

# EMPLOYEE REVIEW



There is no doubt concerning the importance of Kumba's employees. Even though Kumba mines and supplies iron ore, it is not only the ore which defines the type of company Kumba is, but also the people who work for it. The company is a product of the people who work there, the way they interact, and the manner in which they pull together to deliver on Kumba's business goals.

Kumba's strategy with regards to employees is two-pronged: the first requirement is that employees have the required skills and competencies to perform their functions; the second is to focus on transformation such that previously disadvantaged South Africans are offered growth and development opportunities within the company.

Here Kumba discusses its approach to transformation and shows its progress to date. Following this, the report discusses the attraction and retention of employees and then goes into some detail with regards to employee training and development.

As the reader will see, there are many challenges both in terms of finding and retaining people, regardless of race or gender. Kumba has an impressive track record in the development of skills within the mining sector and was acknowledged by the Department of Labour for its efforts in this regard.

## WOMEN IN MANAGEMENT

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161

## NUMBER OF HDSAs IN MANAGEMENT (including women)

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435

## EMPLOYEES AT KUMBA (including contractors)

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10,852

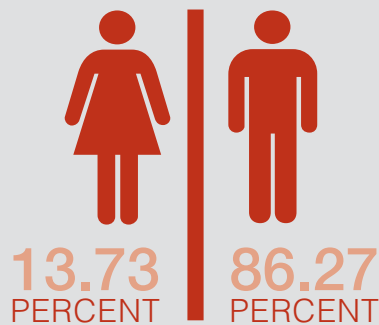
# Transformation

The mining industry was for many years dominated by white men. This is still true, in part, but the sector has made significant strides in altering that reality.

Kumba, while not sacrificing its skills base, focuses on recruiting persons representing the South African population and where applicable uses existing skills to train and develop new recruits. Kumba recognises the importance of learning through mentorship which can only succeed if experience is retained and learning imparted.

During the year, Kumba developed a new employment equity strategy for the period 2010-2012. The strategy focuses on improving our numbers of 'Blacks in management' at all levels of management and was approved by the executive committee and the remuneration committee.

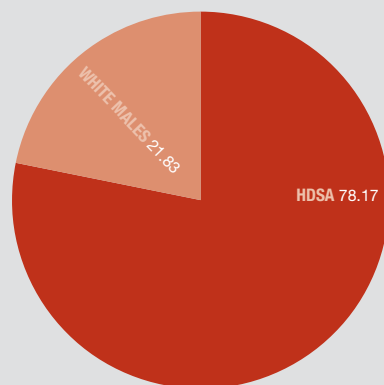
## FEMALE & MALE EMPLOYEES



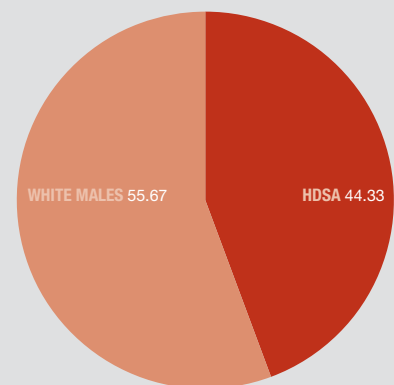
Compared with 2008, Kumba's complement of HDSA personnel increased slightly (2008: 77.26%).

In 2008, Kumba's complement of HDSAs in management was 41.63% compared with the 2009 figure of 44.33%. Kumba exceeded its Mining Charter target of 40%.

## HDSAs & WHITE MALE



## HDSAs & WHITE MALE IN MANAGEMENT



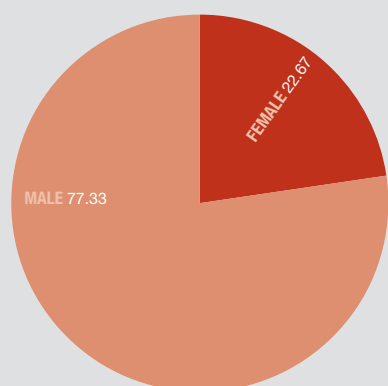


The number of women working at Kumba also increased during 2009 (2008: 12.36%). The gradual increase in the number of women Kumba employs is attributed to Kumba's specific recruitment policies which target women, the breaking down of gender barriers in the workplace, and more women who are interested in working in the mining sector.

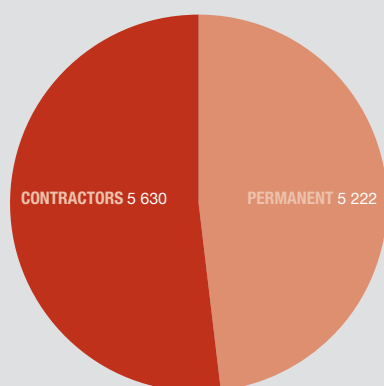
Kumba is very proud of the number of women in management. In 2009, 22.67% of management were women. Kumba intends to increase the number of women in management.

The percentage of women in core mining disciplines (engineering, projects, and mining) was 7.6% at the end of the year as compared to 5.2% for 2008 and higher than the 7% target.

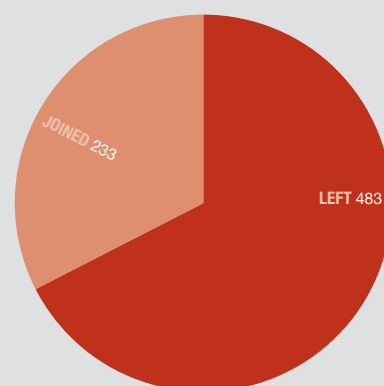
#### MALE AND FEMALE IN MANAGEMENT



#### WORKFORCE



#### LABOUR TURNOVER



## Find

The war for talent is a reality in South Africa with the country competing globally for skills. This is also a reality for Kumba and as such it employs a number of approaches and strategies designed to source the skills it requires and to retain these.

Kumba's human resource department implements robust talent management strategies to ensure that it is aware at all times of gaps in its skills profile and that succession plans are in place.

Kumba maintains an inventory of people who have the skills it requires. The company believes in growing from within and thus the pool of potential recruits consists of graduates supported by the company and learners at its various training centres – SIVOS, Tshipi

and Itireleng. The company has an internal recruitment policy where candidates with the correct skills and experience from within the company and from within the Anglo American Group are given preference to employment opportunities. If candidates are not available within Kumba or Anglo American, then Kumba will source externally.

Kumba's drive to be an employer of choice assists in attracting skills to the company. Its reputation as a preferred employer, as evidenced by it being rated as the best mining company to work for in the 2008 Deloitte Best Company to Work For survey, plays an important role in this process.

## Attract

There are a number of factors which influence Kumba's ability to attract staff. In the first instance, the overall employee value proposition must be compelling. This proposition must incorporate a sound remuneration strategy including a range of financial benefits, such as short-term bonuses and share incentives, plus a thorough growth and development programme. Without the latter, even the pay package will not be sufficient to retain skills. The finer details of attracting people to Kumba are centred on Kumba's reputation as an excellent place to work. This reputation is often based on what existing employees have to say about the company.

What makes Kumba an attractive company to work for include the practical career paths which are developed for staff, study assistance programmes offered to employees who study in their own time at tertiary institutions and a subsidy structure to improve the affordability of home ownership amongst employees. Kumba's support for the communities also makes the company attractive to prospective employees.



## Retain

In 1972 South Africa had 33,000 registered apprentices. In 2005, the country had only 1,500. South Africa needs to produce 12,500 artisans per annum 7,500 more than the present.

In 2009, Kumba had 725 apprentices, a significant proportion of South Africa's total. The training provided by Kumba is vital.

Kumba wants to retain its employees. Compared to the average, Kumba's rate of staff turnover is very low (on average 3% per annum) which is testimony to the effectiveness of the retention strategies it employs which are designed to keep its employees happy, stimulated and productive.

Employee contentment is achieved through competitive remuneration and robust growth and development programmes. Kumba also seeks to attend to its employees' needs at levels above material compensation. Innovation, dedication and commitment are recognised; in fact Kumba's prestigious Laurel Awards are designed specifically for this purpose.

Kumba has dedicated wellness teams at corporate office and on the mines whose role is to provide employees with the support they need, whether physical, emotional or psychological.

In order to facilitate employee development, Kumba recently introduced personal performance plans (PPPs) designed to assist employees to reach peak performance. Employees will be involved in drafting their own performance plans which will give them clear guidance in terms of what is expected of them. The PPPs form part of Kumba's drive to enhance its organisational responsibility and capability, a component of its new four-legged strategy.



# Training and development

The following sections provide the reader with an overview of Kumba's training programmes:

Kumba's spend on training during 2009 was R91 million up from R85 million last year. This amounts to 5.3% of the total payroll and equates to R16,061 per employee (or R7,552 if contractors are included).

Kumba's training interventions include those prescribed by the Mining Charter as well as its own programmes. The charter stipulates that Kumba must provide adult basic education and training, or ABET, learnerships, training for contractors, portable skills training to enable employees to work outside of the mining sector, and that Kumba implements career progression plans for previously disadvantaged South Africans.

## ABET

At December 2009, there were 171 Kumba employees with less than an ABET 2 qualification. Kumba is intensifying its efforts to get these employees to enrol for ABET classes with a view to improving their functional literacy and numeracy. During 2009, 28 of these employees enrolled for ABET 2, 13 during the first semester and 15 during the second.

## Professionals in training

One of Kumba's key development programmes is its professionals in training (PITs) programme. This is the collective name for all Kumba's graduate and diploma trainees participating in the PIT programme. In the pool of trainees Kumba distinguishes between technical

graduates (those completing a university degree), technicians and technologists (completing a technology diploma or degree) and non-technical graduates (completing a non-technical degree or diploma).

The PIT programme ranges from 24 to 36 months depending on the professional's discipline and qualification. The PIT programme is structured according to the requirements of different professional bodies such as the Engineering Council of South Africa (ECSA) to ensure that PIT training is relevant and discipline specific. Non-technical skills are also developed within the training period with a focus on report writing, personal development and management skills training.

During 2009, there were 38 enrolled PITs, less than the targeted number of 55.

## Learnerships

The total number of learners at Kumba as at December 2009 was 234, less than the number targeted (275). The reason the target was not met was because learners' contracts were extended from 18 to 24 months in order to give them more practical exposure before joining Kumba on a permanent basis.

## Bursaries

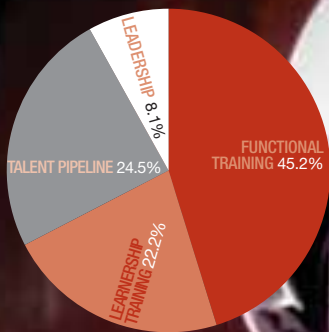
Kumba has an extensive bursary programme. Altogether 62 bursars were supported during 2009 with the majority of bursars studying either metallurgical or industrial engineering.

An annual function supported and attended by Kumba Exco recognises the achievements of the bursars. Bursars are awarded with cash prizes based on the previous year's results. The function allows bursars the opportunity to interact with bursars from other institutions and disciplines and also exposes the bursars to Kumba and its culture and values.

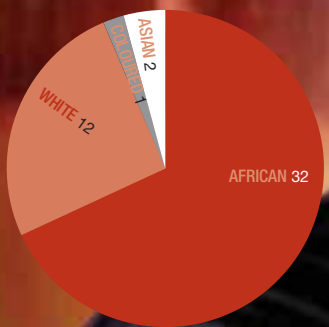
Kumba also funds the attendance of learners at bridging schools designed to facilitate the entry by these learners into a tertiary education institution. In 2009 six bursaries were awarded to learners from Kathu (five) and Thabazimbi (one), to attend the bridging school.

Even during the severe global economic downturn Kumba retained its focus on skills development and continued to spend a significant portion of payroll (5.3%) on this aspect of the business.

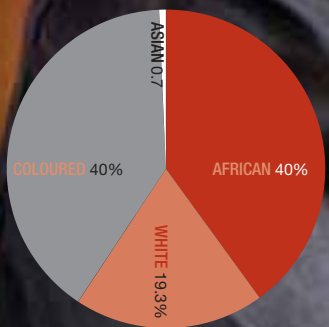
BREAKDOWN OF TRAINING (%)



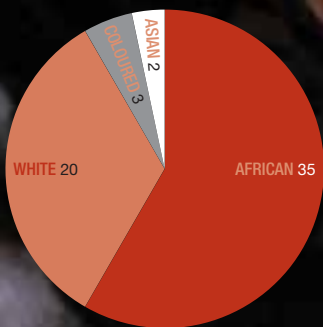
PROFESSIONALS IN TRAINING (#)



KUMBA LEARNERS (%)



KUMBA BURSARS (#)



## Employee relations

### Industrial action

in 2009 there was no labour unrest or industrial action which resulted in production losses for this period. Kumba believes that its relationships with the newly elected branch committees of the National Union of Mineworkers (NUM) as well as the established committees of Solidarity are very good and helped contribute to stability within the workforce and to sound labour relations on the shop floor.

### Union engagement

More than 70% of Kumba's workforce are members of organised labour. The relationships between Kumba and the labour representatives are governed by an entrenched engagement process that ensures that all issues are addressed promptly. The collective bargaining process was assisted by a multi-year agreement entered into in 2008 and the agreed adjustment to wages and conditions of employment was implemented for the bargaining unit on 1 July 2009.

### Disputes

During the year, 13 cases were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) after following regular disciplinary procedures. Of these, eight cases were finalised and the remainder referred for further processes and procedures as per the requirements of the Labour Relations Act.

