

SOCIAL AND COMMUNITY DEVELOPMENT REVIEW



The success of Kumba's social and community development programme is contingent on its ability to form partnerships. Partnerships are important at all stages of the process: at conceptualisation, where a range of ideas and knowledge is necessary; at planning, where the logistics of implementation are refined and detailed; and at implementation itself where delivery is not generally the responsibility of Kumba.

Kumba engages proactively with stakeholders including local communities, government, regulators and surrounding business partners with the aim of promoting positive, mutually beneficial outcomes in the areas where it operates. In addition to maintaining open channels of communication, Kumba engages with other local institutions such that benefits accrue to communities through the promotion of public health and safety, environmental stewardship, enterprise development, education, health, sports and recreation, and arts and culture.

In terms of assisting government to advance sustainable development, Kumba supports projects to build the skills and capacity of local officials where the company operates. This includes providing technical assistance in infrastructure projects, establishing local economic development forums, researching developmental needs and establishing strategic partnerships.

CSI SPEND

HEAD OFFICE
R19,970,728

SISHEN
R19,434,441

THABAZIMBI
R1,313,422

KOLOMELA
R316,409

Social and community development strategy

Kumba aims to make a positive difference in the communities where its mines are located and in labour sending areas by using its skills and resources to conduct business in a way that benefits both communities and Kumba. Kumba is cognisant of the important role it plays in these areas and leverages its influence to assist government in uplifting the standard of living of host communities.

Through its social and community development strategy, Kumba strives to make a positive impact by running its operations responsibly and by investing in local communities. The key test for any community investment is that it should create a meaningful and sustainable impact – one that is relevant to local needs, aligned with Kumba's business and undertaken in partnership with local stakeholders. Key to the success of its interventions is the creation of a level of independence and ensuring that projects are self-sustaining.

Kumba's social and community development strategy requires that Kumba becomes a pro-active company. To ensure that it achieves its goal, Kumba revised its strategy during 2009 to focus on the following areas:

- Compliance with the requirements of the SLPs
- Visibility in host communities
- External communication and engagement
- Impact assessment and exit strategy
- Partnerships with the community development trust and other key stakeholders
- Post-closure sustainability
- Implementation of flagship education, health and enterprise development projects.

Stakeholder engagement

As one of the largest employers and contributors to the economy of South Africa, Kumba recognises the significant interest stakeholders have in how it conducts itself. Engagement assists Kumba to identify material issues, shape its approach to addressing such issues and strengthen its operations. The dialogue between Kumba and its key stakeholders allows the company to better align its social and environmental objectives with the priorities of society. At the same time, engagement can present challenges as stakeholders' desired outcomes may not always be aligned with those of Kumba, or with what is practicable.

Kumba focuses its engagement efforts on groups and individuals directly impacted by its operations or who can have a direct impact on its operations or reputation. Its engagement process is guided by the socio-economic assessment toolkit (SEAT), community engagement plans and the Stakeholder Engagement Strategy.



Engagement takes many forms: one-on-one discussions, group dialogues and briefings, local, provincial and national focus group forums, community consultations and internal publications.

Kumba's commitment in every host community where it operates is to assist the government to develop social and economic capacity in a way that benefits society and its business over the long term. Achieving this is best accomplished by forming partnerships with community leaders and organisations. All Kumba's mines applied the guidelines contained in the SEAT 2 manual and developed reports and management responses to address community concerns in the spirit of building and maintaining positive relationships with communities.

With regards to the importance of stakeholder engagement as part of the social and community development process, the following are noteworthy:

- During 2009, Sishen Mine hosted the Northern Cape Economic Summit, an important milestone for Kumba which cemented the relationship between the company and the province. This resulted in the Development Bank of Southern Africa classifying the John Taolo Gaetsewe

(JTG) District Municipality (where Sishen Mine is located) and the Postmasburg area (where Kolomela Mine is located) as areas of strategic importance to the growth and economic sustainability of the Northern Cape. The summit was launched in partnership with the Department of Economic Affairs, and supported by the Premier of the Northern Cape Province. This classification implicitly identifies Kumba as an important roleplayer in the economic viability of the Northern Cape.

- During 2009, Sishen Mine also facilitated the formulation of two negotiation forums: the Setlhare Educational Forum and the LED District Mining Forum. The purpose of these forums is to provide a platform where provincial and district government and local mining companies – Kumba, Assmang and BHP Billiton – can discuss, prioritise and agree on joint support for future social investment projects in the JTG District Municipality. A baseline study commissioned by these companies will be used as the primary input document for the identification of all projects to be supported by the companies.

- Kolomela Mine, as a new operation, had to forge new relationships with local stakeholders. Its open days and other "meet and greet" functions have increased its profile amongst local people. For 2010 it will lead the drafting of a social partnership standard for business partners wanting to get involved with its development programmes.

Part of this process involves the identification of potential or established NGOs to partner with or to drive development interventions.

- Thabazimbi Mine facilitated the establishment of the Local Economic Development Forum (LEDF). The key objective of this forum is to discuss social and labour plan progress, share lessons learnt, discuss challenges and develop joint mitigation measures to enable the mine to meet its legal obligations. As part of implementing the LEDF strategy, Thabazimbi Mine sponsored the summit where the strategy was presented to stakeholders.

Performance

Thabazimbi Mine: caring for the community

Due to a combination of increased traffic, poor road markings and a narrow road, traffic incidents increased at the Donkerpoort junction near Thabazimbi.

During late 2008, the mine approached the local municipality and provincial government and offered to fund the upgrading of the road and installation of appropriate signage at a cost of R1 million. The project, which commenced and was completed in 2009, comprised widening the road, building an island to separate vehicles, providing additional lanes, installing "cat eyes", marking of slipways and installing warning signs on both sides of the turn off.

This improvement did not only enhance the safety of the mining vehicles but also contributed to the safety of the general public.

The cornerstone of good corporate citizenship is listening and responding to stakeholders. For this reason, Kumba has a company-wide approach for engaging with stakeholders. The mines and head office have dedicated staff who liaise closely with local communities and work with technical and management staff to address issues and concerns.

Social and labour plan commitments and performance

Kumba's social and community development programmes are embedded in the mines' approved Social and Labour Plans (SLPs). The three primary focus areas of the SLPs are poverty alleviation, community development and the provision of infrastructure. These focus areas are aligned with local municipalities' Integrated Development Plans.

In 2009, Kumba spent R37.8 million on development interventions – the vast majority was spent by the Kolomela Mine on the upgrading of infrastructure in the Tsantsabane Local Municipality. This amount does not include other investments made that are not part of SLP commitments. Kumba also provides support through donations and voluntary work by conducted by Kumba employees.

Applying lessons learnt

Kumba is aiming to ensure that it delivers on all commitments made in the SLPs. During 2009, Kumba only spent R37.8 million of the R55 million committed. The reason for this was attributed primarily to the unsuitability of the allocated site for bulk water storage facility in Kuruman, Northern Cape. The geotechnical studies revealed that the area is situated on dolomite which is not suitable for the construction of the facility. Subsequently, a new site was identified and construction postponed until 2010. Other challenges which delayed the implementation of SLP projects include the finalisation and sign-off of a memorandum of agreement between various sponsors, availability of land and local government capacity to expedite project implementation. In addressing some of these challenges, Kumba seconded some of its employees to support local government and has availed its excess land to implement SLP projects. Lessons learnt from each project were shared across the mines and action plans were developed to manage and mitigate similar risks in future projects. Kumba also offers support to the local municipalities where it operates on an ad hoc basis.

SPEND ON INFRASTRUCTURE

KOLOMELA
R13,219,489

THABAZIMBI
R500,000

SISHEN
R278,584



Kumba recognises the importance of engaging with its regulator, the DMR, on an ongoing basis and to inform it of progress made against SLP commitments and challenges experienced during implementation. In addressing its legal obligations, Sishen and Kolomela mines submitted their first annual SLP compliance reports to the DMR during 2009. Thabazimbi Mine is scheduled to report during 2010.

How does Kumba give back to communities?

In addition to SLP commitments, Kumba's ability to build mutually beneficial long-term relationships is enhanced by additional support in the form of Corporate Social Investment (CSI) projects that simultaneously provide lasting community benefits and direct business value. This approach involves working closely and cooperatively with government, communities, and non-governmental organisations to assess and understand the socio-economic conditions of host communities. Sishen Mine, situated in the John Taolo Gaetsewe District, initiated a research programme within rural communities with the aim of understanding the development needs of local people. The outcomes of the research will be used by local mining companies and the provincial authorities to inform future strategies designed to uplift local people.

The CSI programmes include enterprise development, health, education, sports and recreation, public safety and health, educational and environmental management interventions. Community interventions are administered and implemented by the Social

and Community Development Department. Additionally, Kumba also provides technical support to community development projects funded through the SIOC Community Development Trust, which owns 3% of the Sishen Iron Ore Company. Kumba's host communities also benefit from Kumba's contribution to the Anglo Chairman's Fund. During 2009, Kumba contributed R10 million to the fund.

Kumba recognises the overlap between SLP, CSI and Community Development Trust interventions and is looking to streamline partnerships with the beneficiaries of the trust and the manner in which projects are selected and managed so that greater impact can be achieved with larger projects through economies of scale.

Enabling education and training

In 2009, Kumba approved R2.7 million to fund Maths Centres to provide a mathematics and science teacher and learner support programme within host communities. Beneficiaries are from 30 rural schools located in Thabazimbi, Tsantsabane and John Taolo Gaetsewe Municipalities. Negotiations and agreement with the national Department of Education and local government to identify participating schools were completed in 2009 and implementation will begin in 2010.

Kumba, in partnership with the SIOC Community Development Trust, invested R8 million to upgrade the Environmental Centre at Marakele National Park, near Thabazimbi.

SPEND ON COMMUNITY DEVELOPMENT

SISHEN

R17,115,536

THABAZIMBI

R513,422

Providing comfort and meeting basic needs

Thabazimbi Mine donated a building for the establishment of a community wellness centre. The building has been upgraded to meet legal standards. The community wellness centre will be fully operational during 2010. The total cost for the upgrade was R900,000.

In support of public health and safety interventions, Thabazimbi Mine established the victim empowerment centre in partnership with the local South African Police Service and the Department of Social Welfare. The centre caters for victims of abuse. It serves as a temporary accommodation facility before victims are taken back to their families.

The mine made its emergency services available to the municipality on a continual basis to deal with emergency situations in the area. The mine is also actively involved in the local Fire Prevention Association.

In support of food security, Sishen Mine established a distribution centre to distribute fresh food, dry commodities, clothing and blankets to needy people in the Gamagara Local Municipality. An average of 1,331 beneficiaries is reached per month.

These prefabricated buildings will house a local business and the maintenance office of the fuel cell business.

This centre will provide environmental and nature conservation education to all schools visiting the park. The centre also provides accommodation facilities for school children and teachers.

Computer literacy is essential to compete in today's global economy. In 2009, Kumba's new Kolomela Mine invested R1 million to upgrade five computer rooms at Postmasburg Primary School.

In the Gamagara Local Municipality, Kumba spent R4.2 million during 2009 to support educational opportunities for children in the Kathu, Olifantshoek, Debeng, Sesheng and Dingleton communities. In 2009, in partnership with the National Business Initiative, the Education Quality Improvement Programme was revised. The programme includes teacher and learner support, remedial support, upgrade and maintenance of computer centres and the provision of learning material.

Ongoing support of the Bana Early Childhood Development Centre (ECD) and the construction of a Grade R facility was completed and officially opened during 2009. Sishen Mine also granted bursaries to three class assistants to enrol at the University of South Africa for a formal ECD qualification. Upon completion, the assistants will be employed at Bana.

Kumba offers internship, bursaries and learnership opportunities to local people based in other municipal areas to further their studies. The bursaries and learnership programmes are managed by the Human Resource Department and discussed in the Employee Review section of this report.

Small enterprise development

Since the launch of Sishen Mine's small business start-up hub, 23 businesses have been created. Funding of the businesses is provided by Anglo Zimele and amounts to R10 million. These businesses were able to generate a turnover of R54 million over the past 20 months. The hub has made a difference to 250 local community members who benefited through permanent employment. Sishen Mine partnered with a mentoring company to provide additional business support and mentorship to individual entrepreneurs. Informative workshops in all relevant fields of business are also conducted. Since October 2009, 220 people attended the workshops which addressed human resources management, financial management, marketing and business planning.



Empowering women

Kumba embraced the Celebration of Women's Month by launching, in partnership with Thabazimbi Local Municipality, its second rural women empowerment initiative "Bomme Itsoseng" in Thabazimbi. After the success of the first initiative that was launched in 2008 in Kuruman, Northern Cape, the Mayor of Thabazimbi echoed his interest to roll-out the initiative in Thabazimbi. Bomme Itsoseng is a Setswana phrase which means "Women rise and do it for yourselves". This annual event aims to empower, motivate, provide information and to understand the needs of women in mining communities. The event also enables the municipality and local businesses to identify and implement development programmes which are aligned with the needs of the community.

Kumba believes that there is a lot more that can be achieved if women are empowered to make decisions and raise their voices in community development interventions. Through this initiative, Kumba believes that empowering women will truly empower families, children, future generations and the nation at large. The Mayor of Thabazimbi, councillors and senior government representatives attended the workshop sessions and listened attentively to the needs and priorities identified by ordinary women of the community. The topics of discussion included housing, education and skills development, social support, healthcare, security, economic empowerment opportunities and basic services.

Local development organisations and businesses also exhibited their services and shared information with the community. Thabazimbi Mine's Itireleng Community Skills Development Centre was also present to show-off some of the skills its attendants acquired at the centre.

A key project aligned with the Bomme Itsoseng initiative in Kuruman is the implementation of a renewable energy project using zinc fuel cells. This project started in 2009 in two rural villages identified by the JTG District Council. Ten community members were identified and are currently working and receiving training from the company implementing the technology. These community members will be responsible for running the service shop and future implementation of the technology in the area. The completion of the project is scheduled for 2010 and will enable 250 households to have access to renewable energy.

New Horizons entrepreneurial award

Launched in 2007, Grade 10 learners of schools in the Northern Cape were tasked to develop and submit business plans for evaluation by a committee with entrepreneurial expertise. Viable business plans were supported with start-up capital.

Selected entrepreneurs received training on financial skills, marketing skills and customer care. Of the initial 24 selected businesses, 11 survived, and three winning businesses were selected.

The young entrepreneurs gained substantial experience in business management while still busy with their schooling. They received business management training at no cost to them and were able to source start-up capital without surety.

The three winning businesses were selected by an independent panel against set criteria. The criteria included financial management, environmental impact and social investment.

Hencor Scrap Metals from Hartswater, belonging to two boys from Hartswater High School, walked away with the first prize of R80 000. They buy and sell scrap metal. In second place was Future Creations from Springbok, a sandblasting business initiated by a young girl from St Anna Private School, who received R50 000 in prize money. The third prize of R30 000 was awarded to Smulhoekie from Loeriesfontein. This is a catering and bakery business run by three scholars from Loeriesfontein High School.

Dingleton

The resettlement of the Dingleton community is a key element in Kumba's Sishen West Expansion Project (SWEP).

The relocation will proceed only if the following criteria are satisfied:

- The overwhelming majority of Dingleton's residents support the relocation.
- All tiers of government approve the conditions for the resettlement.
- Kumba is satisfied that the resettlement is feasible.

If the resettlement goes ahead, then Kumba guarantees that the process will follow the letter and spirit of the International Finance Corporation's (IFC) Performance Standard 5: Land Acquisition and Involuntary Resettlement and the Anglo Social Way. The central tenet of the performance standard is that, where resettlement is unavoidable, the client will offer displaced persons and communities compensation for loss of assets at full replacement cost and other assistance to help them improve their livelihoods.

All prefeasibility planning that has taken place to date has followed the requirements of the standard. The prefeasibility work's intention is to establish the degree to which the residents of Dingleton would be prepared to resettle, the conditions under which resettlement would be feasible, and the associated costs.

The sensitivity of resettlement demands that the consultative aspect enjoys priority. The following milestones are thus relevant:

- A meeting held in January 2009 to obtain consent from the community to appoint a consultant.
- A meeting held in February 2009 to agree the need to establish a Resettlement Working Group (RWG).
- A meeting held in March 2009 to nominate representatives from Dingleton for election onto the working group. A total of 399 votes were counted from a community of 550 households and 92 dwelling units. The independent observers, ESIA, declared the process to be free and fair.
- Six RWG meetings held to date.
- A number of meetings held to inform residents what has been discussed at the working group meetings and which recommendations have been agreed to by the RWG. The most recent of these was held in September 2009.

640

HOUSEHOLDS

2,886

PEOPLE LIVING IN DINGLETON

98.8%

IN FAVOUR OF RELOCATION

The working group comprises the following members:

- Six from Dingleton (three men and three women).
- Four from the Gamagara Local Municipality including two ward councillors and the Technical Manager.
- Three from the Northern Cape Provincial Government.
- Two from Kumba.
- The appointed consultants acting in an advisory capacity.

The RWG is constituted as an advisory panel. As such its recommendations are not binding but these are recorded and become a matter of the public record.

In addition to the working group meetings a series of formal Joint Steering Committee meetings with provincial and local government took place. These meetings discussed progress and also ensured that relevant government departments were informed of developments.

A key component of the process revolves around the collection of data from households as part of the Baseline Census and Asset Survey. Households were interviewed and the fixed assets belonging to each household described and measured. As per the IFC standard, the following information was collected:

- Household demographic data.
- Household and secondary structures.
- Number of fruit trees within the site.
- Economic activities undertaken from the site.
- The incidences of disease or illness amongst household members in the last six months.
- Deaths and births in the past year.
- Household income and expenditure.
- Material possessions.
- Economic access, focusing on any economic disruption that may occur due to the project.
- Use of social infrastructure.

The majority of people support the move provided the replacement housing is the same standard as that lost and that the same facilities are available.

There is also suspicion of Kumba's true reason for initiating the resettlement. The belief amongst some residents is that Kumba wants to mine beneath Dingleton which provides sufficient reason for some to claim the right to royalties.

At the time of writing, Kumba's resettlement team is compiling the prefeasibility study report, updating the project charter and completing all documentation necessary for the project to move to the feasibility stage.

48%

FORMALLY EMPLOYED

6%

PENSIONERS

R6,500
per month

AVERAGE HOUSEHOLD INCOME

