from Kuruman and three kilometres from Hotazel town. The farms are adjacent to one another.



**FIGURE 1: LOCATION MAP**

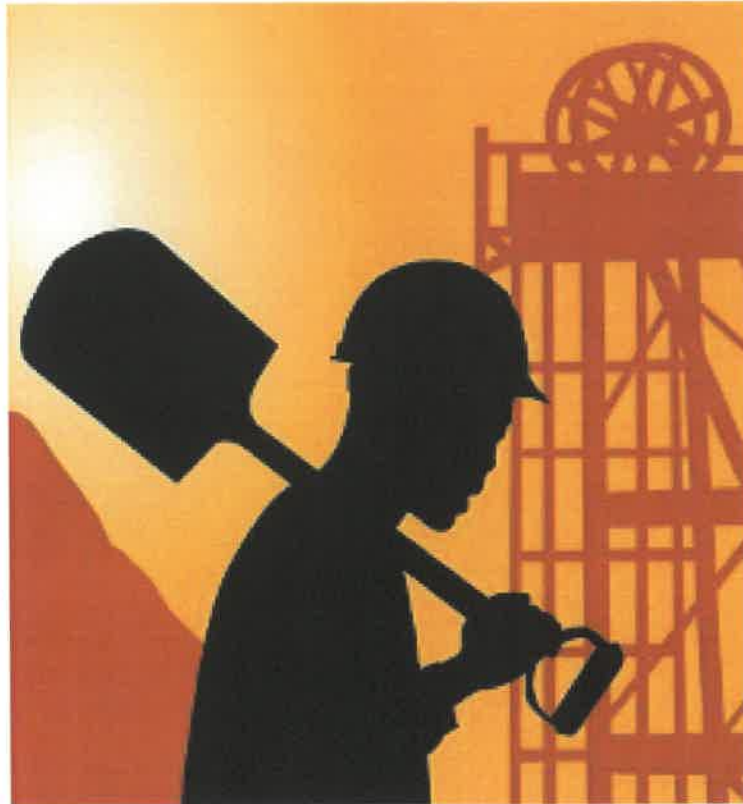
### 1.1.1 DETAILS OF THE EXISTING MINE OPERATION

The production of Manganese from the operation is approximately 2 million tonnes per year. The mining operation started in 2013 and has been contributing significantly to the social upliftment of the area as a whole, through employment opportunities and a creation of secondary services.

The operation is an open cast mine with future plans of operating an underground mining.

The expected life of mine is 10 to 15 years for the open pit / combination mining operations after which underground mining will commence with an estimated Life of Mine in excess of 30 years. The existing infrastructure at the York operation is a crushing and screening plant, a load-out station, railway and other support facilities and infrastructure.

KMR has adopted an outsourcing model, with services such as drilling, blasting, surface mining, hauling and crushing and screening being provided by contractors.



## **SECTION 2: HUMAN RESOURCES DEVELOPMENT**



## 2. HUMAN RESOURCES DEVELOPMENT PROGRAMME

The commodity sector is characterised by its cyclical nature and such does not only compel the industry to advance new strategies to innovatively find opportunities in the myriad of challenges facing the sector, it also puts forth the need for more efficient and cost effective labour, and these may drive the need for technology advancements which will require more skilled people.

The manganese subsector is relatively small (<20 operations) in number compared to other commodities (Coal, PGMs, gold, etc.). Concerted efforts will be put in place to seek joint projects to implement SLP projects as the approach has potential to wield greater impact for the beneficiaries (employees and community) as well as the Kalahari basin mining operations.

Skills shortage cannot be under stated. The challenge is not only in the mining industry in the Northern Cape, but it is in the industry nationwide. The HRD programme highlights the initiatives sought to contribute towards socio economic development, with particularly focus on employees and communities in and around the mine operation.

### 2.1 COMPLIANCE WITH SKILLS DEVELOPMENT LEGISLATION

KMR's workforce has steadily increased over the years since mining commenced in 2013, with new employees being recruited by both KMR and the resident contractors, residing in the John Taolo Gaetsewe District Municipality.

Currently, KMR has 680 indirect employees (resident contractors) and 104 direct employees. It should be noted that by far the majority of the workforce (91%) are from the JTG District, with only 6% of the total coming from outside the Northern Cape.

KMR is registered with the Mining Qualification Authority (MQA) SETA and is compliant with the regulatory requirements, i.e. the Works Skills Plan (WSP) annual report and the Annual Training Report (ATR) have been duly submitted. KMR is committed to contributing 1% of its payroll towards skills development and it forms part of regulatory costs.

**Table 2: SETA Compliance**

| Name of Skills Education Training Authorities (SETA)           | Mining Qualifications Authority (MQA)                          |
|--|--|
| Registration Number with SETA                                  | L 210782258  |
| Full Names and Surname of Skills Development Facilitator (SDF) | Mr Jimmy Yekile, was appointed on 01 <sup>st</sup> August 2019 |

### 2.2 HUMAN RESOURCE DEVELOPMENT PLAN

The majority of Northern Cape FET colleges are in need of curricula upgrade to supply the required skills needed and practical training. As a result, there is a significant skills gap in artisanal skills as well as Engineering related positions in management level.

KMR acknowledges that in order to have a productive workforce it is important to foster an environment that supports the developmental needs of its employees. The mine will therefore allocate adequate resources and attention to promote successful implementation of the abovementioned plans.

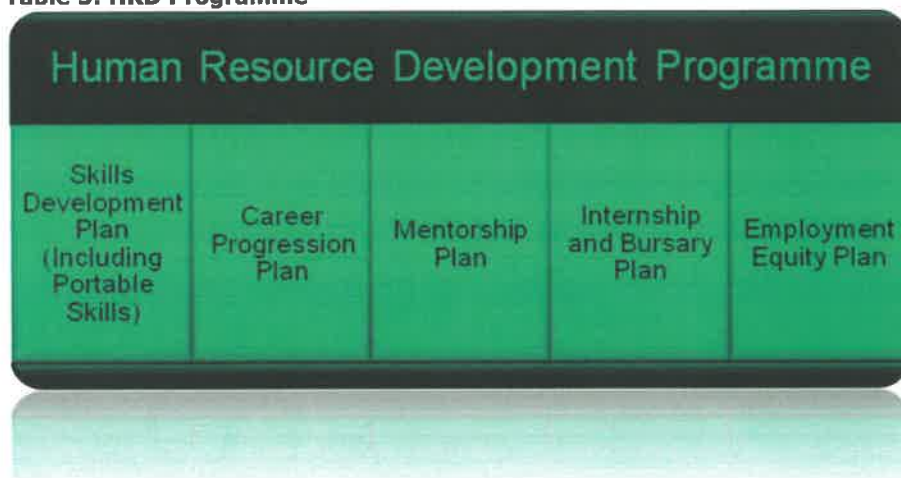
This section takes the following legislation into account:

- Employment Equity Act, 1998
- Mineral and Petroleum Resources Development Act, 2002
- The Broad-Based Socio-Economic Empowerment charter for the South African Mining Industry (hereafter referred to as the Mining Charter)
- Mining Qualifications Authority
- Skills Development Act, 1998
- Skills Development Levies Act, 1999

It should be noted that the targets proposed in this Human Resource Development (HRD) Programme are based on assumptions made regarding the anticipated composition of the workforce at full production. It should also be noted that although stipulated targets span a 5-year period, human resource development initiatives will continue throughout the life of mine.

The KMR HRD plan seeks to align and integrate the organic resource development of the organisation to a skills development programme [skills development (i.e. ABET, Learnership, portable skills & bursaries); career progression; mentorship and employment equity].

**Table 3: HRD Programme**



The programme is designed to place emphasis on developing artisanal skills including internal and external (resident contractors) employees and the community.

The following tables summarise the key training targets by number of employees, both KMR and contractors' (internal) and community members (external). It is important to note that the mine aims to employ literate and numerate people due to the safety risks that illiteracy poses. However, the mine undertakes to offer ABET courses for those employees who need to improve their literacy levels and to the community at large.

#### 2.2.1 ADULT BASIC EDUCATION AND TRAINING (ABET)

The sector has more than 40% of employees who do not have Standard 10/Grade 12. Currently the operation has 79 employees and contractors in need of training in functional literacy and/or numeracy. KMR has from 2017 established an on-site ABET Centre to provide ABET training.

KMR has signed a Service Level Agreement with the Department of Education to provide training to internal and contractor employees. The Department of Education has provided KMR with an ABET facilitator to whom KMR is paying a monthly stipend.

The Tables 4&5 below depicts the projected employee (internal) and community (external) targets.

**Table 4: HRD External Programme**

| TRAINING        | CLASSIFICATION                | PERIOD |        |        |        |        |
|-----------------|-------------------------------|--------|--------|--------|--------|--------|
|                 |                               | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| ABET            | ABET 1                        | 10     | 11     | 8      | 9      | 10     |
|                 | ABET 2                        | 10     | 15     | 16     | 17     | 18     |
|                 | ABET 3                        | 10     | 11     | 16     | 17     | 18     |
|                 | ABET 4 / NQF 1                | 2      | 3      | 4      | 5      | 6      |
|                 | NQF 2                         | 3      | 4      | 5      | 6      | 7      |
| LEARNERSHIPS    | NQF 3                         | 3      | 4      | 5      | 6      | 7      |
|                 | NQF 4                         | 3      | 4      | 5      | 6      | 7      |
|                 | Basic Life Skills             | 7      | 8      | 9      | 10     | 11     |
| PORTABLE SKILLS | Basic Artisanal skills        | 7      | 8      | 9      | 10     | 11     |
|                 | Basic Entrepreneurship skills | 7      | 8      | 9      | 10     | 11     |
|                 |                               | 2      | 3      | 4      | 4      | 4      |
| INTERNSHIPS     |                               | 2      | 3      | 4      | 4      | 4      |
| BURSARIES       |                               | 2      | 3      | 4      | 4      | 4      |

**Table 5: HRD Internal Programme**

| TRAINING        | CLASSIFICATION                | PERIOD  |        |        |        |        |
|-----------------|-------------------------------|---------|--------|--------|--------|--------|
|                 |                               | PROGRAM | Year 1 | Year 2 | Year 3 | Year 4 |
| ABET            | ABET 1                        | 5       | 6      | 7      | 8      | 9      |
|                 | ABET 2                        | 5       | 6      | 7      | 8      | 9      |
|                 | ABET 3                        | 5       | 6      | 7      | 8      | 9      |
|                 | ABET 4 / NQF 1                | 1       | 2      | 3      | 4      | 5      |
|                 | NQF 2                         | 2       | 3      | 4      | 5      | 6      |
| LEARNERSHIPS    | NQF 3                         | 2       | 3      | 4      | 5      | 6      |
|                 | NQF 4                         | 2       | 3      | 4      | 5      | 6      |
|                 | Basic Life Skills             | 3       | 4      | 5      | 6      | 7      |
| PORTABLE SKILLS | Basic Artisanal skills        | 3       | 4      | 5      | 6      | 7      |
|                 | Basic Entrepreneurship skills | 3       | 4      | 5      | 6      | 7      |
|                 |                               | 1       | 2      | 3      | 3      | 3      |
| BURSARIES       |                               | 1       | 2      | 3      | 3      | 3      |

**Table 6: ABET Plan**

| ABET                        | TARGET    |           |           |           |           |            |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|------------|
|                             | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Total      |
| <b>ABET 1, 2, 3 &amp; 4</b> | <b>53</b> | <b>67</b> | <b>77</b> | <b>87</b> | <b>97</b> | <b>381</b> |
| <b>BUDGET</b>               | R54 000   | R59 000   | R59 000   | R59 000   | R54 000   | R285 000   |

### 2.2.2 LEARNERSHIP

The focus of KMR learnership is a structured learning which combines institutional and workplace experience that is directed towards the achievement of a SAQA-registered qualification. The approach seeks to provide artisanal training for internal employees and also target unemployed learners, particularly the youth, as a mechanism to provide training of new entrants to the mining and minerals sector.

The implementation of a learnership will be conducted by KMR in collaboration with resident contractors in partnerships with MQA and FET colleges. The objective is primarily to: –

- assist learners to achieve a national qualification;
- build skills in specific occupations (trade related learnership);
- provide access to skills that have immediate economic value; and
- provide artisanal and technical related skills including but not limited to, fitting and turning; boiler making; diesel mechanic; instrumentation; electricity; etc.

The internal learnership is a collaboration between KMR and predominantly resident contractors. Learners undertake their studies at an identified institution and offered in-service training. Students are encouraged to undertake courses/fields of study in areas of need (e.g. diesel mechanic, instrumentation, etc.) as it provides an opportunity for in-service training.

**Table 7: Learnership plan**

| LEARNERSHIP    |           |                |                |                |                |                |
|----------------|-----------|----------------|----------------|----------------|----------------|----------------|
|                | NQF level | Year 1         | Year 2         | Year 3         | Year 4         | Year 5         |
| classification | NQF 3     | 5              | 7              | 8              | 10             | 12             |
|                | NQF 4     | 5              | 7              | 8              | 10             | 12             |
| <b>Budget</b>  | -         | <b>R30 000</b> | <b>R30 000</b> | <b>R30 000</b> | <b>R30 000</b> | <b>R30 000</b> |

### 2.2.3 PORTABLE SKILLS

As part of enabling employees to become skilled personnel post mining, portable skills will be identified focusing on:

- Basic artisanal skills (welding, brick laying, fitting, boiler making, etc.); and
- Basic entrepreneur skills (financial management, retirement planning, franchising, farming, etc.)

**Table 8: Portable Skills Plan**

| PORTABLE SKILLS |          |          |          |          |          |
|-----------------|----------|----------|----------|----------|----------|
| Target          | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   |
| No of Trainees  | 30       | 36       | 42       | 48       | 54       |
| Budget          | R170 000 | R170 000 | R170 000 | R170 000 | R170 000 |

#### 2.2.4 BURSARIES & INTERNSHIP

KMR will offer bursaries to eligible students who seek to pursue their careers in mining related fields of study. The bursary and internship plan will be aligned to the employment equity of KMR and of resident contractors to ensure 40% compliance target for the core skills.

**Table 9: Bursary & Internship Plan**

| BURSARY & INTERNSHIP |          |          |          |          |          |
|----------------------|----------|----------|----------|----------|----------|
|                      | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   |
| Bursary              | 3        | 5        | 7        | 7        | 7        |
| Internship           | 3        | 5        | 7        | 7        | 7        |
| Budget               | R704 000 | R754 000 | R804 000 | R854 000 | R904 000 |

### 2.3 HARD TO FILL POSTS

The following are some of the hard to fill vacancies because of a lack of skills:

**Table 10: Hard to fill vacancies**

| #  | Occupational level  | Job title   | Reasons  |
|----|---|---|--|
| 1. | Top Management  | N/A   |  |
| 2. | Senior Management   | N/A   |  |
| 3. | Professionally qualified and experienced specialists in mid management  | i. Mine Engineer<br>ii. Occupational Hygienist (OH) | Lack of skilled personnel in the province and unwillingness to relocate. |
| 4. | Skilled technically and academically qualified workers, junior management, supervisors, foremen and superintendents | N/A   | -  |
| 5. | Semi-skilled and discretionary decision making  | N/A   | -  |
| 6. | Unskilled and defined decision making   | N/A   | -  |

### 2.4 CAREER PATH

The development of employees incorporates employment equity imperatives particularly artisanal and technical skills.

### 2.5 MENTORSHIP PLAN



HDSA employees are identified through the learnership programme and career progression and/or career pathing. The envisaged areas of development would encompass technical skills in collaboration with resident contractors with a view to improve employment equity status in core skills. The anticipated targets are as follows:

**Table 11: Career Progression plan for Engineering**

| <b>MENTORSHIP PLAN</b>               |            |            |            |            |            |
|--------------------------------------|------------|------------|------------|------------|------------|
| <b>Career</b>                        | <b>Yr1</b> | <b>Yr2</b> | <b>Yr3</b> | <b>Yr4</b> | <b>Yr5</b> |
| <b>Resident Engineer</b>             | 1          | 1          |            |            |            |
| <b>Junior Geologist</b>              | 1          |            | 1          |            |            |
| <b>Junior Occupational Hygienist</b> | 1          | 1          |            |            |            |
| <b>Mining Learner Official</b>       | 1          | 1          |            |            |            |
| <b>Junior Surveyor</b>               | 1          |            | 1          |            |            |
| <b>Artisan</b>                       | 2          | 2          | 2          | 2          | 2          |

### 2.5.1 MENTORSHIP PROGRAMME

#### **Short- Term Planner**

Joined KMR in August 2018 as an intern. He was offered an 18 months contract by KMR as a Short-term Planner, responsible for Hotazel.

#### **Laboratory Analyst**

Joined KMR in August 2018 as an intern, she was offered permanent position as a Lab analyst. She is also busy with her B. Tech Chemistry, as part of our internal Bursars. We are planning to promote her into a Lab Supervisor position as soon as she completes her studies.

#### **Laboratory Analyst**

The incumbent is currently busy with her DIPLOMA in Chemistry. She is permanently employed as a Lab Analyst, running her own shift. She will be promoted to a Laboratory Supervisor once she completes her studies.

#### **Medium Term Planner**

Joined KMR in November 2019, he is busy with his Msc Mining Engineering, and will be appointed as a Mineral Resources Manager as soon as he completes his studies.

#### **Occupational Hygienist Trainee**

Joined KMR as an intern in August 2018, she was offered a permanent position as Occupational Hygienist in September 2019. She completed her practical training in Mine environmental Control, as well as intermediate certificate in Mine environmental Control.

#### **Laboratory Supervisor**

She has completed her B Tech Chemistry and she has been appointed as a Lab Shift Supervisor. Her previous position was Laboratory Analyst.

#### **HRD Officer**

He has completed his ODETDP Level 4 and has been appointed as HRD Officer after completing his ODETDP 4 with Maccauvlei. He is currently busy with his level 5.

#### **Engineer In-Training**

She joined KMR in October 2019 as an Engineer in training, she is expected to register GCC in the long-term (5 Year-Plan) process. She has a B-Tech Mechanical Engineering and has to register to write 4 Modules before she can qualify to register for her GCC. She also has to assume supervisory roles and to also get underground exposure.



## **SECTION 3: EMPLOYMENT EQUITY**

### 3 EMPLOYMENT EQUITY

KMR promotes policy imperatives to promote equality in employment, occupation and income in the workplace. The historically disadvantaged South Africans are well represented in the current occupational categories, that is, executive, senior management, middle and junior management levels.

#### 3.1 EMPLOYMENT EQUITY PROFILE

KMR has adopted a hybrid model of owner and contract mining. The core mining functions (drilling, blasting, loading and hauling) are outsourced, including functions such as crushing and screening.

Non-core mining functions such as the Laboratory and the Load-Out-Station are operated by KMR.

KMR embraces diversity in the workplace. The table below is the profile of KMR management.

**Table 12: Employment Equity profile**

|  | Male      |          |          |          | Female    |          |          |          | Foreign Nationals |          | 2018 HDSA Target | 2018 Actual HDSA |
|--|-----------|----------|----------|----------|-----------|----------|----------|----------|-------------------|----------|------------------|------------------|
|  | A         | C        | I        | W        | A         | C        | I        | W        | Male              | Female   |                  |                  |
| <b>Top Management</b>                      | 1         | 0        | 0        | 1        | 0         | 0        | 0        | 0        | 0                 | 0        | 57%              | 50%              |
| <b>Senior Management</b>                   | 2         | 0        | 0        | 0        | 1         | 0        | 0        | 1        | 0                 | 0        | 57%              | 75%              |
| <b>Middle Management</b>                   | 3         | 1        | 0        | 3        | 2         | 0        | 0        | 0        | 2                 | 0        | 57%              | 54%              |
| <b>Junior Management</b>                   | 8         | 2        | 0        | 1        | 7         | 1        | 1        | 0        | 1                 | 0        | 57%              | 86%              |
| <b>Semi-skilled &amp; unskilled labour</b> | 32        | 2        | 0        | 0        | 16        | 1        | 0        | 1        | 0                 | 1        | n/a              | 96%              |
| <b>Total</b>                               | <b>46</b> | <b>5</b> | <b>0</b> | <b>5</b> | <b>26</b> | <b>2</b> | <b>1</b> | <b>2</b> | <b>3</b>          | <b>1</b> |                  |                  |

#### 3.2 DISABILITY

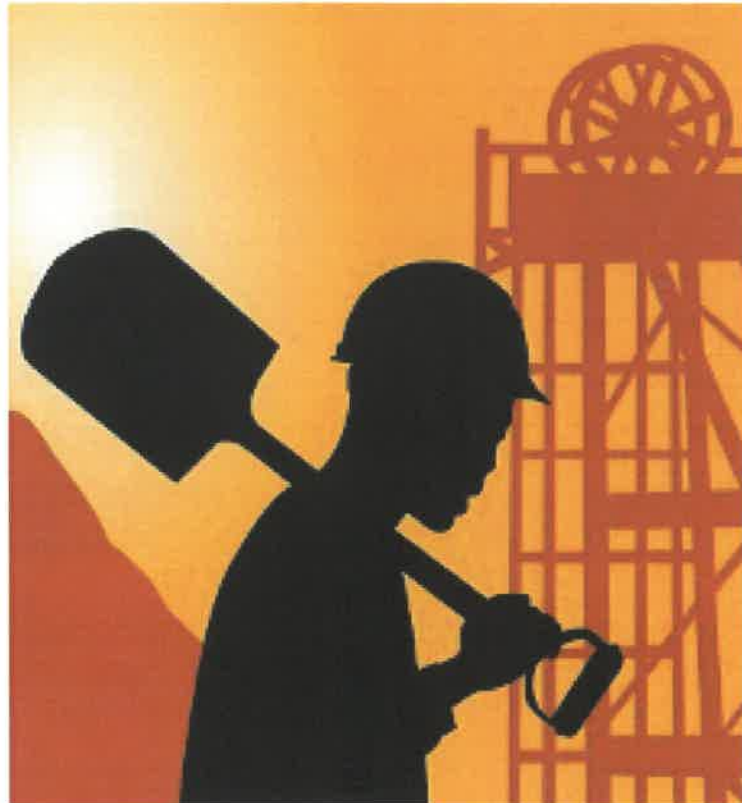
KMR's HR policies promote the recruitment of people with disabilities. The company will continue to identify barriers that hinder KMR to increase the number of disabled persons. The current disability profile is 0%.

#### 3.3 WOMEN

KMR is cognisant of the plight of women in mining. KMR will continue to develop initiatives to promote women participation. That is:

- career awareness in schools;
- 30% minimum intake of girl child in the learnership programme (external programme);
- promote women participation in core functions (technical and artisanal skills); and
- HR policies that promote women participation.

Currently, about 40% of the total KMR workforce is women. There is some level of disparities particularly employees within resident contractors in core functions, and inherent structural issues across the mining industry. KMR has undertaken a skills audit to determine gaps and has designed the HRD and Employment Equity initiatives to cater for a poised and equitable profile.



## **SECTION 4: PROCUREMENT**

## 4 PROCUREMENT

### 4.1 SOCIAL AND ECONOMIC BACKGROUND

The Northern Cape is the largest province occupying a third of South Africa's surface with the lowest population of about 1.2 million people, a 2.2% of the total population. Africans are the dominant racial group at 55.4%, followed by Coloureds (27.2%), Whites (17.1%) and Indians (0.3%). 68% of people speak Afrikaans and 33% speak Setswana. The province is endowed with mineral resources.

The KMR operations fall under the John Taolo Gaetsewe (JTG) District Municipality. The district has three local municipalities, Ga-Segonyane, Gamagara and Joe Morolong, and the KMR host local municipality is Joe Morolong.

The JTG district was declared by government in 2000 as a 'nodal zone' due to extreme poverty levels in some communities. This district municipality has limited infrastructure (roads and water), poor schooling, structural challenges, unemployment and inadequate health care.

#### 4.1.1 ECONOMIC PROFILE

The main economic activity is mining, followed by agriculture, tourism and retail. Mpumalanga, North West, Northern Cape, Limpopo and Gauteng are the key mining provinces, as they produce just above 90% of total primary mineral sales. As at 2018, mining contributed R138 billion to the state revenue and 8% to the GDP. Coal is the highest (24%) followed by platinum (23%) and gold (16%).

The province has the largest reserves of manganese globally at just above 80% of the world manganese reserves. These resources occur over a distance of approximately 150km from south of Postmasburg to the north of Hotazel. There are various mineral resources, i.e. diamonds; lead and zinc; iron ore; manganese; lime; sodulite; CLAS, etc.

Manganese accounts for 16% of the total ferrous metals basket. Ferro metals rank second after coal at 24%. Whereas locally, just above 10% of SA's primary mineral local sales comes from the Northern Cape Province.

#### 4.1.2 KEY ECONOMIC ACTIVITIES OF THE AREAS IN WHICH THE MINE OPERATES

The mining sector plays a pivotal role in the district and province in terms of downstream activities as well as job creation. Communities rely on mining for sustenance and growth. Detailed economic analysis is articulated above (Please refer to Item 4.1).

#### 4.1.3 EMPLOYMENT, INCOME AND EXPENDITURE PROFILE

The majority of mine operations in the province are small scale mines (<50 employees) which constitute 39% of the sector. In the JTG district Municipality, there is one large scale mining company employing 35% of the sector, and a few medium to large scale operations which take up the variance. Despite the economic value of the iron ore and manganese, the operations are relatively small (less than 20 operational mines) as compared to other primary resources (PGM's, coal, etc.).

Employee migration is minimal and the main labour sending area is Northern Cape. Currently, more than 90% of KMR employees are from the district municipality and it is envisaged that the status would remain the same for some time to come.

## 4.2 LOCAL ECONOMIC DEVELOPMENT

The underlying principle of local economic development (LED) programmes is mainly to contribute towards eradicating poverty and uplifting communities within the mine operations as well as labour sending areas.

The LED of Joe Morolong local municipality has factored in mining and skills development as priority areas that drive the economic growth of the province as envisioned in the national framework. The overall priorities and focus for economic development are on manufacturing, agriculture, and also capacity building and Small, Medium and Micro Enterprises (SMME) development.

### 4.2.1 INCLUSIVE PROCUREMENT

KMR is committed to working with relevant stakeholders to ensure the inclusion of the local businesses especially SMME's in the procurement of services and goods for the Company. The objective is to promote economic growth and job creation for the local communities.

KMR strives to promote economic growth through the development of small, medium and micro enterprises and suppliers of mining goods and services. This is indicated in the 5 Year Plan to reach the 2018 Mining Charter requirements by the Company.

Under the 2018 Mining Charter, a target is set for the procurement spend on South African companies with a minimum of:

- 50% + 1 vote women owned and controlled; and/or
- 50% + 1 vote youth ownership

KMR has embarked on a process to liaise with all significant suppliers to ascertain woman and youth participation from an ownership perspective, in order to be able to assess compliance against the new Mining Charter. KMR will ensure that the terms and conditions offered to women and youth owned and controlled companies, are not less favourable than those offered to other suppliers.

In the Tables set out below, the current status of KMR is measured against the new inclusive procurement targets of the 2018 Mining Charter, together with a Five-Year Plan. It is the intention of the Company to progressively comply with the Five-Year Plan as outlined in the 2018 Mining Charter.

**Table 13: Mining Goods Procurement - 70%**

| Element | Measure   | Compliance Target | Year 2019<br>6 months | Year 2020  | Year 2021  | Year 2022  | Year 2023  |
|---------|---|-------------------|-----------------------|------------|------------|------------|------------|
| 70%     | Percentage of the total mining goods procurement spend on South African Manufactured goods from 50% + 1 vote Historically Disadvantaged Persons (HDP) owned and controlled companies. | 21%               | 25.7%                 | 21% to 25% | 21% to 25% | 21% to 25% | 21% to 25% |



|   |   |     |     |      |      |      |      |
|---|---|-----|-----|------|------|------|------|
| South African Manufactured Goods excluding Non-Discretionary (utilities (electricity and water), fuels, lubricants and land rates | Percentage of the total goods procurement spend on South African manufactured goods from companies with a minimum of 50% +1 vote women owned and controlled and/or 50% + 1 vote youth ownership | 5%  | 3%  | 3.5% | 4%   | 4.5% | 5%   |
|   | Percentage of the total goods procurement spend on South African manufactured goods from companies that are at least at level 4 BEE +26% ownership  | 44% | 68% | >40% | >40% | >40% | >40% |

**Table 14: Services Procurement - 80%**

| Element   | Measure  | Compliance Target | Year 2019 6 months | 2020 | 2021 | 2022 | 2023 |
|---|--|-------------------|--------------------|------|------|------|------|
| 80% Services Procurement: A minimum of 80% of the total spend on services must be sourced from South African based companies. | Percentage of the total services procurement spend on South African based companies that are 50% + 1 vote Historically Disadvantaged Persons owned and controlled companies. | 50%               | 9%                 | 15%  | 25%  | 35%  | 50%  |
|   | Percentage of the total services procurement spend on South African based companies with a minimum of 50 % +1 vote Black women owned and controlled                          | 15%               | 4%                 | 6%   | 9%   | 12%  | 15%  |

|  |  |     |     |      |      |      |      |
|--|--|-----|-----|------|------|------|------|
|  | Percentage of the total services procurement spend on South African based companies with a minimum of 50% + 1 vote youth ownership;              | 5%  | 0%  | 1%   | 2.5% | 3.5% | 5%   |
|  | Percentage of the of the total services procurement spend on South African based companies that are at least at level 4 BEE +25%+1 HDP ownership | 10% | 71% | >60% | >45% | >35% | >25% |

Based on the above tables, where KMR is currently on target, KMR will strive to maintain the target not to reach below required compliance target and spread the opportunities to the other segments that have a shortfall.

In both tables above it is evident that KMR meets the 70% and 80% targets on Goods and Services purchases respectively, however the company falls short against the targets for:

- Procurement spend on South African based companies that are 50% + 1 vote Historically Disadvantaged Persons owned and controlled companies;
- Procurement spend on South African based companies with a minimum of 50 % +1 vote Black women owned and controlled; and
- Procurement spend on South African based companies with a minimum of 50% + 1 vote youth ownership.

KMR has planned initiatives that will ensure that the targets as set out in the above 2 tables for procurement on Goods and Services, are met or improved over the next 5 years.

#### 4.2.2 ENTERPRISE AND SUPPLIER DEVELOPMENT

The critical role that Small, Medium and Micro Enterprises play in the development and growth of the local economy cannot be over-emphasised. For that reason, KMR has set aside a budget that is specific to the development of these enterprises over a period of five years.

The below table indicates how the implementation of Enterprise Development will be carried out by KMR and the budget thereof as follows:

**Table 15: Enterprise Development Budget**

| Development Category   | YEAR 1      | YEAR 2      | YEAR 3      | YEAR 4        | YEAR 5      |
|------------------------|-------------|-------------|-------------|---------------|-------------|
| Enterprise Development | R200 000.00 | R200 000.00 | R585 012.00 | R1 500 000.00 | R400 000.00 |

KMR in consultation with the Joe Morolong Municipality, identified the below Projects for implementation under the Enterprise Development element.

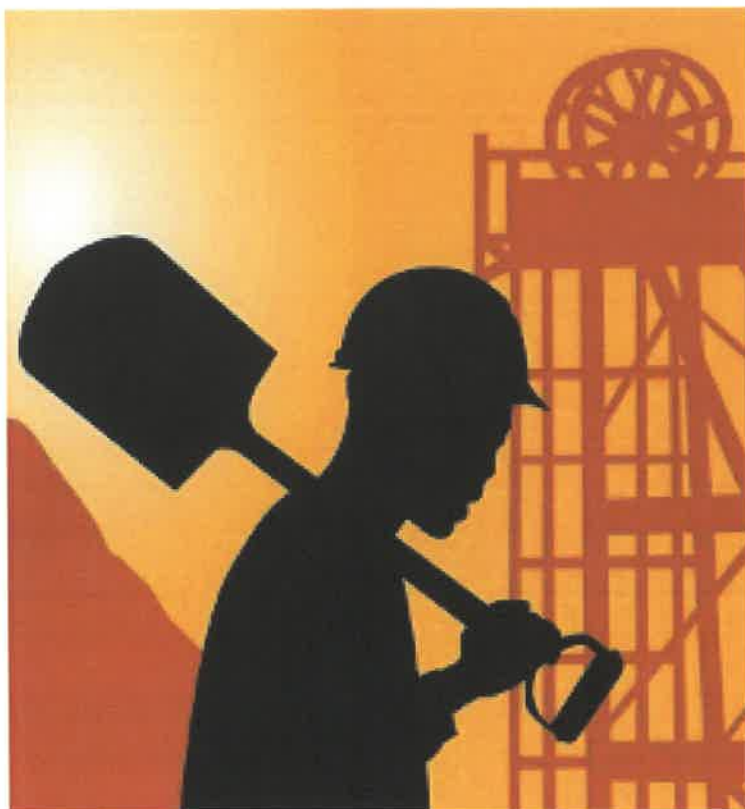
**Table 16: Enterprise Development Projects**

| Development Category   | Beneficiaries          | Project                     | Budget               | IDP Project |
|------------------------|------------------------|-----------------------------|----------------------|-------------|
| Enterprise Development | Joe Morolong Community | Handwork Corporative        | R385 012.00          | No          |
|                        | Joe Morolong Community | Manufacturing – Steel Works | R1 500 000           | No          |
|                        | Joe Morolong Community | Sewing / Clothing Factory   | R400 000             | No          |
|                        | Joe Morolong Community | Food Garden                 | R200 000             | No          |
|                        | Joe Morolong Community | Tyre Shop                   | R200 000             | No          |
|                        | Joe Morolong Community | Goat Farming                | R200 000             | No          |
| <b>Total</b>           |                        |                             | <b>R2 885 012.00</b> |             |

#### 4.2.3 JOB CREATION

As at April 2019, the KMR operation which includes the York and Telele operation as well as the newly licensed Hotazel operation, has employed 859 employees including contractors. 104 of these employees are KMR employees on both the York and the new operation in Hotazel.

The development of green field projects like the new Hotazel operation, have contributed immensely to poverty alleviation and the creation of employment opportunities for the local people. Towns such as Kathu and Hotazel have emerged as a result of the iron ore and manganese project developments and continue to generate downstream activities which create additional jobs and economic viability.



## **SECTION: 5 COMMUNITY DEVELOPMENT**

## 5 COMMUNITY DEVELOPMENT

The challenges besetting Joe Morolong local municipality are mainly infrastructure backlogs (water infrastructure and roads), education and health care. KMR has, in consultation with stakeholders, identified water infrastructure and education, particularly Early Childhood Development (ECD) as focal areas for community development.

### 5.1. POPULATION PROFILE

The Joe Morolong municipality has a population of about 100 000 people with 154 rural villages.

### 5.2 HEALTH AND HIV PREVALENCE

The majority of people, about 85%, rely on public service for medical services. Joe Morolong local municipality has 28 health facilities but has no hospital. None of these facilities operate 24hrs and some are closed on week-ends. The district lacks medical, eye and oral care, thus eye screening and treatable causes of blindness are left undiagnosed. There is a shortage of dentists and optometrists in the public sector.

Not all villages have clinics or health centres. The existing facilities offer limited services, people have to travel long distances before they can receive medical assistance. Although government provides mobile clinics and ambulances, they are not within close reach and poor gravel roads hinder prompt response to emergencies.

According to an HIV Prevalence study by the Human Science Research Council in 2017, the province was at the bottom three affected provinces along with Limpopo and the Western Cape.

### 5.3 EDUCATION LEVELS

There is a need for more schools, colleges and tertiary institutions in the JTG district. There are approximately 23 high schools in the district. On average, three communities or more share one high school.

The majority of employees in the mining and mineral sector has little and/or no formal education. The province is the second lowest province in literacy levels, partly due to the very limited number of tertiary institutions. About 50% of Grade 12 learners drop out of school due to socio-economic challenges. There is a shortage of artisanal and engineering related skills. Such is an impediment to job creation. It is therefore imperative to devise an integrated sub sector approach as such could yield significant impact for the youth in the communities, skilled employees in the mines, return on investment for the mines and a formidable pool of technical skills in the region.

### 5.4 INFRASTRUCTURE

The local communities have poor roads which are mostly dirt roads and there is limited public transport. This exacerbates costs of providing goods and services in the area and access to

amenities. As a result, there is heavy reliance on the mining industry to help support the local economy.

Majority of households have below-standard sanitation service.

The primary source of energy is electricity. About 90% of residents have access to electricity.

The province is a water scarce area characterised by extreme climate. Shortage of water is a grave concern. The majority of people in Joe Morolong have no access to water and most communities rely on shared services from communal boreholes, i.e. piped water from an access point outside their dwelling as most residents do not have access to taps or piped water in their yards.

There is a backlog of water infrastructure built within the Joe Morolong Municipality. Improvement of water quality and management (particularly borehole water) to ensure that it is within acceptable standards is a serious need. The aging water infrastructure, poor operation and maintenance, etc. are some of the challenges facing the municipality.

The municipality has a backlog in providing services hence the priority for most mines is infrastructure development in communities, with special focus on the provision of water infrastructure.

## 5.5 WATER INFRASTRUCTURE

Access to water is a serious challenge within the Joe Morolong Municipality. Most villages have limited or no access to water at all.

### 5.5.1 SOURCE, RETICULATION AND STORAGE NEEDS

There are 24 villages without access to water and 1065 known households that still need to be given access to water. The existing source of water supply is mainly truck delivery and windmills. Areas which experience frequent failures include Kilo-Kilo and Ga-Sehunelo.

### 5.5.2 ADDITIONAL INFRASTRUCTURE NEEDS

There are 66 villages that are in need of extension to existing infrastructure. These include, but not limited to, scattered households falling outside the existing water reticulation infrastructure which is 200 metres to the nearest water point/tap.

### 5.5.3 COMMUNITIES THAT HAVE INFRASTRUCTURE AND LACK SOURCE SUPPLY

There are 11 villages that have infrastructure and do not have access to water due to source problems. These communities are in need of bulk water supply, development of new source scheme or connection to an existing water resource.

## 5.6 HOUSING

The JTG district is largely rural with few peri-urban areas which are sparsely populated and are averagely 60km apart. There are about 200 settlements, and the majority of people reside in the Joe Morolong Municipal area. The main towns within the district borders are Kuruman, Kathu, Deben, Olifantshoek, Van Zylsrus, and Hotazel.

Informal settlements are not prominent in the province. The land is mainly tribal or state-owned land, hence delays in service delivery. In 2015, 520 houses were constructed for qualifying beneficiaries.



Joe Morolong has 23 707 households of which 50.7% are female headed, 48.3% male headed and the 1% child headed households. This poses challenges in property development.

A small percentage ( $\pm 27\%$ ) households in the province live in shacks of which the majority of dwellers do so with intent to build a traditional or formal dwelling. About 5% of these households living in shacks reside in JTG district. Less than 20% shacks are rented, indicative that migrant labour is not alarming in the area.

## 5.7 IMPACT OF THE MINE ON LOCAL AND LABOUR-SENDING COMMUNITIES

The York and Telele operation will not necessitate relocation of people as the locals will remain the majority of employees. For that reason, the operation will not attract an influx of informal settlements.

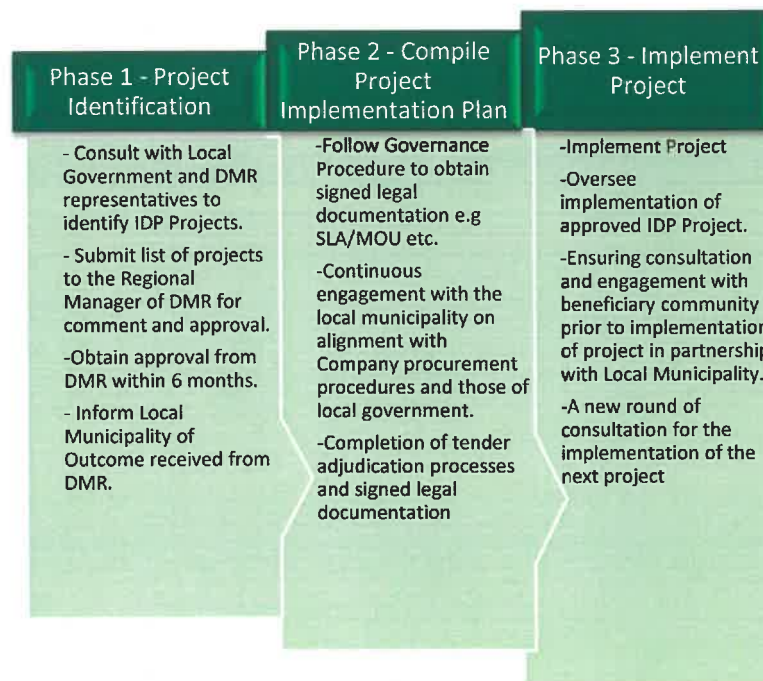
The mine communities are inadvertently part of mining development and are naturally also prone to the adverse effects of the commodity cycle. These are likely to impact communities as operations usually downscale and/or retrench personnel during difficult periods, which results in job losses, decline in economic viability and a lower income profile of the region. If these are not well managed, they may manifest community unrest.

There is a greater need to strengthen inherent structural shortcomings and foster better alignment between community expectations and local municipality priorities to ensure that socio-economic development initiatives have an impact on communities. An integrated approach and collaboration/partnership of SLP/ community projects is necessary and essential to develop integrated impactful projects sought to drive value for communities and leave a legacy post mining.

## 5.8 INFRASTRUCTURE AND POVERTY ERADICATION PROJECTS

As part of the regulatory requirements, KMR has consulted with affected stakeholders at local level, including communities within the area.

The following process has been agreed and approved by the Local Municipality and will enable KMR and its main stakeholders to identify and implement projects on an annual basis:



### 5.8.1 MINING COMMUNITY DEVELOPMENT AND INFRASTRUCTURE PROJECTS

The chosen Infrastructure projects have been selected from the Integrated Development Plan (IDP) of the Joe Morolong Local Municipality. The projects in the SLP include Infrastructure, Community and Enterprise Development. The Infrastructure Development Projects have been allocated 65% of the total SLP budget, while the Community Development and Enterprise Development Projects 17.5% each.

The below tables give a detailed description of the budget for the Infrastructure and Community projects and the timelines for implementation.

**Table 17: Mining Community Development Budget over 5 years**

| Project Category                         | YEAR 1        | YEAR 2        | YEAR 3        | YEAR 4        | YEAR 5        |
|--|---------------|---------------|---------------|---------------|---------------|
| Infrastructure and Community Development | R3 651 702.19 | R3 900 000.00 | R1 023 758.62 | R2 635 012.00 | R2 302 055.44 |

**Table 18: Mining Community Development Projects**

| Project Category           | Beneficiaries   | Project   | Budget                | IDP Project |
|----------------------------|---|---|-----------------------|-------------|
| Infrastructure Development | Kilo- Kilo (Ward 8)   | Water Reticulation  | R3 651 702.19         | Yes         |
|                            | Ga-Sehunelo Wyk 4 (Ward 7)  | Water Reticulation  | R3 900 000.00         | Yes         |
|                            | Van Zylsrust (Ward 4)<br>Tsineng (Ward 5)<br>Gadiboe (Ward 6)<br>Khangkhudung (Ward 13) | Renovation of Community Halls   | R2 028 297.81         | Yes         |
|                            | Loopeng (Ward 2)  | Completion of Loopeng Rural Water Programme (Steel Tank and Additional Tap) | R1 023 758.62         | Yes         |
| Community Development      | Glenred Village (Ward 10)   | Early Childhood Development Centre (ECD)                                    | R1 273 757.63         | Yes         |
|                            | Mosekeng Village (Ward 6)   | ECD   | R1 635 012.00         | Yes         |
| <b>Total</b>               |   |   | <b>R13 512 528.25</b> |             |

| PROJECT NAME:<br>KILO-KILO WATER RETICULATION    |   |                           |  | Classification:<br>INFRASTRUCTURE  |                                     |               |                                  |
|--|---|---------------------------|--|--|-------------------------------------|---------------|----------------------------------|
| <b>Background</b>                                |   |                           |  | <ul style="list-style-type: none"> <li>The community does not have a long-term sustainable water supply</li> <li>The Project aims to provide the community with basic sustainable minimum water supply</li> <li>Three boreholes exist with one pumping into a 10KL tank and two others non-operational</li> <li>There is partial reticulation with a few existing standpipes that are in poor condition</li> </ul> |                                     |               |                                  |
| <b>Geographic Location</b>                       | <b>District Municipality</b>  | <b>Local Municipality</b> | <b>Village name</b>  | <b>Project start date</b>  | <b>End Date</b>                     |               |                                  |
| Northern Cape                                    | John Taolo Gaetsewe   | Joe Morolong              | Kilo-Kilo Village  | Year 1   | End Financial Year – Year 1         |               |                                  |
| <b>Output</b>                                    | <b>KPA</b>  | <b>KPI</b>                | <b>Stakeholders</b>  | <b>Quarterly timelines and /year</b>   | <b>Quarterly timelines and year</b> | <b>Budget</b> |                                  |
| Ensure access to ground water for all households | Verification of three existing borehole for quality and yield Allowance to drill three new boreholes Construct 100KL steel tank |                           | DMR, JTG, Joe Morolong, Dept of Water Affairs, Tribal Authority, Kilo-Kilo Community |  |                                     | R3 651 702.19 |                                  |
| <b>Classification of jobs</b>                    | <b>No of jobs to be created</b>   | <b>Male</b>               | <b>Female</b>  | <b>Male Youth</b>  | <b>Female Youth</b>                 | <b>Total</b>  | <b>Comments</b>                  |
|  | Number of jobs to be created will be determined by contractor   |                           |  |  |                                     |               | Local community will be employed |
| <b>Due Date</b>                                  | End of Year 1   |                           |  |  |                                     |               |                                  |



| PROJECT NAME:<br>GASEHUNELO WATER RETICULATION   |  |                           |   | Classification:<br>INFRASTRUCTURE  |                                     |               |                                  |
|--|--|---------------------------|---|--|-------------------------------------|---------------|----------------------------------|
| <b>Background</b>                                |  |                           |   | <ul style="list-style-type: none"> <li>The community does not have a long-term sustainable water supply</li> <li>The Project aims to provide the community with water source which will meet the water demand for the community with a bulk water supply system and reticulation network</li> <li>Two boreholes exist and both are pumping into a 50KL tank in the village</li> <li>The village is fully reticulated with prepaid standpipes that are not operational</li> </ul> |                                     |               |                                  |
| <b>Geographic Location</b>                       | <b>District Municipality</b>   | <b>Local Municipality</b> | <b>Village name</b>   | <b>Project start date</b>  | <b>End Date</b>                     |               |                                  |
| Northern Cape                                    | John Taolo Gaetsewe  | Joe Morolong              | Gasehunelo Village  | Year 2   | End of Financial Year 2             |               |                                  |
| <b>Output</b>                                    | <b>KPA</b>   | <b>KPI</b>                | <b>Stakeholders</b>   | <b>Quarterly timelines and/year</b>  | <b>Quarterly timelines and/year</b> | <b>Budget</b> |                                  |
| Ensure access to ground water for all households | Install mono-pumps and electrical systems to ensure water supply from the two boreholes that already exist |                           | DMR, JTG, Joe Morolong, Dept of Water Affairs, Tribal Authority, Gasehunelo Community |  |                                     | R3 900 000.00 |                                  |
| <b>Classification of jobs</b>                    | <b>No of jobs to be created</b>  | <b>Male</b>               | <b>Female</b>   | <b>Male Youth</b>  | <b>Female Youth</b>                 | <b>Total</b>  | <b>Comments</b>                  |
|  | Number of jobs to be created will be determined by contractor  |                           |   |  |                                     |               | Local community will be employed |
| <b>Due Date</b>                                  | End of Year 2  |                           |   |  |                                     |               |                                  |

| <b>PROJECT NAME:</b><br>FOOD GARDEN                 |  | <b>Classification:</b><br>ENTERPRISE DEVELOPMENT   |  |                                     |                                     |               |
|---|--|--|--|-------------------------------------|-------------------------------------|---------------|
| <b>Background</b>                                   |  | <ul style="list-style-type: none"> <li>In consultation with the JM Municipality, KMR has committed to assist a local enterprise by putting systems in place for the efficient running of this corporative/business.</li> <li>The Food Garden is an existing corporative/business located in a village with the aim of providing access to sustainable, locally produced food for the community</li> <li>The corporative/business has the potential to serve local communities (including surrounding villages) and other local businesses.</li> <li>Stimulate much needed economic growth in the area and job creation.</li> </ul> |  |                                     |                                     |               |
| <b>Geographic Location</b>                          | <b>District Municipality</b>   | <b>Local Municipality</b>  | <b>Village name</b>  | <b>Project start date</b>           | <b>End Date</b>                     |               |
| Northern Cape                                       | John Taolo Gaetsewe  | Joe Morolong   |  | Year 2                              | End of Financial Year 2             |               |
| <b>Output</b>                                       | <b>KPA</b>   | <b>KPI</b>   | <b>Stakeholders</b>  | <b>Quarterly timelines and/year</b> | <b>Quarterly timelines and/year</b> | <b>Budget</b> |
| A successful and well operated food garden business | Provide infrastructure, financial and administrative support to a corporative/business<br>Assist with putting systems in place for the efficient running of the corporative/business |  | DMR, JTG, Joe Morolong, Dept of Agriculture, Tribal Authority, |                                     |                                     | R200 000.00   |
| <b>Classification of jobs</b>                       | <b>No of jobs to be created</b>  | <b>Male</b>  | <b>Female</b>  | <b>Male Youth</b>                   | <b>Female Youth</b>                 | <b>Total</b>  |
| Administrator/<br>Receptionist                      | 1  |  |  |                                     | 1                                   | 1             |
| Labourers   |  |  |  | 2                                   | 2                                   | 4             |
| <b>Due Date</b>                                     | End of Year 2  |  |  |                                     |                                     |               |
|   |  |  |  |                                     |                                     |               |



| PROJECT NAME:<br>LOOPENG RURAL WATER PROGRAMME   |   |                           |  | Classification:<br>INFRASTRUCTURE  |                                      |               |                                  |
|--|---|---------------------------|--|--|--------------------------------------|---------------|----------------------------------|
| <b>Background</b>                                |   |                           |  | <ul style="list-style-type: none"> <li>This project was identified according to the needs of the community of Loopeng village and was an IDP Project</li> <li>This is an extension of a project. The initial funding was not sufficient for the completion of the project</li> <li>upgrading of the bulk water storage with additional 200kl Elevated Reservoir and associated pumping mains to address water shortages at Loopeng village.</li> </ul> |                                      |               |                                  |
| <b>Geographic Location</b>                       | <b>District Municipality</b>  | <b>Local Municipality</b> | <b>Village name</b>  | <b>Project start date</b>  | <b>End Date</b>                      |               |                                  |
| Northern Cape                                    | John Taolo Gaetsewe   | Joe Morolong              | Loopeng Village  | Year 3   | End of Financial Year 3              |               |                                  |
| <b>Output</b>                                    | <b>KPA</b>  | <b>KPI</b>                | <b>Stakeholders</b>  | <b>Quarterly timelines and /year</b>   | <b>Quarterly timelines and /year</b> | <b>Budget</b> |                                  |
| Ensure access to ground water for all households | upgrading of the bulk water storage with additional 200kl Elevated Reservoir and associated pumping mains to address water shortages at Loopeng village |                           | DMR, JTG, Joe Morolong, Dept of Water Affairs, Tribal Authority, Loopeng Community |  |                                      | R1 023 758.62 |                                  |
| <b>Classification of jobs</b>                    | <b>No of jobs to be created</b>   | <b>Male</b>               | <b>Female</b>  | <b>Male Youth</b>  | <b>Female Youth</b>                  | <b>Total</b>  | <b>Comments</b>                  |
|  | Number of jobs to be created will be determined by contractor   |                           |  |  |                                      |               | Local community will be employed |
| <b>Due Date</b>                                  | End of Year 3   |                           |  |  |                                      |               |                                  |

| PROJECT NAME:<br>HANDWORK CORPORATIVE               |   |                           | Classification:<br>ENTERPRISE DEVELOPMENT  |                                     |                         |
|---|---|---------------------------|--|-------------------------------------|-------------------------|
| <b>Background</b>                                   |   |                           | <ul style="list-style-type: none"> <li>In consultation with the JM Municipality, KMR has committed to assist a local enterprise by putting systems in place for the efficient running of this corporative/business.</li> <li>The Handwork Corporative is an existing corporative/business located in a village</li> <li>The corporative/business has the potential to serve local communities (including surrounding villages) and other local businesses.</li> <li>Stimulate much needed economic growth in the area and job creation.</li> </ul> |                                     |                         |
| <b>Geographic Location</b>                          | <b>District Municipality</b>  | <b>Local Municipality</b> | <b>Village name</b>  | <b>Project start date</b>           | <b>End Date</b>         |
| Northern Cape                                       | John Taolo Gaetsewe   | Joe Morolong              |  | Year 3                              | End of Financial Year 3 |
| <b>Output</b>                                       | <b>KPA</b>  | <b>KPI</b>                | <b>Stakeholders</b>  | <b>Quarterly timelines and/year</b> | <b>Budget</b>           |
| A successful and well operated handwork corporative | Provide infrastructure, financial and administrative support to a corporative/business Assist with putting systems in place for the efficient running of the corporative/business |                           | DMR, JTG, Joe Morolong, Dept of Arts and Culture, Dept of Economic Development and Tourism, Tribal Authority,  |                                     | R385 012.00             |
| <b>Classification of jobs</b>                       | <b>No of jobs to be created</b>   | <b>Male</b>               | <b>Female</b>  | <b>Male Youth</b>                   | <b>Female Youth</b>     |
|   | Already employs majority of women   |                           |  |                                     |                         |
|   |   |                           |  |                                     |                         |
| <b>Due Date</b>                                     | End of Year 3   |                           |  |                                     |                         |



| PROJECT NAME:<br>MOSEKENG EARLY CHILDHOOD DEVELOPMENT CENTRE |   |                           |  | Classification:<br>COMMUNITY DEVELOPMENT  |                                     |                                  |
|--|---|---------------------------|--|---|-------------------------------------|----------------------------------|
| <b>Background</b>  |   |                           |  | <ul style="list-style-type: none"> <li>No ECD Centre in the village. Currently children utilise an informal structure which is not conducive for learning.</li> <li>Establishment of an ECD Centre will assist the children of Mosekeng Village to have access to education that is conducive to learning.</li> </ul> |                                     |                                  |
| <b>Geographic Location</b>                                   | <b>District Municipality</b>  | <b>Local Municipality</b> | <b>Village name</b>  | <b>Project start date</b>   | <b>End Date</b>                     |                                  |
| Northern Cape  | John Taolo Gaetsewe   | Joe Morolong              | Mosekeng Village   | Year 4  | End of Financial Year 4             |                                  |
| <b>Output</b>  | <b>KPA</b>  | <b>KPI</b>                | <b>Stakeholders</b>  | <b>Quarterly timelines and/year</b>   | <b>Quarterly timelines and/year</b> | <b>Budget</b>                    |
| Fully equipped ECD Centre                                    | Build an ECD Centre that is suitable for learning and approved by the Dept of Social Development. |                           | DMR, JTG, Joe Morolong, Dept of Social Development, Tribal Authority, Mosekeng Community |   |                                     | R1 635 012.00                    |
| <b>Classification of jobs</b>                                | <b>No of jobs to be created</b>   | <b>Male</b>               | <b>Female</b>  | <b>Male Youth</b>   | <b>Female Youth</b>                 | <b>Comments</b>                  |
|  | Number of jobs to be created will be determined by contractor                                     |                           |  |   |                                     | Local community will be employed |
| <b>Due Date</b>  | End of Year 4   |                           |  |   |                                     |                                  |

| <b>PROJECT NAME:</b><br>GADIBOE AND VAN ZYLSRUS RENOVATION OF COMMUNITY HALLS |   |                    |   |                              | <b>Classification:</b><br>INFRASTRUCTURE   |                              |                                  |
|---|---|--------------------|---|------------------------------|--|------------------------------|----------------------------------|
| <b>Background</b>   |   |                    |   |                              | <ul style="list-style-type: none"> <li>Renovation of Community Halls that are in decay</li> <li>The community halls are utilised for community meetings and other social events</li> </ul> |                              |                                  |
| Geographic Location   | District Municipality   | Local Municipality | Village name  | Project start date           |  | End Date                     |                                  |
| Northern Cape   | John Taolo Gaetsewe   | Joe Morolong       | Gadiboe Village and Van Zylsrus Village                                     | Year 4                       |  | End of Financial Year 4      |                                  |
| Output  | KPA   | KPI                | Stakeholders  | Quarterly timelines and/year | Quarterly timelines and/year   | Quarterly timelines and year | Budget                           |
| Newly renovated halls   | Renovate community halls to be utilised by the communities of Gadiboe and Van Zylsrus respectively. |                    | DMR, JTG, Joe Morolong, Tribal Authority, Gadiboe and Van Zylsrus Community |                              |  |                              | R1 000 000.00                    |
| Classification of jobs  | No of jobs to be created  | Male               | Female  | Male Youth                   | Female Youth   | Total                        | Comments                         |
|   | Number of jobs to be created will be determined by contractor                                       |                    |   |                              |  |                              | Local community will be employed |
| Due Date  | End of Year 4   |                    |   |                              |  |                              |                                  |

| PROJECT NAME:<br>MANUFACTURING – STEEL WORKS      |  |                           | Classification:<br>ENTERPRISE AND SUPPLIER DEVELOPMENT  |                                      |                                      |
|---|--|---------------------------|---|--------------------------------------|--------------------------------------|
| <b>Background</b>                                 |  |                           | <ul style="list-style-type: none"> <li>In consultation with the JM Municipality, KMR has committed to assist a local enterprise by putting systems in place for the efficient running of this business.</li> <li>The Steel Works Manufacturing project is an existing business located in a village</li> <li>The business has the potential to serve local communities (including surrounding villages) and other local businesses.</li> <li>Stimulate much needed economic growth in the area and job creation.</li> </ul> |                                      |                                      |
| <b>Geographic Location</b>                        | <b>District Municipality</b>   | <b>Local Municipality</b> | <b>Village name</b>   | <b>Project start date</b>            | <b>End Date</b>                      |
| Northern Cape                                     | John Taolo Gaetsewe  | Joe Morolong              | Joe Morolong Community  | Year 4                               | End of Financial Year 4              |
| <b>Output</b>                                     | <b>KPA</b>   | <b>KPI</b>                | <b>Stakeholders</b>   | <b>Quarterly timelines and /year</b> | <b>Quarterly timelines and /year</b> |
| A successful and well operated handwork corporate | Provide infrastructure, financial and administrative support to a business. Assist with putting systems in place for the efficient running of the business |                           | DMR, JTG, Joe Morolong, Dept of Economic Development and Tourism, Tribal Authority  |                                      | R1 500 000.00                        |
| <b>Classification of jobs</b>                     | <b>No of jobs to be created</b>  | <b>Male</b>               | <b>Female</b>   | <b>Male Youth</b>                    | <b>Female Youth</b>                  |
| Administrator/Receptionist                        |  |                           |   |                                      | 1                                    |
| Workshop Assistant                                |  |                           |   | 2                                    | 2                                    |
| <b>Due Date</b>                                   | End of Year 4  |                           |   |                                      |                                      |
|   |  |                           |   |                                      | Assist with workshop duties          |



| PROJECT NAME:<br>GLENRED EARLY CHILDHOOD DEVELOPMENT CENTRE |   |   |   | Classification:<br>COMMUNITY DEVELOPMENT |                              |                                  |
|---|---|---|---|--|------------------------------|----------------------------------|
| Background  |   | <ul style="list-style-type: none"><li>No ECD Centre in the village. Currently children utilise an informal structure which is not conducive for learning.</li><li>Establishment of an ECD Centre will assist the children of Glenred Village to have access to education that is conducive to learning.</li></ul> |   |  |                              |                                  |
|   |   |   |   |  |                              |                                  |
| Geographic Location   | District Municipality   | Local Municipality  | Village name  | Project start date                       |                              | End Date                         |
| Northern Cape   | John Taolo Gaetsewe   | Joe Morolong  | Glenred Village   | Year 5                                   |                              | End of Financial Year 5          |
| Output  | KPA   | KPI   | Stakeholders  | Quarterly timelines and/year             | Quarterly timelines and/year | Budget                           |
| Fully equipped ECD Centre                                   | Build an ECD Centre that is suitable for learning and approved by the Dept of Social Development. |   | DMR, JTG, Joe Morolong, Dept of Social Development, Tribal Authority, Glenred Community |  |                              | R1 273 757.63                    |
| Classification of jobs                                      | No of jobs to be created  | Male  | Female  | Male Youth                               | Female Youth                 | Total                            |
|   | Number of jobs to be created will be determined by contractor                                     |   |   |  |                              |                                  |
| Due Date  | End of Year 5   |   |   |  |                              | Local community will be employed |

| PROJECT NAME:<br>TSINENG AND KHANGKHUDUNG RENOVATION OF COMMUNITY HALLS |  |                           |  |                                     | Classification:<br>INFRASTRUCTURE  |                                     |                                  |
|---|--|---------------------------|--|-------------------------------------|--|-------------------------------------|----------------------------------|
| <b>Background</b>   |  |                           |  |                                     | <ul style="list-style-type: none"> <li>Renovation of Community Halls that are in decay</li> <li>The community halls are utilised for community meetings and other social events</li> </ul> |                                     |                                  |
| <b>Geographic Location</b>  | <b>District Municipality</b>   | <b>Local Municipality</b> | <b>Village name</b>  | <b>Project start date</b>           |  | <b>End Date</b>                     |                                  |
| Northern Cape   | John Taolo Gaetsewe  | Joe Morolong              | Tsineng Village and Khangkhudung Village                                     | Year 5                              |  | End of Financial Year 5             |                                  |
| <b>Output</b>   | <b>KPA</b>   | <b>KPI</b>                | <b>Stakeholders</b>  | <b>Quarterly timelines and/year</b> | <b>Quarterly timelines and/year</b>  | <b>Quarterly timelines and year</b> | <b>Budget</b>                    |
| Newly renovated halls   | Renovate community halls to be utilised by the communities of Tsineng and Khangkhudung respectively. |                           | DMR, JTG, Joe Morolong, Tribal Authority, Tsineng and Khangkhudung Community |                                     |  |                                     | R1 028 297.81                    |
| <b>Classification of jobs</b>   | <b>No of jobs to be created</b>  | <b>Male</b>               | <b>Female</b>  | <b>Male Youth</b>                   | <b>Female Youth</b>  | <b>Total</b>                        | <b>Comments</b>                  |
|   | Number of jobs to be created will be determined by contractor  |                           |  |                                     |  |                                     | Local community will be employed |
| <b>Due Date</b>   | End of Year 5  |                           |  |                                     |  |                                     |                                  |

| <b>PROJECT NAME:</b><br>MANUFACTURING – SEWING OF CLOTHING |  |              |  | <b>Classification:</b><br>ENTERPRISE AND SUPPLIER DEVELOPMENT  |                                      |               |                 |
|--|--|--------------|--|--|--------------------------------------|---------------|-----------------|
| <b>Background</b>  |  |              |  | <ul style="list-style-type: none"> <li>In consultation with the JM Municipality, KMR has committed to assist a local enterprise by putting systems in place for the efficient running of this business.</li> <li>The Sewing of Clothing project is an existing business located in a village</li> <li>The business has the potential to serve local communities (including surrounding villages) and other local businesses.</li> <li>Stimulate much needed economic growth in the area and job creation.</li> </ul> |                                      |               |                 |
| <b>Geographic Location</b>                                 |  |              |  |  |                                      |               |                 |
| Northern Cape  | John Taolo Gaetsewe  | Joe Morolong | Joe Morolong Community   | Year 5   | End of Financial Year 5              |               |                 |
| <b>Output</b>  | <b>KPA</b>   | <b>KPI</b>   | <b>Stakeholders</b>  | <b>Quarterly timelines and /year</b>   | <b>Quarterly timelines and /year</b> | <b>Budget</b> |                 |
| A successful and well operated sewing of clothing business | Provide infrastructure, financial and administrative support to a business<br>Assist with putting systems in place for the efficient running of the business |              | DMR, JTG, Joe Morolong, Dept of Economic Delopment and Tourism, Tribal Authority |  |                                      | R400 000.00   |                 |
| <b>Classification of jobs</b>                              | <b>No of jobs to be created</b>  | <b>Male</b>  | <b>Female</b>  | <b>Male Youth</b>  | <b>Female Youth</b>                  | <b>Total</b>  | <b>Comments</b> |
| Administrator/ Receptionist                                |  |              |  |  | 1                                    | 1             |                 |
| <b>Due Date</b>  | End of Year 5  |              |  |  |                                      |               |                 |



## **SECTION 6: HOUSING**

## 6. HOUSING

Historically, the workforce in the South African mining industry has been housed in single-sex mining compounds. Unfortunately to a large degree this is still the case in mines around South Africa. Kudumane believes that its workforce (including that of its contractors) should reside with their families and will be assisted to live in conditions consistent with the Constitution of South Africa.

Kudumane acknowledges its responsibilities in this regard by providing and/or facilitating suitable employee accommodation that allows employees to reside with their families in a stable, healthy and secure environment within commuting distance from their place of work.

### 6.1 HOUSING SCHEME AND HOMEOWNERSHIP

The underpinning principle of housing and living conditions is to ensure decent housing and living standards for employees. The location of the mine operations is far from existing settlements (60km). The surrounding communities lack infrastructure and amenities and the occupancy rate of housing in these areas is prevalent, particularly for low-income earning employees.

A system has been put in place for the bussing of employees to and from their residential areas. Transporting of employees has created the opportunity for BEE entrepreneurs to provide shift-time related transport on routes assigned by the mine.

11 Housing Units in the town of Hotazel have been built by the company for the housing of management employees. However, KMR encourages all employees to obtain accommodation in surrounding towns and villages that allows them to reside with their families in a stable, healthy and secure environment within commuting distance from their place of work. To this end, all KMR employees receive a housing allowance equivalent to 7, 5% of their cost to company (CTC) to assist them in obtaining suitable accommodation.

KMR also continues to discuss with the Joe Morolong Local Municipality the possibility of acquiring land in the area earmarked to be developed as a new township in the vicinity of the mine. It is the intention of KMR to assist employees to build houses in the new township should the municipality succeed in its establishment.

KMR strives for its housing programmes to be flexible, allowing for a variety of solutions based on the affordability levels of employees. The company subscribes to meeting the challenges of housing and living conditions through partnerships with all the relevant stakeholders including the unions, financial institutions, the municipality etc. Engagement with local municipalities particularly is vital, as they are responsible and accountable for ongoing service delivery.

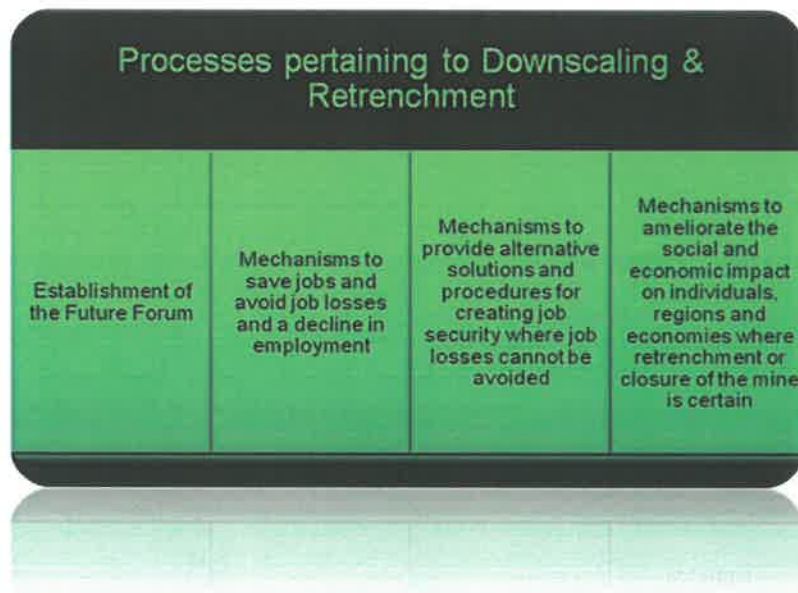


## **SECTION 7: DOWNSCALING AND RETRENCHMENT MANAGEMENT**



## 7 MANAGEMENT OF DOWNSCALING AND RETRENCHMENTS

KMR, all its contractors and service providers will be required to comply with the commitments and procedures of this section regarding the following:



### 7.1 ESTABLISHMENT OF A FUTURE FORUM REGULATION

KMR has established a Future Forum which serves as a mechanism where impacted stakeholders may consult on challenges that could possibly lead to downscaling or retrenchments on the mine.

### 7.2 MECHANISMS TO SAVE JOBS, AVOID JOB LOSSES AND A DECLINE IN EMPLOYMENT

KMR commits to making every effort to promote security of employment through sound management of the operations for the entire existence of the life of the mine. The contracting companies once appointed will be expected to play a significant role in supporting initiatives that will contribute to avoiding job losses during a retrenchment exercise.

The SLP requires extensive investment (time, resources and money) from the contractors in the training and development of employees. It will be required that they endorse a policy that focuses on retaining skills rather than losing them during retrenchment exercise.

Although not yet identified or appointed, the core contractors are likely to have a number of ongoing contracts. Thus, they will be encouraged to seek alternative employment for their employees through various initiatives, including seeking to transfer employees to other projects or companies within the same group (if this is feasible). Such transfers could be between mining and non-mining operations depending on the nature of the projects that the contractor is committed to.

Once the contractors have officially been appointed, KMR will undertake an analysis, in conjunction with the core contractors, of the various operations and projects the contractors are involved in. This will provide some indication as to the opportunities that might exist for transferring skills within the contracting companies should a retrenchment exercise take place.

In addition, in terms of the company's skills development strategy, there will be a focus on the provision of portable skills within the workforce throughout the life of the mine. These skills should provide those employees who either do not wish to be transferred or who cannot be accommodated in other contractor operations to remain economically active when downscaling and/or retrenchments are unavoidable.

As well as the aforementioned transfer alternative for employees, the following are alternatives that will also be considered to avoid job losses:

- Voluntary or compulsory retirement;
- Voluntary retrenchment;
- Working shorter hours;
- Reduction or elimination of overtime work;
- Termination of the services of temporary employees and contractors (subject to contractual terms);
- Moratorium on new recruitment;
- Redeployment;
- Job-sharing; and
- Any other suggestions identified during consultation.

## 7.3 LEGISLATIVE COMPLIANCE

Where retrenchments are unavoidable, they will be managed humanely and through the formulation of appropriate retrenchment proposals and in consultation with all relevant parties. The following legislative process will be employed:

- Consultations – including communicating possible retrenchments
- Implementing section 189 of the Labour Relations Act, 1995
- Notification to the Minerals and Mining Development Board (the Board)
- Complying with the Ministerial Directive

### 7.3.1 CONSULTATION

KMR will implement a communication process that strives for participation by employees, mine management, local community representatives, government authorities, local business, as well as structures of civil society where applicable.

Consultation within the various platforms will commence when the company anticipates that it will need to reduce employee numbers due to prevailing operational constraints and conditions. The objective of consultation will be to understand and agree on possible solutions to minimise the impact of retrenchment on employees. The following have been identified as a means in which communication and consultation can take place:

- Consultation with employees will take place through the Future Forum. This forum will report to the LED Forum, which will be responsible for the coordination and integration of all official development plans (including SLPs) for a given region. The Future Forum will

be used to identify strategies aimed at extending the life of the mine to avoid retrenchments and/or downscaling.

- A Community Liaison Forum may be established with the local communities to serve as a two-way communication mechanism with the Mine. Consultation with other stakeholders will take place by means of the LED Forum.
- Consultations in terms of Section 52 (1) of the MPRDA.
- Consultation will take place with the DoL, DME and surrounding mining companies to assess potential opportunities to mitigate the above.

During the consultation process the following will be discussed:

- Reason for the possible reduction in the number of employees;
- Alternative solutions;
- Numbers of employees to be affected and applicable timeframes; and
- Support process for the affected communities and employees.

### 7.3.2 IMPLEMENTING SECTION 189 OF THE LABOUR RELATIONS ACT, 1995

KMR will engage in formal Section 189 consultations with recognised employee representatives as soon as retrenchments are contemplated.

### 7.3.3 NOTIFICATION TO THE MINERALS AND MINING DEVELOPMENT BOARD

KMR will provide a letter to the DME for submission to the Minerals and Mining Development Board in keeping with the requirements of section 52 (1) of the Minerals and Petroleum Resources Development Act.

### 7.3.4 COMPLYING WITH MINISTERIAL DIRECTIVE

KMR will comply with the Ministerial directive regarding corrective measures to be taken in the event of downscaling and retrenchment. As stipulated in section 52 (3) of the Act, KMR will confirm (in writing) that the corrective measures have been taken when required.

## 7.4 MECHANISMS TO PROVIDE ALTERNATIVE SOLUTIONS AND PROCEDURES FOR CREATING JOB SECURITY WHERE JOB LOSSES CANNOT BE AVOIDED

### 7.4.1 CONSULTATION MECHANISMS

In circumstances where KMR is of the opinion that retrenchments are unavoidable, it will embark on a comprehensive consultation process with all interested and affected parties, as prescribed in terms of Section 189 of the Labour Relations Act (LRA).

Consultation will take place based on the following principles:

- Relevant unions, employee representatives and employees who are likely to be affected by the retrenchment will be consulted
- Discussions with the Future Forum will continue on an ongoing basis

- Universally accepted retrenchment principles will be applied
- Information will be shared with the Future Forum members, unions and employee representatives. This information will be based on the Financial and Operational status of the company
- Proposals presented by the union and employee representatives will be considered in a serious fashion
- Creative initiatives/mechanisms will be applied/implemented to minimize the retrenchments

#### 7.4.2 NOTIFICATION OF ALL RELEVANT PARTIES

KMR will be required to provide the Minerals and Mining Development Board with sufficient notification of retrenchments during the life of the mine and three (3) – five (5) years prior to the end of the life of the mine. Other parties that will require notice with specific time frames are the:

- KMR Future Forum
- Department of Labour
- Joe Morolong Local Municipality
- John Taolo Gaetsewe District Municipality
- Relevant authorities of any major sending areas as determined by the mine's labour-sending records

#### 7.4.3 SUPPORT MECHANISM FOR AFFECTED EMPLOYEES

Subject to the availability of resources, KMR will provide support mechanisms that will assist employees who are affected by the retrenchment exercises. These could include but are not limited to:

- Training and development of affected employees prior to retrenchment date
- Provide affected employees with guidance in understanding internal redeployment procedures and provide support in making use of these procedures
- Assistance in accessing available and suitable jobs in other companies or local mines
- Personal counselling for individuals/groups to deal with trauma associated with retrenchment
- Advice and support on financial planning

### 7.5 MECHANISMS TO AMELIORATE THE SOCIAL AND ECONOMIC IMPACT OF RETRENCHMENT AND/OR MINE CLOSURE

Mechanisms will be implemented to manage and, wherever possible, minimise the social and economic impact that a retrenchment exercise has on individuals, regions and economies. Due to the potential of downscaling and retrenchment exercises not only affecting KMR but also surrounding businesses and communities, KMR's management and the Future Forum will have to conduct careful advance planning and assessments.

The LED section of this document specifically refers to processes that will assist in the facilitation of sustainable social and economic growth in the local communities during the life of the mine. This will need to be supported with additional measures to manage the impact of the mine closure on both the surrounding communities and those communities from which labour is sourced including, but not limited to the following:

### 7.5.1 COMMUNICATION:

Communication will be at the forefront of the process by making all affected parties aware of the downscaling and/or retrenchment exercise and the affect it will have on the community. They will receive feedback and consider proposals on how to minimise the impact on the socio-economic situation of the area.

#### i. SOCIO-ECONOMIC IMPACT ASSESSMENT (SEIA):

Prior to the development of detailed closure management plans, specialist consultants will carry out the SEIA. This will incorporate interaction with both the Future Forum and relevant community structures.

### 7.5.3 MINE CLOSURE STRATEGIES

The plans to manage the socio-economic impact of retrenchments and/or the mine closure must be both comprehensive and will include a variety of strategies. These strategies will be guided by the principles as documented in the table below.

#### *7.5.3.1 LED INITIATIVES*

KMR will liaise with the Local Municipality with a view to assist with job creation projects in terms of the LED's job creation activities to reduce the impacts on the community. In combination to the portable and entrepreneurship skills development, KMR will assist as many of its employees as possible to start small businesses in the local area.

#### *7.5.3.2 PORTABLE SKILLS*

As outlined in section 4.3.7 the mine has the desire to minimise the impact of job losses in instances of downscaling and/or retrenchment. KMR will therefore ensure that the skills programmes offered at the mine provide practical training opportunities that increase employees' chances of labour mobility. KMR commits to identifying portable skills training opportunities for all employees who are considered vulnerable during downscaling and/or retrenchment.

Below is a list of potential options for portable skills training at KMR:

#### Basic Life Skills:

- First Aid
- Health and Safety
- Fire Fighting
- Basic Principles of Finance
- Leadership Programme
- Retirement Planning
- HIV/AIDS Awareness

#### Basic Artisanal Skills:

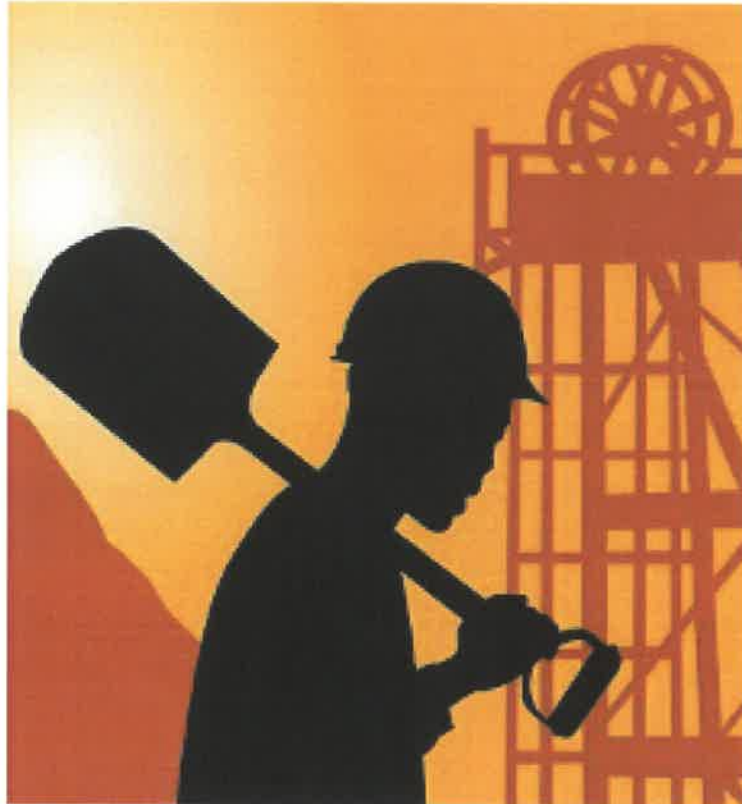
- Basic Welding

- Basic Electricity
- Basic Boiler Making
- Basic Fitting
- Basic Bricklaying

Basic Entrepreneurship Skills:

- Farming Entrepreneurship
- Construction Entrepreneurship
- Franchising Entrepreneurship
- Transport Entrepreneurship





## **SECTION 8: FINANCIAL PROVISION**

## 8 FINANCIAL PROVISIONING

### 8.1 FINANCIAL PROVISIONING FOR THE HRD PROGRAMMES AND COMMUNITY DEVELOPMENT PROJECTS

KMR commits to provide financially for the implementation of its Social and Labour Plan in terms of its Human Resource Development Programme, Local Economic Development Programme, as well as the processes to manage downscaling and retrenchments.

KMR will provide adequate finances for the SLP projects through the formation of partnerships with possible contractors, employees, local organisations, government, business, non-governmental organisations and the local communities. In doing so, resources will be optimally pooled to provide strength in ensuring successful implementation of its Social and Labour Plan activities.

The SLP budget is **R21 437 540.06** of which HRD is **R5 040 000.00** and Infrastructure, Community and Enterprise Development is **R16 397 540.06**. KMR will fund the programmes mentioned above as follows:

**Table 19: Human Resource Development Budget**

| HRD BUDGET      | YEAR 1             | YEAR 2             | YEAR 3               | YEAR 4               | YEAR 5               |
|-----------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| ABET            | R54 000            | R59 000            | R59 000              | R59 000              | R54 000              |
| LEARNERSHIP     | R30 000            | R30 000            | R30 000              | R30 000              | R30 000              |
| PORTABLE SKILLS | R170 000           | R170 000           | R170 000             | R170 000             | R170 000             |
| INTERNSHIP      | R504 000           | R504 000           | R504 000             | R504 000             | R504 000             |
| BURSARIES       | R150 000           | R200 000           | R250 000             | R300 000             | R350 000             |
| <b>TOTAL</b>    | <b>R908 000.00</b> | <b>R958 000.00</b> | <b>R1 008 000.00</b> | <b>R1 058 000.00</b> | <b>R1 108 000.00</b> |

**Table 20: LED Projects Budget**

| Project Category                         | YEAR 1        | YEAR 2        | YEAR 3        | YEAR 4        | YEAR 5        |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Infrastructure and Community Development | R3 651 702.19 | R3 900 000.00 | R1 023 758.62 | R2 635 012.00 | R2 302 055.44 |               |
| Enterprise Development                   | R200 000.00   | R200 000.00   | R585 012.00   | R1 500 000.00 | R400 000.00   |               |
| Total                                    | R3 851 702.00 | R4 100 000.00 | R1 608 770.62 | R4 135 012.00 | R2 702 055.44 | R16 397 540.6 |

### 8.2 FINANCIAL PROVISIONING FOR THE MANAGEMENT OF DOWNSCALING AND RETRENCHMENT

In the event of downscaling and retrenchment, financial provisioning will be calculated in accordance with the following principles. These will be calculated per individual affected by downscaling and retrenchment:

| Financial Provisioning   | Detail  |
|--------------------------|---|
| Severance Package        | Severance package of one week's remuneration for every completed year of continuous service at KMR (NB: this will apply only for employees directly employed by KMR and specifically excludes employees employed by the mine's contractors) |
| Retrenchment Counselling | The cost of retrenchment counselling for retrenched employees   |
| Portable Skills Training | A pre-determined amount per employee for training in a portable skill of the employee's choice as per the Human Resources Development Programme of this Social and Labour Plan  |

## 11. UNDERTAKING

I, **THEMBELANI BUNTU GANTSHO** THE UNDERSIGNED AND DULY AUTHORISED THERETO


BY

**KUDUMANE MANGANESE RESOURCES**

Undertake to adhere to the information, requirements, commitments and conditions as set out in the Social and Labour Plan.

Signed at **JOHANNESBURG** on this 27<sup>TH</sup> day FEBRUARY 2020

Signature of responsible person:



Designation: **CEO**

### APPROVED

Signed at \_\_\_\_\_ on this \_\_\_\_\_ DAY OF \_\_\_\_\_ 2020

Signature: \_\_\_\_\_

Designation: \_\_\_\_\_