



SOCIAL AND LABOUR PLAN
FOR
PALABORA MINING COMPANY LTD

MARCH 2009
&
2013-2017

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ABBREVIATIONS AND ACRONYMS

ABBREVIATION	DESCRIPTION
ABET:	Adult Basic Education and Training
BBBEE:	Broad Based Black Economic Empowerment
BEE:	Black Economic Empowerment
BLC:	Business Linkage Centre
BPLM:	Ba-Phalaborwa Local Municipality
BSETS	Baseline Socio-Economic Trends Study
CBOs:	Community Based Organisations
CEO:	Chief Executive Officer
CMR:	Conversion of Mining Right
CSR:	Corporate Social Responsibility
DME:	Department of Minerals and Energy
DoL:	Department of Labour
DTI:	Department of Trade and Industry
DWAF:	Department of Water Affairs and Forestry
EMEM:	Earth Moving Equipment Mechanic
FET:	Further Education and Training
FF:	Future Forum
GET:	General Education and Training
GMR:	Granting Mining Rights
HDSAs:	Historically Disadvantaged South Africans
HET:	Higher Education and Training
HLC:	Housing and Living Conditions
HRD:	Human Resources Development
HRDP:	Human Resources Development Programme
IDPs:	Integrated Development Plans
KNP:	Kruger National Park
LED:	Local Economic Development
LEDP:	Local Economic Development Programme
LRA:	Labour Relation Act
MDM:	Mopani District Municipality
MPRDA:	Mineral and Petroleum Resources Development Act
MQA:	Mining Qualifications Authority

ABBREVIATION	DESCRIPTION
NGOs:	Non-Governmental Organisations
NQF:	National Qualifications Framework
PDPs:	Personal Development Plans
PMIC:	Phalaborwa Mining and Industrial Complex
PPP:	Public Private Partnership
RDP:	Reconstruction and Development Programme
RTS:	Rio Tinto Standards
SABS:	South African Bureau of Standards
SAQA:	South African Qualifications Authority
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education and Training Authority
SHEQ:	Safety, Health, Environment, Quality
SLP:	Social and Labour Plan
SMMEs:	Small, Medium and Micro Enterprises
UIF:	Unemployment Insurance Fund
VCT:	Voluntary Counselling and Testing
WIM:	Women in Mining
WSP:	Workplace Skills Plan

DEFINITIONS:

TERM	MEANING
Palabora Mining Company (Palabora)	Refers to the copper and vermiculite mines and plants and the copper smelter
Palabora Foundation	Refers to the institution established in 1986 as expansion of Palabora's social responsibility commitment
Mining Charter	Refers to the Broad Based Socio-Economic Empowerment Charter for the SA Mining Industry
Permanent employee	Refers to people employed by Palabora on a permanent basis
The Mine, or the Company	Refers to Palabora Mining Company

SECTION 1

PREAMBLE:

Introduction to and background information on the operation

Regulation 46 (a)

1 INTRODUCTION TO AND BACKGROUND INFORMATION ON THE OPERATION

Regulation 46 (a)

Special Note:

The year 2002 saw the end of an era with mining in the form of the open pit coming to an end at precisely 14:45 on Thursday, 25 April 2002. The detonator to ignite 64 000 kg of explosives 166 000 tonnes of ore was activated at bench 60 in the Palabora open pit. It signified the end of an era and the transition from a large open cast mine to a much smaller underground mine. It is important to note that during the period 2004 – 2006, the Company was in a major financial loss situation, where the ongoing sustainability of Palabora was threatened. During this time, Palabora almost closed down its operations. Subsequently, during 2004 – 2006, Palabora focused all its resources and efforts on preserving the sustainability of the Company and avoiding retrenchments, downscaling and closure. Therefore, Palabora did not focus on addressing the SLP and employment equity requirements of the MPRDA and Mining Charter during this period. The Company achieved a stable level of sustainability in 2006 and has entered into a profit situation again. Presently, the core focus of the Company is on complying in full with the requirements of the MPRDA, the Mining Charter and implementing an effective SLP. However, it must be noted that the Palabora situation has resulted in a time lag to get the various SLP programmes in place. This may result in Palabora taking longer to achieve certain targets and requirements, than a profitable mining company that has not experienced financial difficulties. The Company's sustainability challenges are supported by Palabora's audited financial statements, which can be made available upon special request by the Department of Minerals and Energy.

BEE Transaction:

Palabora, is currently involved in the execution of a BEE transaction. The Transaction will entail selling all the copper and vermiculite assets (including the magnetite assets), as a going concern at fair market value, from Palabora to a shelf company, Newco, on an interest bearing intercompany loan account (the loan to Newco will be from a new group company, Fundco). As Newco will then be fully geared, it will be able to issue shares to BEE participants at a nominal value – enabling the BEE parties to become shareholders in an unencumbered manner and for PMC to have a sustainable shareholder structure in place that will create real value in the hands of the BEE participants. PMC is a South African registered company that is listed on the JSE Limited ("JSE"). PMC will become the holding company of the wholly owned Fundco and majority owned Newco in the restructured group. Palabora will retain ownership of the foreign based subsidiaries, the non-mining South African subsidiaries and the magnetite assets (which can be ignored for the rest of the discussion). Newco is a private company and incorporated in South Africa. It will be a subsidiary of PMC with BEE parties becoming the minority shareholders. Newco will house the copper and vermiculite Rights and all copper and vermiculite mining operations in the restructured group.

This document should be read in conjunction with the BEE overview submitted with the mining rights conversion lodgement.

In 1986, Palabora established the Palabora Foundation as its corporate social investment arm to promote and support the holistic development of disadvantaged people and communities. The Palabora Foundation's projects aim to develop the communities they serve to the point where ownership of projects can be progressively transferred to them, once sustainability through community capacity has been established. The Palabora Foundation works closely with the National, Provincial and Local government. Although the Palabora Foundation is a registered Trust, it is a division within Palabora similar to the Underground, Concentrator, Copper Processing, Finance, Human Resources and SHEQ, divisions focusing on implementing Palabora's corporate social responsibility strategy.

1.1 Name of the company

Palabora Mining Company Limited

1.2 Name of mine

Palabora Mine (Palabora)

1.3 Name of Core contractors

The following provides a breakdown of the Core contractors of Palabora Mining Company and their employees:

Core contractors:

Barloworld Equipment; C Mills Insulators/Rails; Gears Technologies; L.A. Crushers (Pty) Ltd; Mabunda Blasting CC; Sandvik Mining and Construction RSA (Pty) Ltd; Thaba Nchu Mining & Construction (11) Pty Ltd; Lesedi Drilling

Secondary contractors:

BP South Africa; Lebone Mining (Cleaning); Letsatsi Partners; Long Island; Madan Engineering; Mega Bus; North Safety Products; Palasnick; Phalaborwa Auto Spares; Phalaborwa Recycling; Potshot; Sud-Chemie; Support Services; Unicon Trojan; Vuk'uzenzele Security; Waltsuz; Weir Minerals

1.4 Physical address

1 Copper Road

Phalaborwa

1389

1.5 Postal Address

P O Box 65

Phalaborwa

1390

1.6 Telephone number

(015) 780 2911

1.7 Fax number

(015) 780 0448

1.8 Location of the mine

Palabora is situated approximately 5 km south of the town of Phalaborwa in the Phalaborwa Mining and Industrial Complex (PMIC), which comprises Palabora, Foskor and Sasol Nitro (previously known as Fedmis). Foskor, a phosphate rock mining company, is situated immediately to the west of Palabora and the Kruger National Park (KNP) to the east. Sasol Nitro is located to the west of Foskor. To the east and south of the mine is the Cleveland Game Reserve, which belongs to Palabora and is located between the mining activities and the KNP, with an interchange of wildlife between the two areas.

The Palabora Mining Company is located in the Ba-Phalaborwa Local Municipality (BPLM) which is situated in the Limpopo Province in the North-Eastern part of South Africa. It covers an area of 300,488 km² and forms part of the Mopani District Municipality (MDM).

Refer to the **Figures 1 and 2** for a regional setting of the Palabora operation.

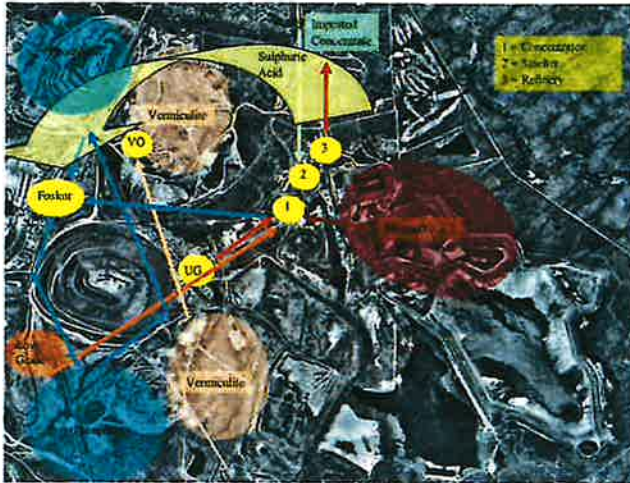


Figure 2: Location of Palabora Mine

1.9 Commodity

Palabora extracts and beneficiates copper and vermiculite, and produces other by-products such as magnetite, nickel sulphate, anode slimes and sulphuric acid as well.

Palabora is South Africa's only producer of refined copper. Copper is sold as rod or cathode and 92% of the copper is sold locally. Only 8% is exported. The following chart provides a breakdown of the industries supplied with copper rod and cathode:

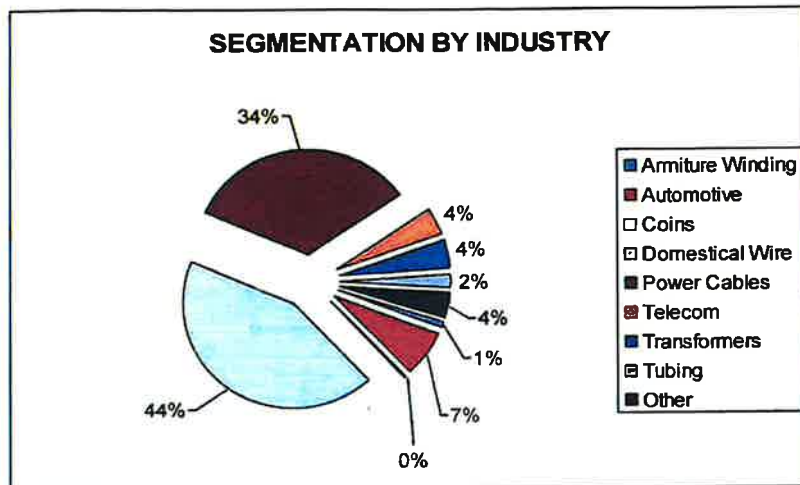


Figure 3: Segmentation of copper rod and cathode provision per industry

Copper wire rod and cathode production satisfy most of the South African demand, whilst the by-product magnetite fines is used as a heavy medium in most South African coal washeries. Two stockpiles of by-product magnetite were formed from 1966 to 2000, containing 241 million tonnes of magnetite pre-concentrate at 56 % iron grade. The material is unmarketable, without further upgrading, even in the current market, due to a low iron grade and undesirable diluents, which are easily removed by low-cost magnetic separation. However, Palabora supplies the magnetite from current arisings to the local coal washing industry, and to the iron and steel industry in China.

Palabora also produces Vermiculite. Vermiculite is the geological name given to a group of hydrated laminar minerals, which are aluminium-iron magnesium silicates and have the appearance of mica in its natural state. Vermiculite is used in a wide variety of applications, for example as a growth medium for plants, as an absorbent to contain hazardous spills, to replace asbestos in fireboards and to make asbestos free brake shoes. Vermiculite is chemically inert and, because of its nature, provides a safe alternative to a number of more hazardous materials commonly used in industry. At current consumption, the Palabora Phosphate and Vermiculite (PP&V) pit. Vermiculite Operations Dump, Vermiculite Operations Dump Tailings and Copper Vermiculite pits combined has proven vermiculite ore reserves for until year 2021, Copper until 2023, and magnetite until 2039. Palabora has recently developed a vermiculite mining model for the PP&V ore body, which can be utilised for comprehensive short and long term planning.

1.10 Life of the mine

The expected life of the mine is 15 years (from 2009) for copper, 13 years for vermiculite, and 30 years for magnetite, based on the current scale of operations, production rates, costs and product prices.

1.11 Breakdown of employees and labour sending areas

The total number of employment positions (permanent, contractors and casual) at Palabora is 4 299. There are three groups of employees at Palabora engaged in the primary act of mining as at December 2008:

Palabora permanent employees:	2 238 employees
Palabora casual employees:	944 employees
Palabora core contractor employees:	1 117 employees

The following definition was applied in the identification of Core contractors that require full integration into the SLP:

"Core contractors represent all those contractors at a given mine, in terms of the Section 1 and Section 101 definitions in the Mineral and Petroleum Resources Development Act (MPRDA), which are involved in the core mining business and beneficiation of the mine, e.g. the Plant, the Mining, Tailings Disposal and Management. This definition of Core contractors can be further expanded to include those contractors that supply a significant portion of labour to the mine in positions that substitute the use of permanent employees, but whose core functions are of no less value and no less permanent than that of a permanent employee, and where that employee would suffer substantial negative impacts to his/her income were the mine to close at that point in time."

The following is a breakdown of employees, per Core contractor:

Barlows Equipment:	77
C Mills Insulators:	220
L A Crushers:	335
Mabunda Blasting:	13
Sandvik Tamrock:	65
Gears Technologies:	313
Thaba Nchu Mining:	78
Lesedi Drilling	16

The following is a breakdown of employees, per secondary contractor:

BP South Africa:	8
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Lebone Mining (Cleaning):	138
Letsatsi Partners:	11
Long Island:	7
Madan Engineering:	2
Mega Bus:	40
North Safety Products:	4
Palasnack:	9
Phalaborwa Auto Spares:	1
Phalaborwa Recycling:	15
Potshot:	5
Sud-Chemie:	2
Support Services:	1
Unicon Trojan:	15
Vuk'uzenzele Security:	73
Waltusz:	9
Weir Minerals:	3


Note that the possibility exists that Palabora may change its choice of Core contractors in future. However, the total number of employment opportunities (permanent and contractor positions) at Palabora will always remain more or less the same.

The breakdown of Palabora's employees per labour sending area is provided in **Table 1**. The full breakdown of labour sending areas for Core contractors will be integrated into the Palabora SLP by the next reporting cycle.

Table 1: Palabora employees per labour sending area

Province	Local Municipality	Towns	Number	%
Limpopo	Ba - Phalaborwa	Namakgale	895	40.0
		Phalaborwa	756	33.8
		Lulekani	233	10.4
		Ga - Makhushane	80	3.6
		Mashishimale	39	1.7
		Benfarm	27	1.2
		Majeje	12	0.5
		Maseke	5	0.2
		Patamedi	3	0.1

Province	Local Municipality	Towns	Number	%
		Ga-Selwana	1	0.0
		Gravelotte	2	0.1
		Phatamashako	2	0.1
	Greater Tubatse	Steelpoort	1	0.0
		Makwareng	1	0.0
		Driekop	1	0.0
		Mokobola	1	0.0
		Burgersfort	3	0.1
		Ga-Makofane	1	0.0
	Greater Giyani	Giyani	4	0.2
	Polokwane	Seshego	1	0.0
		Ga-Mametja	1	0.0
	Greater Tzaneen	Lenyenye	2	0.1
		Ditlou Machidi	1	0.0
		Coblentz	1	0.0
		Lephepane	1	0.0
		Tzaneen	10	0.4
		Ga-Kgapane	1	0.0
	Greater Letaba	Letsitele	1	0.0
		Letaba	3	0.1
	Thohoyandou-Malamulele	Malamulele	1	0.0
		Thohoyandou	1	0.0
	Maruleng	Hoedspruit	1	0.0
Mpumalanga	Bushbuckridge	Acomhoek	5	0.2
		Hluvkani	1	0.0
		Saselani	1	0.0
		Bushbuckridge	4	0.2
	Msukalinqwa	Bethal NU	1	0.0
	Mbombela	Hazyview	1	0.0
Gauteng	Ekurhuleni	Daveyton	1	0.0
North-West	Rustenburg	Bapoi	1	0.0
	Mafikeng	Tlapeng	7	0.3
Unknown			124	5.5
Total			2 238	100

 Denotes the major labour sending area requiring Palabora's involvement in terms of LED and integration with the IDP of that area.

1.12 Background

1.12.1 Company

Palabora was registered in 1956 and is listed on the JSE Limited Exchange. Rio Tinto holds 57.7% of Palabora's shares, Anglo American holds 16.7%, and the remainder is held by public shareholders. Rio Tinto is listed on the London, Australian and USA stock exchanges. As part of the Rio Tinto Group, it is Palabora's primary aim to achieve excellence in all aspects of its activities, and to develop its resources and assets in a socially and environmentally responsible way for the maximum benefit of its shareholders, employees, customers and the community in which it operates. It is Palabora's firm belief that efficient and profitable operations go hand-in-hand with high quality products and comprehensive and effective safety, health and environmental protection programmes.

Palabora mines and beneficiates copper and vermiculite from its mines in the Limpopo Province and is the only producer of refined copper in the country. During the 1960s, 1970s and 1980s, the company's open-pit copper mine and associated processing plants produced over 2.7 million tonnes of copper. The mine hoists approximately 33 000 tonnes of ore daily, and currently has ore reserves in the region of 100 million tonnes with an option of a further 120 million tonnes should a mine extension be feasible.

1.12.2 Mining Programme

Palabora's copper operations consists of an underground mine, a concentrator, a copper smelter with anode casting facilities and an associated acid plant, an electrolytic refinery tank house, a rod casting plant and by-product recovery plants.

Open pit mining of the copper ore body ceased in April 2002. This was followed by a ramp scavenging operation (removal of ore material from the haulage roads in the pit), which continued for a further 18 months to assist the underground operation, which was still building up its production capacity. In December 2003, all copper open pit operations ceased. Associated with the closing of the copper open pit mining operation, the demolition and rehabilitation of the Uranium, Baddeleyite and Zirconium Sulphate Tetrahydrate (ZST) processing plants took place in August 2002. The existing main copper tailings dam has a projected remaining active life until approximately 2016.

The vermiculite operation comprises of an open-pit mining operation and recovery plant.

The marketing of vermiculite is conducted by subsidiaries in the United States of America, the United Kingdom and Singapore.

1.12.3 Company loss situation in 2004 – 2006

The transition from the open pit to an underground mine was difficult. The main challenge for Palabora during 2003 to 2005 was increasing the level of production from the underground operation. Other challenges included establishing an understanding of the operating cost base,

improving concentrator and smelter performance, ensuring sufficient concentrate was available to maintain efficient smelter operation, maintaining the excellent safety record established in the past, and returning the Company to profitability. In 2004, average underground production was 23 500 tonnes per day way short of the required design capacity of 30 000 tonnes per day. The Company incurred a pre-tax loss of R2 521 million for the year ended 31 December 2004 compared with R83 million for 2003. The net debt increased from R1 820 million in 2003 to R2 158 million in 2004. The Company was faced with cash flow constraints due to lower than planned production.

To meet these challenges required major changes in the business model. A restructuring process was therefore undertaken which led to major changes in the senior management team and the reduction in the workforce. The labour complement was reduced from 1 893 to 1 729. A reduction of 136 employees was due to retrenchment while the balance resulted from natural attrition. An experienced technical and financial management team was put in place. This was done to bring technical and financial experience into the company. Nevertheless, the labour relations climate in 2004 was smooth and amicable.

In 2005, the underground production increased by 17% from 23 500 tonnes to 27 500 tonnes per day. A pre-tax profit of R275 million was achieved in 2005, albeit a net loss of R93 million which was incurred. The cash flow position also improved in 2005. On 21 September 2005, the Company concluded its debt restructuring program. Existing debt was replaced by a senior project loan of R1 280 million from South African and international banks (facilities agreement), and certain shareholder debt was subordinated. The resultant debt profile for the Company was re-established on a more sustainable repayment basis. The senior loan was 50% in South African Rand and 50% in US Dollars over a term of eight years. A condition precedent to the signing of the facilities agreement was to enter into a Rand denominated copper hedging programme. The Company hedged the first 62.5% of its planned copper sales from underground production between October 2005 and September 2008, and the first 30% of planned sales between October 2008 and September 2013.

1.12.4 The Turn-around

In 2006, Palabora returned to profitability again with the underground production increasing by 10% from 27 500 tonnes in 2005 to 30 193 tonnes per day. The boom in the natural resource industry in 2006 created both opportunities and challenges for Palabora. On the 31st of December 2006, the Company showed a profit of R467 million, compared to a loss of R93 million the previous year. Total borrowings reduced from R2, 4 billion to R1, 6 billion. However, the mark-to-market loss on the hedge book increased by R1,6 billion from R820 million on 31 December 2005 to R2,4 billion on 31 December 2006.

In 2007, the boom in the natural resources industry continued. Profit for the year ending 31 December 2007 was R1, 8 billion. Total borrowings reduced from R1, 6 billion to R407 million. However, the mark-to-market loss on the hedge book increased by R1, 5 billion to R3, 6 billion.

As the Palabora Chairman stated in the 2007 Annual Report, Palabora is a vastly different organization from what it was in 2004. However, the spirit of togetherness, commitment, and dedication that have become their hallmarks over the last four years, remain unchanged.

The global economic downturn has affected the mining industry as it has many other industries. Prices of commodities produced by Palabora experienced significant declines in the last quarter of 2008. Palabora's plan for 2009 is built around the strategy of reducing operating costs, reducing capital spend without sacrificing the quality of the asset and focusing squarely on producing our primary products of copper, vermiculite and magnetite. Palabora does not envisage downscaling and retrenching employees at this stage. The global economic situation has not negatively impacted on Palabora's ability to meet its SLP commitments at this stage. Palabora has benefited from increased Palabora demand for magnetite over the past year.

1.13 Baseline Socio-Economic Trends Survey (BSETS)

In order to effectively compile and implement the Palabora SLP, relevant and up-to-date socio-economic information on the characteristics of employees, including their dependents, and affected communities, was gathered. The Baseline Socio-Economic Trends Survey (BSETS) was undertaken from **15 September to 26 September 2008**.

The purpose of the BSETS was to:

1. determine the background socio-economic details and dynamics of the Palabora workforce;
2. determine the socio-economic characteristics of the environments surrounding the mine, and primary labour sending areas; and
3. establish an accurate baseline to assist in the implementation of the SLP.

The BSETS primarily consisted of:

1. One-on-one socio-economic questionnaire interviews with a representative sample of employees (permanent and Core contractor) at the operation, which formed part of a broad socio-economic survey of Palabora's internal environment (mine),
2. An analysis of LED strategies, plans and initiatives in the Limpopo Province, Mopani District Municipality (MDM) and Ba-Phalaborwa Local Municipality (BPLM), and
3. A detailed consultation process with stakeholders from Palabora, Phalaborwa, BPLM and MDM.

The bulk of the information was gathered by means of a questionnaire survey with employees at Palabora and a regional socio-economic analysis of the communities affected by the mine.

The questionnaire covered the following aspects:

- Demographic background information of employees;
- Socio-economic background information;
- Skills training and experience;
- Employee household details;
- Housing and accommodation;
- Perceptions and concerns;

- External socio-economic environment;
- Surrounding and labour sending communities; and
- LED activities and the IDPs.

The survey data were captured into a customised electronic database, which was set up in a user friendly manner so that the personal and socio-economic information could be easily accessed for further assessments, project implementation, skills training, LED initiatives, etc.

Palabora has assessed and analysed the findings of the BSETS and developed detailed action plans and projects for its SLP. The results of the BSETS will be made available to the Department of Minerals and Energy (DME) and to the BPLM and MDM for integration into their IDPs.

The data from the BSETS have been used to inform each section of the SLP and the formulation of detailed action plans for its implementation, i.e. the findings from the BSETS have informed the implementation of the Palabora SLP. The BSETS is described further in the following sections of this report. The **BSETS report** is contained in **Appendix 1.2**.

Palabora will undertake a baseline socio-economic survey on the communities surrounding the operation in April 2009. The findings of that survey will also be analysed and integrated into Palabora's SLP and the CSR programme.

A detailed consultation process was undertaken for the compilation of the SLP, as indicated in **Table 3** below. The **minutes** of some of these meetings are contained in **Appendix 1.3**. Note that a detailed **Gap-Analysis** was also undertaken to identify the major compliance gaps for Palabora in terms of the MPRDA, Mining Charter and areas where information is greatly lacking (refer to **Table 2**).

Table 2: Summary of the consultation process for compiling the SLP

Date	Process	Purpose
04 February to August 2008	Strategic capacity building and workshops with management	Building an understanding of the SLP, facilitating ownership and completion of the SLP.
August 2008 to present	Consultation with the BPLM	Consultation with the BPLM on the LED projects for PMC. Alignment with the IDP and priorities of BPLM.
13 November 2008 to present	Consultation with Union	Consultation with NUM and solidarity to obtain their buy-in and ownership of the SLP. To discuss and identify solutions to most efficiently implementing the SLP

September 2008 to present	Consultation with contractors	To build capacity with core contractors in the SLP. To integrate core contractors into the SLP.
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1.14 Financial year-end

31 December

1.15 Primary SLP Focus areas

The SLP action plans are applicable to the permanent employees and core contractor employees of Palabora. The primary focus areas of the SLP are:

- Increasing literacy / numeracy,
- Implementing career development,
- Providing skills development opportunities,
- Mentoring Historical Disadvantaged South Africans (HDSAs) and empowerment groups,
- Providing study grants, bursaries, scholarships, learnerships to employees and the community,
- Increasing HDSA participation in management,
- Increasing women's participation in mining,
- Fostering enterprise development,
- Alignment with the IDPs of BPLM and MDM,
- Implementing local economic development projects, which focus on basic services & infrastructure, poverty eradication and welfare creation,
- Improving housing and living conditions of employees,
- Providing access to adequate basic services and housing,
- Providing access to primary health care,
- Ensuring healthy nutrition,
- Increasing the participation of HDSAs and communities in procurement opportunities,
- Continuing HIV/AIDS awareness programmes and Voluntarily Counselling and Testing (VCT),
- Transforming Palabora in line with the Mining Charter,
- Maintaining and establishing training centres,
- Initiating a Future Forum (FF) with management and employees,

- Committing adequate funds for the SLP initiatives,
- Putting systems and performance indicators in place,
- Implementing and reporting on the progress of SLP initiatives,
- Measuring the sustainability and effectiveness of the SLP on employees and communities,
- Engaging with stakeholders, and
- Integrating Core contractors.

1.16 Structure of the SLP

Note: This SLP document is supported by “*Supporting Plans*”, which represent “*Working Documents*” to enable the practical implementation of the SLP and progress-reporting on a continuous basis. Refer to Section 1.15.

The Palabora SLP forms the over-arching framework for the Human Resources Development Programme (HRDP), and Local Economic Development Programme (LEDP) activities at Palabora. Contracting companies involved in core mining activities at Palabora will be required to conduct their activities within the ambit of the Palabora SLP. **In its current format, this SLP contains baseline data and targets relevant to the permanent employees only.** However, action plans are indicated for the comprehensive integration of Core contractors into the Palabora SLP by certain dates.

In order to facilitate the appropriate management and execution of plans, a set of “Supporting Working Plans”, also referred to as “Sub-Plans”, have been compiled for Palabora. These plans contain the policies, procedures and action plans relevant to each functional area of the SLP.

The relevant SLP Supporting Working Plans are as follows:

- Supporting Human Resources Development Programme Working Plans (**Appendix 2**)
- Human Resources Development Programme Policy (*Appendix 2.1*)
- Skills Development Sub-Plan (*Appendix 2.2*)
- Career Progression Sub-Plan (*Appendix 2.3*)
- Mentorship and Coaching Sub-Plan (*Appendix 2.4*)
- Internship and Bursary Sub-Plan (*Appendix 2.5*)
- Employment Equity Sub-Plan (*Appendix 2.6*)
- Supporting Local Economic Development Working Plan (**Appendix 3**)
- Local Economic Development Sub-Plan (*Appendix 3.1*)
- Housing and Living Conditions Sub-Plan (*Appendix 3.2*)
- Procurement Sub-Plan (*Appendix 3.3*)
- Supporting Downscaling and Retrenchment Working Plan (**Appendix 4**).

These sub-plans have been put in place to comply with the requirements of the Mining Charter and to facilitate the implementation of the Palabora SLP. The Palabora sub-plans have been designed as *working documents* to implement the Palabora SLP, which will constantly change to reflect progress in implementing the SLP. Palabora, together with its Core contractors, will work within the framework of these documents on a daily basis to successfully implement the Palabora SLP. Therefore, where presently there may appear to be information lacking, these will be addressed according to the action plans and timeframes described in the SLP.

As the SLP cannot be amended, without special consent by the minister of the DME, the sub-plans have been designed specifically for implementation purposes of the Palabora SLP, and will be used for reporting purposes. The sub-plans will be updated on an ongoing basis and submitted to the DME at the end of each reporting cycle to reflect progress in the implementation of the SLP.

The Sub-Plans are attached in **Appendices 2, 3 and 4**. As Palabora is the Mining Right holder, the mine is responsible in terms of the Section 1 and Section 101 of the definitions of the MPRDA, for ensuring the compliance of Core contractors within the Palabora SLP.

In order to ensure that Core contractors comply with the requirements of the MPRDA, Palabora has undertaken an intensive consultation process with Core contractors. Palabora has assisted Core contractors with the establishment of HR systems that will make it possible for these companies to implement and monitor programmes related to the SLP. Unfortunately, not all systems and mechanisms are in place as yet, and certain gaps appear in this SLP in terms of baseline data and targets, related to Core contractors. Palabora will continue to assist Core contractors in the establishment of the necessary systems, and all gaps will be filled by the next reporting cycle.

As such, the Palabora sub-plans have been set up as management plans containing:

- Targets and action plans for the mine overall, including permanent and Core contractor employees, i.e. which can also be referred to as the "total compliance picture for Palabora as a whole",
- Individual targets and action plans for the Palabora employees, and
- Individual targets for the Core contractors' employees.
- It is important to note the following with regard to Core contractor information:
- As a Core contractor employee is viewed in the same light as a permanent employee in terms of the Palabora SLP, action-plans and targets have been established for these employee groupings,
- Where available, the Core contractors' data and target tables have been integrated and aligned with the Palabora SLP, and
- The information relevant to Core contractors contains the sub-targets and sub-functional areas of the SLP relevant to the Core contractors' employees.

Figure 4 provides an illustration of the Palabora SLP and the relevant employee groupings for which sub-targets and sub-functional areas have been formulated.

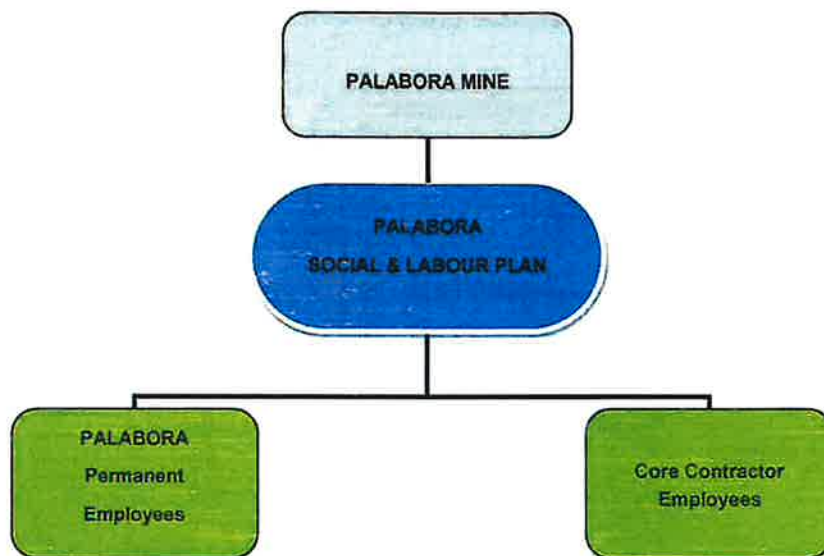


Figure 4: Structure of the Palabora SLP

Table 3 contains an action plan for the continuous updating of the above-mentioned and attached sub-plans, the integration of Core contractors into the Palabora SLP and the establishment of overall targets.

Table 3: Action plan for updating the SLP sub-plans and integration of Core contractors

ACTION	DELIVERABLES	TARGET DATE
Integration of Core contractors with the Palabora SLP.	Inclusion of available baseline data, targets and action plans of Core contractors in the Palabora SLP and supporting plans.	February 2009
Review, comment and agreement on the SLP Policy and Procedure between Palabora and Core contractors.	A signed SLP Policy and Procedure between Core contractors and Palabora.	March 2009
Development of a draft policy and procedures on the role of Core contractors at Palabora and their integration into the SLP, with a view to long term development of employees.	Draft SLP Policy and Procedure for Core contractors.	March 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Establishment of mechanisms to ensure Core contractor compliance in terms of SLP implementation.	Mechanisms to monitor Core contractors' compliance with Palabora SLP.	April 2009
Regular review and monitoring of implementation of SLP.	Review and monitoring.	Ongoing
Updating the supporting working plans with total figures for the mine, including Core contractors and permanent employees.	Update SLP supporting working plans with Core contractor figures and total figures for the mine.	December 2009

SECTION 2

HUMAN RESOURCES DEVELOPMENT PROGRAMME

Regulation 46 (b)

2 HUMAN RESOURCES DEVELOPMENT PROGRAMME (HRDP)

Regulation 46 (b)

The following sections contain the strategic activities, which form the basis for the Palabora HRDP.

2.1 Background and Approach

Appendix 2.1: HRDP Policy

2.1.1 Background

The Mining Charter requires mines to formulate and implement an HRDP to enable transformation and the empowerment of the workforce to progress to higher levels in the organisation, and to exploit alternative income opportunities outside the organisation. In order to achieve compliance with the Mining Charter, Palabora is already implementing a strategy that focuses on the following outcomes:

- The achievement of technical skills by miners and artisans through learnerships (Apprenticeships),
- The development of the technical skills of miners and technicians by providing employees with access to experiential learning opportunities to University of Technology Diploma's (Sponsorships),
- The continuous improvement of skills (for Palabora and portable) of the workforce through skills programmes that add to the repertoire of skills of team members, and reward them for additional skills employed (Skills Training),
- The development of graduate Mining, Geology and Engineering skills through a University Bursary Scheme (Bursaries) in line with the needs of the company,
- The development of professional Mining, Geology and Engineering skills through a graduate Engineer-In-Training programme for community members and potential students who qualify for such a programme (Internships),
- The achievement of management excellence through the use of the Management Development Programme, Leadership Training Programme, personal development and mentorship initiatives, and through talent management initiatives (Mentoring and career progression),
- The implementation of a recruitment initiative where preference will be given to local labour, where fixed-term employees from the local community showing potential will be used as a talent pool for future promotion into permanent employment at Palabora.

Palabora has fully complied with the requirements of the Skills Development Act (No 97 of 1998) since its inception, and have submitted skills development plans and annual training reports to the Mining Qualifications Authority (MQA). Collaboration with external organisational and skills development bodies has continued, with Palabora showing significant growth and success in terms of national and mining sector skills development objectives.

Progress in terms of participation and alignment is summarised below:

- Continued alignment of business skills need with unit standards, in terms of job skills sets.
- Continued participation in industry skills development bodies.
- Have achieved full accreditation status from the MQA.
- Application for registration as further education and training institution made to the Department of Education (DoE) and to the Training and Education Quality Assuror (Umalusi) in terms of legislated requirements.
- Participated in MQA apprentice training scheme.
- Continued participation in Technical Reference Groups for the establishment of industry learning standards, qualifications and learning materials.
- Establishment of a fully equipped and registered ABET learning area, managed by a qualified and registered ABET practitioner.

Employees are also able to attend ABET Levels 1 – 4 programmes offered at the Palabora Foundation training centres in the Namakgale and Lulekani communities. Offering ABET programmes in two of Palabora's three major labour sending areas, to provide workers with the opportunity to increase their literacy levels in their own time and close to their place of residence.

2.1.2 Approach

The integrated HRDP will seek to maximise the productive potential of people employed at, or contracted to Palabora, through the implementation of the following supporting plans:

- A skills development plan,
- A mentorship and coaching plan,
- An internship and bursary plan,
- A career progression plan, and
- An Employment Equity plan.

It is important to note that, although these sections are dealt with as separate entities in this SLP, in reality they appear in a much more integrated manner. Within the mentorship programme, for instance, individual employees are coached and given advice regarding career planning.

The following section is supported by *Supporting HRDP Working Plans (sub-plans)* in **Appendix 2**. These sub-plans represent the working documents for Palabora (permanent and Core contractors' employees) and will be updated on an annual basis to reflect changes in the workforce and progress in implementing the SLP activities.

A HRDP policy has been compiled and is attached in **Appendix 2.1**. The HRDP for 2009 – 2013 focuses on providing employees with adequate opportunities for ABET, skills development, progression at Palabora and the transformation of Palabora in line with the Mining Charter requirements and portable skills development focussing on skills outside the mining sector. Palabora established an integrated HRDP coordination system, which is also aligned with the Rio Tinto system. This system facilitates the integrated implementation and monitoring of all related programmes, including talent management, leadership skills training and the talent pool. During 2013, the success of the HRDP will be assessed and a new five (5) year HRDP will be established. This will take place every five (5) years thereafter.

The HRDP for Palabora has been guided by results contained in the BSETS and the consultation process described in Section 1.13. The following strategic actions in **Table 4** will be implemented by Palabora with regard to implementing the HRDP.

Table 4: Action plan for implementing the HRDP

ACTION	DELIVERABLES	TARGET DATE
Completion of the BSETS.	Compilation of a BSETS report.	February 2009
Integration of Core contractors.	According to Table 3.	According to Table 3
Implementation of HRDP initiatives by Palabora champions.	Regular reporting on progress in implementing HRDP initiatives.	Ongoing
Ongoing monitoring, progress and reporting on the implementation of the HRDP.	Monthly reporting.	Ongoing
Compile a new action plan of key SLP activities for 2010.	New SLP action plan for 2010.	December 2009

2.2 Skills Development Plan

Regulation 46 (b) (i)

Appendix 2.2: Skills Development Sub-Plan

2.2.1 Introduction

Palabora is implementing a Skills Development Plan that focuses on equipping employees with skills to enhance their progression in the mining industry and their development in respect of other sectors in the economy. The latter (portable skills training) will increasingly form the focus of Palabora's skills programme towards the end of life of Mine. Refer to the **Skills Development Sub-Plan** for Palabora in **Appendix 2.2** of the *Supporting Human Resources Development Programme Working Plan*. This Skills Development Sub-Plan will be used to inform the process of setting up and implementing detailed initiatives.

The objectives for skills development at Palabora are:

- To improve the quality of life of employees,
- To improve the prospects of work and labour mobility,
- To improve productivity and the competitiveness of the employee,
- To provide opportunities for self-employment,
- To improve the levels of investment in education and training,
- To encourage the use of the workplace as an active learning environment,
- To allow new entrants into the labour market to gain relevant work experience, and
- To improve the employment prospects of HDSAs through education and training.

The Palabora Skills Development Plan links with skills development legislation, and includes the regular submitting of a Workplace Skills Plan (WSP) and annual training reports. This includes the paying and claiming of levies and grants with the relevant Sector Education and Training Authority (SETA) with which the operation is registered, i.e. the Mining Qualifications Authority (MQA). Palabora continues to be represented at the Mines Systems Caucus at the Chamber of Mines. Additionally, the company plays an active role in all of the Standard Generating Bodies relevant to their operations, which are groups of technical experts developing industry specific standards. Palabora representatives have contributed to the writing of unit standards and the design and development of qualifications in the industry.

2.2.2 Baseline Situation

The current employment structure and positions of Palabora are indicated in the **Organogram** in **Figure 5**. Organograms for the Core contractors have been included in the Skills Development Supporting Plan (Appendix 2.2). **Table 5** provides a summary of occupational

categories relevant to these positions, including the current number of people per category by race and gender. **Table 6** provides a summary of the numbers of employees and categories by Paterson band level per gender and race.

NOTE: Not all Core contractors' baseline data have been included in this table, as reporting mechanisms are not in place as yet. Systems are being implemented and the data will be integrated during the next reporting cycle.

The following systems have been put in place by Palabora:

- Job profiles for each position,
- Training structures for each position, and
- Job matrices.
- The following components of the Skills Development Plan for Palabora are described in the ensuing sections:
 - Education and training, including ABET,
 - Learnerships (also known as apprenticeships),
 - Skills programmes,
 - Portable skills programmes, and
 - Hard-to-fill vacancies.

Palabora has been assisting Core contractors to establish their HR systems in order to comply with the Palabora SLP. Those contractors required to submit WSPs have been assisted with the design of these plans, while the smaller contractors were guided in the establishment of career development plans, which serves the same basic purpose as the WSP.

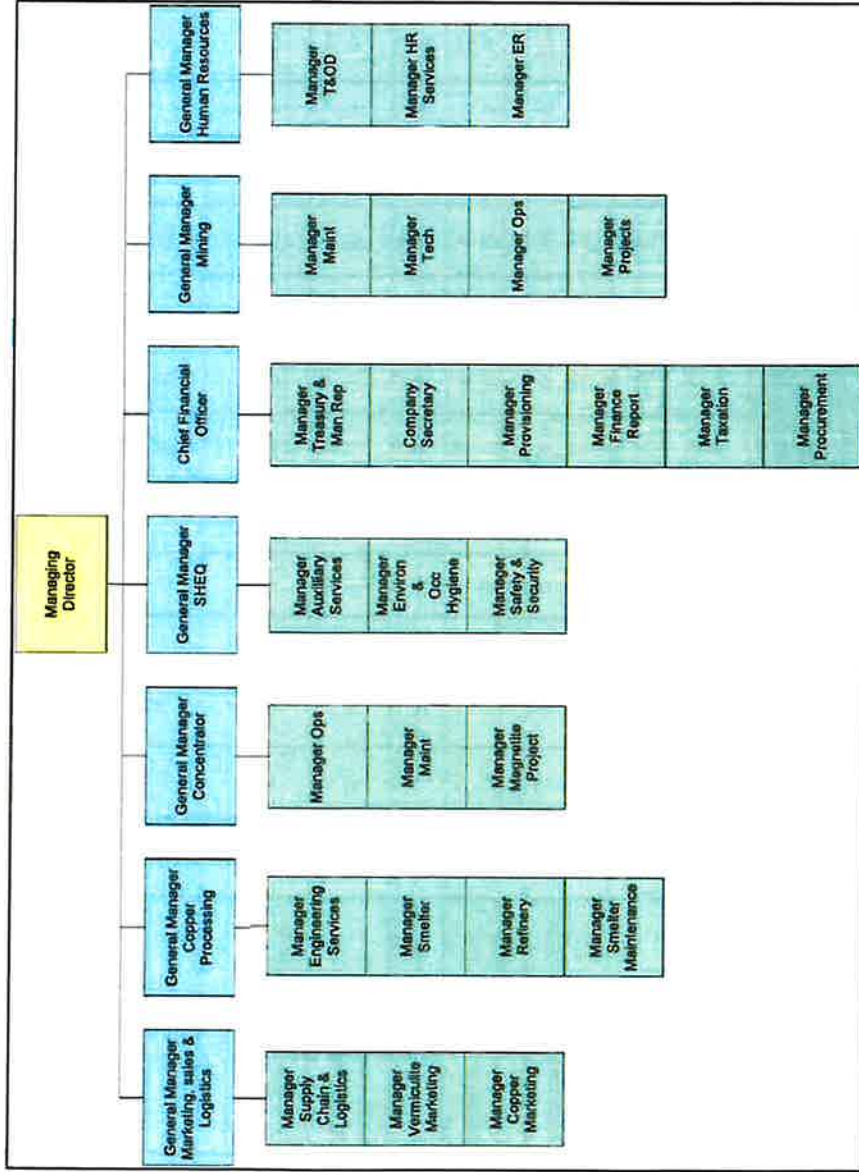


Figure 5: Organogram of Palabora Mine

Table 5: Summary of the occupational categories of the total workforce from the WSP

Occupation Categories	African			Coloured			Asian			White			Total			Grand Total
	M	F	D	M	F	D	M	F	D	M	F	D	M	F	D	
Legislators, Senior Officials, Managers & Owner Managers	8	1	0	2	0	0	0	0	0	38	6	0	48	7	0	55
Professionals	44	15	0	1	0	0	0	0	0	44	14	1	89	29	1	119
Technicians & Associated Professionals	115	20	0	2	2	0	3	0	0	144	22	0	264	44	0	308
Clerks & Administrative Workers	50	24	2	1	5	0	0	0	0	9	71	0	60	100	2	162
Service & Sales Workers	1	0	0	0	0	0	0	0	0	1	1	0	2	1	0	3
Skilled Agricultural & Fishery Workers	17	0	0	0	0	0	0	0	0	17	1	0	34	1	0	35
Skilled Workers, Craft & Related Trades	414	6	0	5	0	0	2	0	0	258	3	2	679	9	2	690
Plant & Machine Operators & Assemblers	1 419	39	13	8	1	0	0	0	0	59	2	0	1 486	42	13	1 541

Occupation Categories	African			Coloured			Asian			White			Total			Grand Total
	M	F	D	M	F	D	M	F	D	M	F	D	M	F	D	
Labourers & Elementary Occupations	319	0	0	0	0	0	0	0	0	0	0	0	319	0	0	319
Apprentices	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Section 18 Learners	21	5	0	0	0	0	0	0	0	4	0	0	25	5	0	30
Total	2 408	110	15	19	8	0	5	0	0	574	120	3	3 006	238	18	3 262

Table 6: Breakdown of the workforce per band level from the WSP

Bands/Grades	African			Coloured			Asian			White			Total			Grand Total
	M	F	D	M	F	D	M	F	D	M	F	D	M	F	D	
F-bands	1	0	0	0	0	0	0	0	0	13	1	0	14	1	0	15
E-bands	4	0	0	2	2	0	0	0	0	7	0	0	13	2	0	15
D-bands	37	5	0	1	0	0	0	0	0	74	18	0	112	23	0	135
C-bands	447	55	1	5	3	0	3	0	0	430	84	3	885	142	4	1 031

Bands/Grades	African			Coloured			Asian			White			Total			Grand Total	
	M	F	D	M	F	D	M	F	D	M	F	D	M	F	D		
B-bands	1 701	36	14	6	1	0	0	0	0	0	48	17	0	1753	54	14	1 821
A-bands	221	18	0	0	0	0	1	0	0	0	7	0	0	229	16	0	245
Total	2 411	112	15	14	6	0	4	0	0	0	577	120	3	3 006	238	18	3 262

M = Male; F = Female; D = Disabled

The occupational categories and organogram breakdowns of Palabora's Core contractors have been ascertained and integrated into the supporting working plans of the SLP. The following action plan in Table 7 has been put in place to ensure the integration of baseline information from Core contractors into the Palabora SLP implementation process.

Table 7: Action plan for integration of baseline information of Core contractors

ACTION	DELIVERABLES	TARGET DATE
Continue to guide Core contractors with the compilation and submission of a Workplace Skills Plan (WSP), where required; or a Career Progression Plan, where this is not existence requirement.	Submission of relevant Core contractor WSPs to Palabora.	Ongoing
Continue to guide Core contractors with the formulation of organograms and occupational categories for their Palabora workforce.	Submission of Core contractor organograms and occupational categories of their relevant workforce to Palabora.	March 2009
Integration of SLP targets and action plans for Core contractors into Palabora's SLP Supporting Plans or sub-plans. Compilation of total targets (Permanent employees and Core contractor employees).	Continuous updating of SLP Supporting Plans with the total Palabora targets (Permanent employees and Core contractor employees)	Ongoing
Refer to Table 3 and associated action plans for integration of Core contractors into the Palabora SLP	Refer to Table 3	According to Table 3
Compile a new action plan of key SLP activities for 2010.	New SLP action plan for 2010.	December 2009

2.2.3 Education and training

Palabora will assist in improving the foundations for skills development by increasing literacy levels and participation in ABET.

2.2.3.1 The baseline situation

Palabora recognises the need to encourage literacy training amongst employees and the communities directly affected by its operation. To this end, Palabora provides ABET training as part of basic skills training on site and, through the Palabora Foundation. At present, the Foundation is only providing ABET to its employees and their household members. Once the success of the programme has been determined, the Foundation will expand this programme to interested, qualifying community members at centres in Namakgale and Lulekani.

From the educational statistics in **Table 9**, it is clear that Palabora's workforce has a reasonably high level of literacy, i.e. there are no workers employed at the Mine that have received no schooling and there are only approximately 400 employees that are at, or below, ABET Level 4. To date, approximately 126 people have successfully completed the ABET programme at Palabora, as indicated in **Table 8**. Considering the relatively low interest in and need for ABET, Palabora has started offering NQF Level 1 training to qualifying employees. Once this training has been completed, Palabora will commence training in higher levels.

ABET learning facilities are maintained on site and service all employees who are required to attend classes. A fully equipped media centre, supported by qualified ABET practitioners, ensures the highest possible support for the learning process. Functional literacy for individuals is specified by relevant ABET and other literacy or numeracy requirements of unit standards specific to the individual's job skills profile.

This is in line with the BSETS results (December 2008) that show that Palabora has high level of literacy as all employees have indicated to have some form of schooling. This is also evident by the small number of employees who reported that the ABET programme is applicable to them (13% or 124). However, the survey also revealed that a significant portion of employees' household members have not obtained any form of formal education. Therefore, Palabora will assess the success of the Palabora Foundation's training of its employees in the communities, in order to determine the feasibility of expanding the project to include interested household members.

The company has profiled all employees in ABET Level 1 to 4. The employees' line managers have been informed of their status and are assisting in making them available for ABET and skills training. The company has a fully equipped ABET learning centre and has two trained and registered ABET facilitators. Training is ongoing and successful. Employees are released during work hours, whenever possible, and also attend in their own time. The learning centre is open during and after hours to assist a learner with specific needs. It is evident from the BSETS that the majority of employees (76%) have successfully completed the training received at Palabora, and 85% indicated that they want to further their formal education and/or training. Employees are also positive about the level of support received in terms of training and feel competent in the newly acquired skills.

The Trade Unions have been consulted in order to obtain their thoughts on the success of the ABET programme, and their recommendations will be incorporated during the annual assessment of the programme.

Palabora provides extensive opportunities for enrolment in ABET programmes to Palabora's affected communities, by means of its Palabora Foundation Training Centre. This centre is located in two of Palabora's three largest labour sending communities, Namakgale and

Lulekani. Employees and their households are also able to attend ABET Levels 1 – 4 programmes offered at the Palabora Foundation training centres. Offering ABET programmes in labour sending communities, provide workers and their families with the opportunity to increase their literacy levels in their own time as well as close to their place of residence. The educational levels of Palabora's workforce have been recorded in Form Q in Table 9.

NOTE: Not all Core contractors' baseline data have been included in this table as reporting mechanisms are not in place as yet. Systems are being implemented and the data will be integrated during the next reporting cycle.

Table 8: Progress of ABET programmes to date (December 2008)

ABET level	Total
ABET 1	44
ABET 2	40
ABET 3	19
ABET 4	23
TOTAL	126

Numbers provided above represent ABET courses successfully completed according to Palabora's statistics. Note that these figures include both Palabora and Core contractors' employees (where available).

2.2.3.2 Action plan

Ongoing ABET will form an integral part of Palabora's business strategy and Palabora believes that an educated workforce is essential for its future success. Due to the high literacy of Palabora employees, the ABET programme will focus on getting the approximately 400 employees to an ABET 4 educational level.

Hereafter, the skills programme will focus on providing training opportunities to employees in more specialised, job-related and diversified skills and expanding the ABET programme to the local communities and through satellite centres, to employees' families in labour sending areas further afield. The ABET programme will be maintained for new employees who join Palabora in future and who may have lower literacy levels than the ABET levels.

Form Q will be updated at the end of each Reporting Cycle of the mine and submitted to the DME. Details of the ABET programmes provided for the ensuing years, and the beneficiaries thereof, will be contained in the WSP. This will be compiled and then submitted annually to the Department of Labour (DoL) and integrated into the annual SLP audits. Palabora will continually increase the intensity and scale of its ABET programme to the affected communities in the labour sending areas.

The **Skills Development Sub-Plan** contained in **Appendix 2.2** will be used to guide this process. Once employees who acted upon the ABET opportunities, have been educated to a level where they are regarded as functionally literate (Grade 9/ABET 4), an additional development programme will be established to focus on promoting Further Education and Training (FET) opportunities among qualifying employees. The ABET programme will facilitate a suitable foundation to undertake skills development programmes geared at the needs of the workforce, and the needs within the MDM.

Table 9: Form Q – The number and educational levels of the workforce (December 2008)
Regulation 46 (b) (i) aa

Band	NQF level	Classification system	Male				Female				Total		Grand Total
			A	C	I	W	A	C	I	W	Male	Female	
General Education and Training (GET)		No schooling/Unknown	25	0	0	1	0	0	0	0	23	22	45
		Grade 0 /Preschool	14	1	0	0	0	0	0	0	15	0	15
		Grade 1 /Sub A	0	0	0	0	0	0	0	0	0	0	0
		Grade 2 /Sub B	1	0	0	0	0	0	0	0	1	1	2
		Grade 3/Std 1 /ABET 1	18	0	0	0	0	0	0	0	18	0	18
		Grade 4/Std 2	27	0	0	0	0	0	0	0	27	6	33
		Grade 5 /Std 3 /ABET 2	32	0	0	0	0	0	0	0	32	5	37
		Grade 6/Std 4	53	0	0	0	0	0	0	0	52	8	60
		Grade 7 /Std 5 /ABET 3	112	0	0	0	0	0	0	0	111	3	114
		Grade 8 /Std 6	118	0	0	1	0	0	0	0	117	7	124
Further	1	Grade 9 /Std 7 /ABET 4	65	0	0	5	4	0	0	70	6	76	
	2	Grade 10 /Std 8 /N1	143	3	0	41	0	0	4	187	5	192	

Band	NQF level	Classification system	Male						Female						Total		Grand Total
			A	C	I	W			A	C	I	W			Male	Female	
Education and Training (FET)	3	Grade 11 /Std 9 /N2	137	0	0	14			0	0	0	1			150	4	154
	4	Grade 12 /Std 10 /N3	588	3	1	93			32	1	0	49			665	86	751
Higher Education and Training (HET)	5	Certificates	190	4	2	288			17	1	0	12			484	30	514
	6	First degrees/ Diplomas	99	0	0	36			25	1	0	24			135	50	185
	7	Honours / Higher diplomas	18	2	1	15			12	1	0	9			38	22	58
	8	Masters/ Doctorates	0	0	0	0			0	0	0	0			0	0	0
Total			1 620	13	4	494			99	4	0	99			2 027	229	2 301

A=African; C=Coloured; I=Indian; W=White

The primary action plans for ABET are provided in **Table 10**, while the targets that have been set for the enrolment of employees in ABET programmes, are provided in **Table 11**.

The ABET programme will be refined to focus on:

- Continuing the current ABET programme in line with the current capacity of facilities, programmes and resources at the mine,
- Creating mechanisms to increase the participation in ABET by community members,
- Fast-tracking employees who show good potential for further empowerment and career progression,
- Implementing courses, which run both full time and part time, depending on the needs of Palabora and the potential of an employee,
- Continue providing incentives (i.e. payment of levies, certificates and an awards ceremony) for employees that pass their ABET exams,
- The establishment of an awareness programme to capacitate employees and labour sending communities in understanding the benefits for their personal career development and progression should they pass the ABET courses and enrol in further development programmes,
- Employees being given two (2) opportunities to pass a particular course, whereafter failing twice, no further opportunities will be provided – the reason behind this ruling is to prevent employees from enrolling in ABET programmes merely to avoid work, and
- Capacitating supervisors in the importance and value of ABET programmes to those staff who have not yet met the necessary ABET levels.

Refining ABET selection criteria to target and prioritise participation of appropriate employees in the ABET programmes, i.e. identifying and encouraging those employees who require ABET and not offering ABET to those employees who have a sufficient level of literacy, by;

- Ensuring that the opportunity is provided to all employees who qualify for ABET enrolment and the elimination of all unfair obstacles that may prevent their enrolment,
- Conducting individual assessments with each employee in order to determine their current and aspired levels of education and training beyond ABET, in line with the needs of the company and other economic sectors in the region,
- Providing ABET programmes in labour sending communities to members who have an interest in furthering their formal education, as the need to train Palabora employees in ABET decreases due to their increasing literacy levels,
- Providing easily accessible training opportunities to employees and community members through the Palabora Foundation,
- Facilitating access to training programmes which equip employees with literacy and life orientation skills.

- Offering ABET courses based on the standards set by the MQA, running from Level 1 to Level 4,
- Accelerating the Higher Education Training programme, i.e. NQF (National Qualification Framework training) for those employees who wish to further their education beyond ABET Level 4,
- Assessing and examining ABET and NQF according to a strict quality assurance process through the MQA, and will comply with the standards set by the Limpopo Department of Education (DoE),
- Earmarking employees that show potential for ABET and NQF programmes for development so that they may eventually fill employment positions at a higher level, and
- Aspiring to extend the capacity of the ABET and NQF programme, training centre and facilitators, on an annual basis.

Table 10: Education and training action plan

ACTION	DELIVERABLES	TARGET DATE
Develop a detailed programme to provide ABET to those employees who are still eligible for ABET. Develop a detailed programme to increase the number of participants in NQF Level 1 training, and expand the training to higher levels.	Programme for employees who are still eligible for ABET. Programme for providing NQF and higher education training.	February 2009
Re-design or fine-tune the current education training programme to be more effective in meeting the educational needs of Palabora's employees. Develop a detailed action plan containing: enrolment criteria, facilitators, facilities, course structure, resources, capacity, targets and action steps.	Revised educational training programme, based on changing dynamics in the workforce and in line with the needs of the company.	Ongoing
Review and assess the past education and training programme at Palabora: successes and failures. Review current programme in terms of potentially improving: (1) Appropriateness of current education programmes for	Detailed knowledge of the types of programmes to be implemented at Palabora in the future.	Ongoing

ACTION	DELIVERABLES	TARGET DATE
employees, (2) Access to education training for employees, (3) Awareness of employees of programmes and the benefits of higher education, (4) Communication plan of education training opportunities for employees, and (5) Education training programmes, courses, facilitators and times.		
Secure commitment and buy-in for education programmes from employees, management and Core contractors through open consultation.	Employee representatives, management and Core contractors committed and comfortable with proposed education training programme.	Ongoing
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Review and update skills and competency requirements for Palabora. Update workforce profiles and job requirements. Based on the revised education training programme and Supporting Skills Development Working Plan of the SLP (Appendix 2.2), develop a specific procedure for implementing the education training programme at Palabora.	Updated skills sub-plan (Appendix 2.2) with specific procedures for implementing ABET.	Ongoing
Incorporation of the Unions' perceptions on the ABET and NQF programmes.	Consideration of Unions' perceptions and suggestions during the annual review of the programmes.	December 2009
Compile a new education training "action plans" table for 2010.	New education training action plans table for 2010.	December 2009

Table 11: Five year plan for total ABET programme and targets for Palabora's employees

Category	2009						2010						2011														
	Permanent			Contractor			Permanent			Contractor			Permanent			Contractor											
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total									
HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W								
ABET 1	30	0	0	0	31	0	4	0	65	21	0	0	0	42	0	7	0	70	15	0	0	48	0	6	0	69	
ABET 2	19	0	1	0	24	0	2	0	46	15	0	0	0	25	0	4	0	44	12	0	0	29	0	4	1	46	
ABET 3	25	0	0	0	10	1	1	0	37	20	0	1	0	20	6	2	0	49	18	0	1	0	22	7	5	2	55
ABET 4	21	0	0	0	0	0	1	0	22	33	0	1	1	20	10	3	1	69	34	0	0	0	23	12	5	3	77
NQF 2	16	2	1	1	0	0	0	0	20	16	2	0	0	0	0	0	0	18	16	2	1	1	0	0	0	0	20
NQF 3	3	1	0	0	0	0	0	0	4	3	1	1	0	0	0	0	0	5	3	1	0	0	0	0	0	0	4
NQF 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number per year	114	3	2	1	65	1	7	1	271	108	3	3	1	107	16	16	1	255	98	3	2	1	122	19	20	6	271

Category	2012										2013								Grand Total	
	Permanent				Contractor						Permanent				Contractor					Total
	Male		Female		Male		Female		Male		Female		Male		Female					
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W				
ABET 1	10	0	0	0	0	50	0	0	0	60	2	0	0	0	50	0	0	52	316	
ABET 2	10	0	0	0	0	33	0	8	0	51	6	0	0	0	36	0	8	50	237	
ABET 3	16	0	1	0	0	25	9	8	1	60	15	0	1	0	30	11	8	2	268	
ABET 4	33	0	0	0	0	25	12	8	3	81	36	0	0	0	28	15	10	6	344	
NQF 2	16	2	1	1	0	0	0	0	0	20	16	2	1	1	0	0	0	0	98	
NQF 3	3	1	0	0	0	0	0	0	0	4	3	1	0	0	0	0	0	0	21	
NQF 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Number per year	88	3	2	1	133	21	24	4	276	78	3	2	1	144	26	26	8	288	1 090	

HDSA=Historically Disadvantaged South Africans; W=White

Note that these figures are merely estimates, to be updated and verified annually and provided to the DME.

2.2.4 Learnerships (or Apprenticeships)

A learnership is a registered and accredited learning programme that includes practical work experience, as well as theoretical studies, thereby integrating both workplace and institutional learning. Learnerships enable learners to work towards a qualification whilst being employed.

2.2.4.1 The baseline situation

As indicated in Table 12, 34 employees have successfully completed learnership courses to date. The Palabora Learnership programme is primarily aimed at school leavers from the local communities interested in a career in mining. The vast majority of the beneficiaries continue into permanent positions at Palabora. A Rock Breaking Learnership was introduced in 2008, which targets current Palabora employees. The mine will continue to increase its learnership programme and will offer learnership in disciplines that are relevant to its operation. In keeping with the requirements and spirit of the Mining Charter, Palabora will implement a programme whereby it develops skilled people for the Palabora operation. Palabora has also initiated a partnership with other local mines and the Further Education and Training (FET) College to introduce artisan training for the community.

The BSETS results reflect that 51.3% of employees are aware that Palabora offers a learnership programme, while only 17.5% think learnership programme is applicable to them. With regard to learnership programme being offered to them, 5.6% indicated that they have been offered and received learnership programmes, while 1.9% claimed to have been offered but not yet received learnership programme (see below Figure 6). The small number of employees who claimed to have benefited from the learnership programme is a reflection of the targeted nature of the programme. Nonetheless, Palabora will increase awareness and understanding of the programme, especially with regard to selection criteria and enrolment processes, with assistance from the unions, the SLP coordinator and the monthly Training Newsletter.

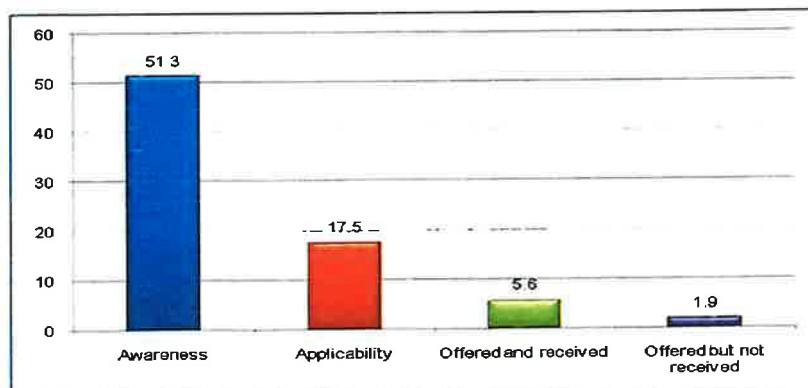


Figure 6: Learnership programme

Table 12: Palabora learnerships to date (December 2008)

Category	Number
Electrical	6
Fitting and turning	8
Boiler making	8
Instrumentation	7
Diesel mechanic	2
Millwright	3
Total	34

2.2.4.2 Action plan

Palabora will continue to provide learnerships to employees and people from surrounding and labour sending communities, as well as students enrolled at various tertiary educational institutions. Palabora's learnership programme will be informed by the WSP and **Skills Development Sub-Plan** included in **Appendix 2.2**. The purpose of the learnerships will be to equip employees with skills to assist them in undertaking their responsibilities more efficiently, and which may allow their progression into other positions at Palabora, where a need exists.

Table 13 provides an action plan for the development of a learnership strategy and finalisation of the procedure.

Table 13: Learnership Action Plan

ACTION	DELIVERABLES	TARGET DATE
Assess BSETS finding to determine the aspirations and potential of employees to be enrolled in learnership programme for their progression both in the mining	BSETS and assessment of aspirations and potential of employees for learnerships	February 2009

ACTION	DELIVERABLES	TARGET DATE
industry and outside the mining industry.		
Upgrade the learnership programme and procedure for Palabora, based on the BSETS, this SLP and the Supporting Skills Development Plan in Appendix 2.2.	Learnership programme and procedure upgraded (if necessary).	March 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Review and assess the current learnership programme, including: Palabora future skills needs, targets, enrolment criteria, facilitators, facilities, resources, timeframes, and budgets. Evaluate any service provider used by Palabora in terms of the SLP needs of Palabora and ability to meet these needs.	Review report and recommendations on the learnership programme for the next 5 years.	November 2009
Compile a new learnership "action plans" table for 2010.	New learnership action plans table for 2010.	December 2009

Table 14 depicts the targets for the participation of employees in learnerships that are applicable to Palabora over the following five (5) years.

Please note that the learnership needs and programmes will be assessed on an annual basis and are, therefore, likely to change from the figures reflected in Table 14. The facilities that are used for the theoretical component of the learnerships will be the Palabora Training Centre and the Palabora Foundation. Palabora is also collaborating with other businesses in Ba-Phalaborwa to establish a regional training centre. The Mine also aims to move some of its apprentice training to local colleges. While 8 – 12 artisans will be trained at the on-site centre, even more will be trained at external centres and in collaboration with other businesses and the local FET centre, in a drive to increase the number of skilled artisans in the area.

Table 14: Five year plan for learnership programme and targets

Category	2009										2010										2011									
	Permanent				Contractor				Total	Permanent				Contractor				Total	Permanent				Contractor				Total			
	Male		Female		Male		Female			Male		Female		Male		Female			Male		Female									
	HDSA	W	HDSA	W	HDSA	W	HDSA	W		HDSA	W	HDSA	W	HDSA	W	HDSA	W		HDSA	W	HDSA	W								
Electrical	3	1	1	0	2	0	0	0	7	3	1	0	1	0	0	0	0	7	3	1	1	0	2	0	0	0	7			
Fitting and Turning	6	1	2	0	3	1	0	0	13	6	2	0	0	0	3	1	0	0	12	6	2	0	1	3	1	0	13			
Boilermaker	5	0	0	0	0	0	0	0	5	4	0	2	0	0	0	0	0	6	4	0	0	2	0	0	0	0	6			
Instrumentation	2	2	0	1	0	0	0	0	5	2	2	1	0	0	0	0	0	5	2	2	0	0	0	0	0	0	4			
Millwrights	3	0	0	1	2	1	0	0	7	3	0	0	1	2	1	0	0	7	3	0	1	0	2	1	0	0	7			
Rock breaking	10	0	0	0	0	0	0	0	10	10	0	0	0	0	0	0	0	10	10	0	0	0	0	0	0	0	10			
Earth moving equipment	0	0	0	0	8	1	0	0	9	0	0	0	0	0	8	1	0	9	0	0	0	0	8	1	0	0	9			
Number per year	29	4	3	2	15	3	0	0	56	28	5	3	2	15	3	0	0	56	28	5	2	3	15	3	0	0	56			

Category	2012								2013								Grand Total	
	Permanent				Contractor				Permanent				Contractor					
	Male		Female		Male		Female		Male		Female		Male		Female			
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W		
Electrical	3	1	0	0	2	0	0	0	6	3	1	0	1	2	0	0	7	34
Fitting and Turning	6	2	1	0	3	1	0	0	13	6	2	0	1	3	0	0	12	63
Boilermaker	4	0	2	0	0	0	0	0	6	4	0	0	1	0	0	0	5	28
Instrumentation	2	2	0	1	0	0	0	0	5	2	2	1	0	0	0	0	5	24
Millwrights	3	0	0	1	2	1	0	0	7	3	0	1	0	2	1	0	7	35
Rock breaking	10	0	0	0	0	0	0	0	10	10	0	0	0	0	0	0	10	50
Earth moving equipment	0	0	0	0	8	1	0	0	9	0	0	0	0	8	1	0	9	45
Number per year	28	5	3	2	15	3	0	0	56	28	5	2	3	15	2	0	55	279

HDSA=Historically Disadvantaged South Africans, W=White

Note that these figures are merely estimates, to be updated and verified annually and provided to the DME.

The following should be taken into consideration when implementing learnership programme:

- Offering learnerships to selected community members via the Foundation's programmes for learnerships in the FET and investigating the potential to expand the programme to include more employees,
- Offering learnerships which are registered by the MQA in terms of the Skills Development Act. Learnership agreements with learners will be entered into in accordance with Sections 16, 17 and 18,
- Providing learners with the opportunity to achieve applied competencies and a basis for further learning,
- Offering learnerships which will enable participants to become skilled Miners and Artisans, with prospects for further development in the Mining and Engineering field, depending on their performance and aspirations,
- Providing vacation / experiential work for University or University of Technology students at Palabora,
- Initiating a sensitisation and awareness programme within the operation to ensure that employees are offered the opportunity to participate,
- Enabling the learner to assume higher levels of responsibility within the workplace and in this way develop intellectual, interpersonal and communicative skills,
- Providing the learner with appropriate training in the working environment,
- Facilitating access to appropriate learning facilities, through Palabora and independent training providers,
- Providing adequate learner supervision,
- Conducting on-the-job assessment of learners,
- Providing records of the success of learnership programmes,
- Paying the unemployed learners an allowance based on MQA guidelines, and
- Issuing a certificate to the learner upon completion of his learnership.

The relevant SETA will thereafter be responsible for issuing the learner with the correct qualification upon completion of the learnership.

2.2.5 Skills training

The purpose of a skills training programme is to equip employees with the required skills and competencies to successfully implement their employment responsibilities. These programmes are also designed to equip employees with the required capacity and skills to progress to higher levels of employment at Palabora, in line with mentorship programmes and HDSA participation.

The "portable" element (described in Section 2.2.6) of skills programmes aims to equip employees with alternative skills to mining, which may enable them to find other employment opportunities within other sectors of the economy in the region.

2.2.5.1 The baseline situation

Palabora has been registered with the MQA for the past 8 years. A trained and competent Skills Development Facilitator (SDF) has been appointed to assist in the development of the WSP.

External skills development programmes that are implemented at Palabora will be registered by the MQA and constitutes a credit towards a NQF qualification. Palabora is continuously aligning its internal skills training programmes with the MQA. The skills development programmes that are provided by Palabora have been recorded in **Table 16**. The primary focus of the skills programmes for Palabora is on training individuals in skills required by the mines and to enable their progression at Palabora. Due to the extent of the expected life of mining at Palabora, the mine will increasingly focus on equipping its employees with portable skills to increase the mobility of employees into other sectors of the economy should the mine close earlier than 30 years.

Palabora skills training programmes are conducted at the training centre on the mine's premises as well as at the Palabora Foundation facilities.

According to the BSETS results, the majority of employees are aware of the skills development programmes that Palabora offer to equip employees with relevant skills. Approximately 65.6% employees are aware of operational skills training, followed by 46.9% who are aware that their employer offers engineering skills, and 42% are aware of behavioural training that is offered at Palabora. In addition, only a small number of employees think that skills programmes are applicable to them (21% behavioural skills, 29% engineering skills and 16% operational skills). Significantly, most employees indicated that they have not been offered any skills training programmes, which is contrary to the reality of the situation, as all employees receive some form of skills training during their employment at Palabora. This is a reflection that employees are not aware of the training benefits offered to them.

Palabora is addressing the significant number of employees who are unaware of the skills training opportunities by improving their communication mechanism. The monthly Training Newsletter contains information on various training programmes offered, the training schedule and general information on the SLP process.

Palabora will prioritise the need to equip its employees with alternative skills (i.e. portable skills) that will enable them to find employment opportunities within other sectors of the economy and to increase their performance in carrying out their duties efficiently and also to promote their progression in the company.

Regional socio-economic data from the BPDM and MPM IDPs have also been used to indicate the predominant economic needs and priorities of the area. Skills development programmes will be compatible with these development needs, and employees will be assisted with skills so that they may be productively absorbed into the existing infrastructure and other economic sectors.

NOTE: Not all Core contractors' baseline data have been included in this table as reporting mechanisms are not in place as yet. Systems are being implemented and the data will be integrated during the next reporting cycle.

Category	Training	Total
	E-LEARNING EXCEL '02 EXPERT USER	0
	E-LEARNING EXCEL '02 PROFICIENT USER	0
	E-LEARNING MS EXCEL '03 EXPERT PART 1	1
	E-LEARNING MS EXCEL '03 EXPERT PART 2	1
	E-LEARNING MS EXCEL '03 PROFICIENT USER	2
	E-LEARNING MS EXCEL FUNDAMENTALS	2
	ELEARNING WORD '02 PROF USER	0
	E-LEARNING MS WORD '03 EXPERT PART 1	1
	ELLEARNING MS WORD '03 PROFICIENT	0
	E-LEARNING OVERCOMING CHANGE	1
	E-LEARNING PROJECT '02 FUNDAMENTALS	1
	EMPLOYMENT EQUITY SENSITIVITY TRAINING	40
	ENVIRONMENTAL AWARENESS TRAINING	1
	ENVIRONMENTAL MANAGEMENT: LEAD AUDITOR	1
	ESSENTIAL PROJECT MANAGEMENT PRINCIPLES	8
	FINANCIAL LIFE SKILLS	9
	FIRE FIGHTING AWARENESS	1
	HIV/AIDS PEER GROUP EDUCATOR TRAINING	0
	LEGAL COMPLIANCE IN RECRUITMENT & SELECT	5
	ORG MANAGEMENT FOR SUPER USERS (SAP)	1
	PARAMETERIZING SOFTWARE DIGSI	0
	PERFORMANCE MANAGEMENT	1
	PREVENTING WORKPLACE HARASSMENT (ALL EMP	3

Category	Training	Total
	PROJECT MANAGEMENT PRINCIPLES	0
	QUALITY CONTROL	2
	RTS CONFINED SPACES	0
	RIO TINTO COACHING	8
	RIO TINTO FRONT LINE LEADERSHIP	1
	SAP:REFRESHER PROCUREMENT	0
	SAP:NAVIGATION & O/VIEW - FOLLOWING COUR	1
	STATISTICAL METHOD VALIDATION	3
	THE WAY WE WORK (ALL EMPLOYEES)	0
LIFE SKILLS TOTAL		762
Mobile equipment	16G GRADER	44
	22T GROVE CRANE	7
	40 TON LOCO	28
	5T PENDANT CRANE	33
	ART. DUMP TRUCK	3
	ASSESS DIRECT OPERATION OF O/HEAD CRANE	4
	ASSES MOVE EQUIP BY MEANS OF ELC WINCH	0
	ASSESS TRAINING TAMROCK MED REACH RIG	7
	ASSESS TRAINING TAMROCK ROBUST RIG	1
	ASSESS TRAINING LHD ROCKHAMMER (ROCKY)	5
	ASSESSM TRNSFR OHEAD CRANE WITH TRNSFR C	3
	ASSESSMENT CAT 120G GRADER	4
	ASSESSMENT FERMEL HEF CARRIER	50

Table 15: Details of skills training to date (December 2008)

Category	Training	Total
Mining	ASSESSMENT SKILLS TRANSFER PHASE1	8
	ASSESSMENT ILLUMINATE AREA	1
	ASSESSMENT LEVEL 1 DISPATCHER	2
	ASSESSMENT ON BAR DOWN LOOSE ROCKS	2
	BAD GROUND CONDITIONS UNDERGROUND	26
	BLASTING CERTIFICATE	1
	BREAK BIG ROCK BY MEANS OF BLASTING	0
	CERTIFICATE MINE OVERSEER	1
	CERTIFICATE WINDING ENGINE DRIVER	0
	COMPETENT A	7
	DEMO KNOW OF MOST COMMON HARMFUL GASES	0
	DESPATCH	0
	DIPLOMA ENGINEERING METALLURGY	0
	DIPLOMA ENGINEERING MINING	0
	INITIAL HAULAGE GAS PHASE1	0
	INITIAL LEVEL 1 DISPATCHER	0
	INITIAL LICENCE TLB	0
	INITIAL VB DISPATCH OPERATIONS	0
	GAS MONITOR G333/2	1
	ONSETTER CERTIFICATION	1
	RESQ PAK CERTIFICATE OF COMPETENCY	84
MINING TOTAL		134

Category	Training	Total
Life skills	1 SAP: ESSENTIAL TRAINING	91
	6 SAP: ESSENTIAL PLANT MAINT TRAINING	13
	ABET ASSESSMENTS - GENERAL	58
	ADVANCED EXCEL COURSE	8
	ADVANCED MS PROJECT	2
	ASSESSOR COACHING	1
	BROAD-BASED BLACK ECONOMIC EMPOWERMENT	1
	CAREFUL COMMUNICATION	414
	COACHING SKILLS	2
	COMP. STATIS.& EXPER. DESIGN-MINERAL ENG	1
	CONDITIONS OF EMPLOYMENT	17
	E LEARNING APPLY COACHING PROCESS	1
	E LEARNING CAPITAL BUDGETING	1
	E LEARNING DEV EMOTIONAL INTELLIG SKILLS	39
	E LEARNING FIN MNGMNT PLANNING & FORECAS	2
	E LEARNING FUNDAMENTALS FOR MANAGERS	1
	E LEARNING INCREASING YOUR ASSERTIVENESS	3
	E LEARNING LEADING THE WAY	6
	E LEARNING PLANNING YOUR DAY	2
	E LEARNING PROFESSIONAL NETWORKING	2
	E-LEARNING ADVANCE COMM:BUILD RELATIONS	1
	E-LEARNING CREATING & ANALYZING A BUDGET	1
	E-LEARNING INTRO. TO PC & SOFTWARE	1

Category	Training	Total
	ASSESSMENT FRONT END LOADER 972H	1
	ASSESSMENT LMV U/G	27
	ASSESSMENT NORMET AGI-CAR	11
	ASSESSMENT NORMET UTILITY	9
	ASSESSMENT ON BOBCAT	1
	ASSESSMENT ON CAB CONTROL OHC	9
	ASSESSMENT ON CAT 769C/773B/773D	1
	ASSEMENT CAT 120G GRADER	0
	ASSESSMENT ON CON GRAB CRANE	1
	ASSESSMENT ON ELECTRICAL STACKER	2
	ASSESSMENT ON ELPHINESTONE R1700G LHD	7
	ASSESSMENT ON EXTRA HMV	1
	ASSESSMENT ON FERMEL CASSETTE CARR.	6
	ASSESSMENT ON FERMEL LUBRICATOR	2
	ASSESSMENT ON FERMEL UTILITY VEHIC	1
	ASSESSMENT ON FERMEL WATER CANNON	2
	ASSESSMENT ON FORKLIFT	15
	ASSESSMENT ON HMV	14
	ASSESSMENT ON HMV (U/G)	1
	ASSESSMENT ON IN-SITU ROCK HAMMER	3
	ASSESSMENT ON LMV	34
	ASSESSMENT ON MANITOU CRANE	2
	ASSESSMENT ON MEDIUM REACH RIG	3

Category	Training	Total
	ASSESSMENT ON MINI TRACTOR	4
	ASSESSMENT ON NORMET PERSONNEL CARRIER	1
	ASSESSMENT ON PEN OHC 5-60T	38
	ASSESSMENT ON PLANT SHUNTER	1
	ASSESSMENT ON QUALITY CONTROL	2
	ASSESSMENT ON REFINERY OHC	4
	ASSESSMENT ON REMOTE OHC CASTING PLAN	1
	ASSESSMENT ON ROBUST	1
	ASSESSMENT ON ROCOR RAND MACHINE	1
	ASSESSMENT ON SKID STEER LOADER & ATT	1
	ASSESSMENT ON STRONGBIRD SCISSOR LIFT	7
	ASSESSMENT ON TRANSFER CAR	5
	ASSESSMENT TRAINING ON FRONT END LOADER	5
	BELL SCALER	3
	BOBCAT	8
	CAB CONTROL OHC	2
	CAST AISLE CR.	22
	CON GRAB CRANE	2
	DIRECT OPS OF AN OVERHEAD CRANE	0
	DROTT CRANE	0
	ELECTRICAL STACKER	2
	EXCAVATOR	3
	EXPLOSIVE TRUCK	0

Category	Training	Total
	EXTRA H MV	2
	FERMAL UTILITY VEHICLE	28
	FERMEL AGRI CAR	27
	FERMEL CASSETTE CARRIER	0
	FERMEL LUBRICATOR	0
	FERMEL TRACTOR	1
	FERMEL WATER CANON	1
	FORKLIFT	19
	FRONT END LOADER	1
	FRONT END LOADER 927H	0
	LMV	5
	LMV UNDERGROUND	9
	H MV	5
	LIFTING MACHINERY INSPECTOR TRAINING	0
	LUBRISPLIT	2
	MAIN LINE SHUNTER	1
	MAIN LIFT CRANE ATTACHMENT	0
	PENDANT OHC 5-60T	3
	REFINERY OHC	1
	SM. CONV AISLE OHC	0
	ANNUALLY AS OPERATOR REFRESHER	208
	REFRESHER TRAINING TORO 1400D LHD	1
MOBILE EQUIPMENT TOTAL		769

Category	Training	Total
Engineering	AC050 BUSINESS PROCESS IN FI/CO	1
	ASSESSMENT TRA MONTR WPLACE COMPLS,H&E REQ	0
	ALLEN BRADLEY 1336S COURSE	0
	ASSEMBLY OXY -ACETYLENE EQUIPMENT	8
	AC10 INTRO TO AC/DC DRIVES & VC	2
	ADVANCED HYDRAULICS	4
	ANODE TAKE OFF	1
	ARC WELDING	7
	BASIC HYDRAULIC	29
	BASIC RIGGING	74
	GAS CUTTING	45
	ISOLATE & RESTORE POWER TO HIGH VOLT ELE	0
	LUBICATION SYSTEM SEMINAR	0
	MAINTANCE & ASSEST MANAGEMENT TRAINING	0
	MNGMNT SKILLS FOR WORLD-CLASS MAINT.SUPV	1
	OVERHEAD CRANE MAINTENANCE	13
	PALABORA SAFETY STANDARDS	266
	PORTABLE ELECTRICAL GRINDER	4
	SIEMENS PLC ST - 7 SERV 1	0
	PROFIBUS	2
ENGINEERING TOTAL		457
Safety and Health	ACCESS TO CONCENTRATOR DAM AREAS	39
	AC 10 INTRO AC/DC DRIVES & VC	0

Category	Training	Total
	ACCESS TO MINING PIT AREAS	45
	ACCESS TO MINING SURFACE AREAS	38
	ACCESS TO PP&V AREAS	93
	ACCESS TO VO PLANT AREA	3
	ADVANCED FIRE PREVENTION COURSE	1
	ASSESS DEM KNOW PERT BASIC HEALTH & SAFE	35
	BASIC AMBULANCE COURSE	7
	CERTIFICATE RADIATION PROTECTION OFFICER	0
	DEMO KNOWLEDGE PERTAINING HEALTH & SAFETY	0
	ENVIRONMENTAL AWARENESS TRAINING	16
	FIRE FIGHTING AWARENESS	104
	FIRST AID CERTIFICATE	53
	GAS MONITORING G333/2	24
	GENERIC SAFETY INDUCTION	123
	GENERAL & HEALTH & SAFETY TRAINING (GHSDC	4
	HAZMAT AWARENESS COURSE	3
	HEALTH AND SAFETY REPRESENTATIVE - CONTR	21
	HIRA TRAINING - B BAND	19
	HIRA TRAINING - C BAND	73
	HIV/AIDS PEER GROUP EDUCATOR TRAINING	2
	HMV	1
	INDUCTION	266
	ISOLATE & RESTORE POWER TO HIGH VOLT ELE	2

Category	Training	Total
	ISOLATE & RESTORE POWER-MED VOLT ELECT S	4
	ISOLATION OFFICER	77
	JKSIMMET USER'S TRAINING COURSE	1
	PALABORA SAFETY STANDARDS	24
	PERMIT TO WORK	83
	PIVOT INCIDENT MANAGEMENT TRAINING	14
	REFRESHER RTS ELECTRICAL SAFETY	14
	RESQ PAK CERTIFICATE OF COMPETENCY	1
	RTS CONFINED SPACES	5
	RTS ELECTRICAL SAFETY	1
	RTS GENERAL ISOLATION	83
	SAFETY HARNESS	6
	SAFETY AND HEALTH TOTAL	1285
Metallurgical	ANODE TAKE OFF	10
	ASARCO	2
	ASARCO MAN HOIST	5
	ASS HANDLE BULK OXY SAFELY IN METAL.PLAN	1
	ASSESMENT DEWATERING PUMP	1
	ASSESS CNTRL & CIRCULATE ELECTROLYTE IN	2
	ASSESS DIRECT OPERATION OF O/HEAD CRANE	1
	ASSESS LOAD CHARGE EXC 10T IN REVERB FUR	6
	ASSESS LOAD SLAG IN REV FURN BMO LAUNDER	4
	ASSESS LOAD SULPHURIC ACID	4

Category	Training	Total
	ASSESS MAINTAIN CONVERTER AIRFLOW	3
	ASSESS MONITOR &CONT METALLURGICAL PLANT	1
	ACCESS PROD COPPER BAR BMO CONT COSTING	0
	ASSESS PROD ANODES B.M.O CASTING PROCESS	1
	ASSESS PROD TAP HOLE BMO CLAY MILL	1
	ASSESS PRODUCE SULPHURIC ACID	1
	ASSESS PULV MAT. B.M. OF VERT BALL PUL	1
	ASSESS REFINE MOLTEN COPPER	1
	ASSESS REMOVE ANODES FROM CASTING WHEEL	1
	ASSESS REMOVE IMPURITI FROM MOLTEN METAL	6
	ASSESS STRIP METALS FROM TITANIUM BLANKS	4
	ASSESS TAP MATERIAL FROM FURNACE	2
	ASSESS TAP MOLTEN MAT FROM ASARCO FURN	2
	ASSESS TRF MATERIAL BY MEANS OF BELT CON	5
	ASSESSM CONTROL VOLTAGE IN ELECTRO REFIN	2
	ASSESSMENT ON ACID PLANT	1
	ASSESSMENT ON ANODES	6
	ASSESSMENT ON AUTO MILL CRI	1
	ASSESSMENT ON CIRCULATION	2
	ASSESSMENT ON CONVERTERS	1
	ASSESSMENT ON COPPER FILTER CRI	6
	ASSESOR COACHING	0
	ASSESSMENT ON CRANE CHASER CASTING PLANT	1

Category	Training	Total
	ASSESSMENT ON CRUSHER CRI	1
	ASSESSMENT ON DESPATCH	1
	ASSESSMENT ON DUST HOUSES	4
	ASSESSMENT ON FLOTATION CRI	3
	ASSESSMENT ON GRINDING CRI	2
	ASSESSMENT ON MAG FILTER CRI	1
	ASSESSMENT ON MAG SEP PLANT CRI	3
	ASSESSMENT ON REVERB	1
	ASSESSMENT ON TAILINGS THICKENERS C	3
	ASSESSMENT ON TRACTOR LOADER BACKHOE	1
	ASSESSMENT ON TRAINING SECTION OPERATOR	12
	ASSESSMENT ON TRAINING STRIPPER	16
	ASSESSMENT ON TRAINING TANKLOADING	1
	ASSESSMENT ON WENNBERG	8
	ASSESSMENT THUNDERBOLT LINER REMOVER	12
	AUTO MILL CRI	13
	BOILER BURNER HOPPER	14
	CASTER	4
	CHARGING FURNACE	0
	CIRCULATION	7
	COLLECT GRAB SAMPLE LAB TESTING	0
	CONV CLEANING HAMMER	3
	CONVEY PERSONS / MATERIAL	0

Category	Training	Total
	COPPER FILTER CRI	0
	CRANE CHASER ANODE	0
	CRANE CHASER CASTING PLANT	1
	CRANE CHASER CONV.	1
	CRUSHER CRI	1
	DAMS CRI	1
	DESPATCH	1
	DUST HOUSES	2
	EARTH SOIL RESISTIVITY TESTING	0
	ELECTROSTATIC PRECIPITATOR	0
	ELECTROSTATIC PRECIPITATOR ADVANCED	0
	FLOTATION CRI	3
	FURNACE	0
	FLUE DUST/PRECID	3
	GAS SCRUB. PROCESS OPER.	2
	GRINDING CRI	0
	HP PEBBLE CRUSHER	0
	INITIAL MANUFACTURE STARTER SHEETS	0
	KAESER COMPRESSOR	0
	MAG LOAD OUT CRI	0
	MILL REACTANT CRI	0
	MON & CONTR A MET PLAT FROM CONTR ROOM	0
	MONO PLANT	0

Category	Training	Total
	OPER CASTING PLANT	1
	OPER CHARGE RUN UP	0
	ORE TREATMENT	0
	PLANT SHUNTER	2
	PLANT OPER ROD LINE	0
	PROCESS OPER. ANODES	1
	PROCESS OPER.CONV.	0
	PUNCHING	1
	REF TRAIN TAP MOLTEN MAT FROM ASARCO FUR	0
	REFINERY OHC	0
	REM ANODES CAST WHEEL BMO TAKE OFF MACH	0
	REMOVE IMPURITIES FROM MOLTEN METAL	0
	ROD CASTING	0
	REFRESHER TRAINING ON CONVERTERS	1
	REFRESHER TRAINING SECTION OPERATOR	12
	REFRESHER TRAINING STRIPPER	5
	REFRESHER TRAINING TANKLOADING	1
	REFRESHER TRAINING WENNBERG	2
	SODIUM HYDROGEN SULPHIDE	0
	STRIPPER	0
	SECTION OPERATOR	0
	TANK LOADING	0
	TRF A FLUID BMO A CENTRGUNGAL PUMP	0

Category	Training	Total
	WORKING /FAULTY FINDING ON MILL LUBE SYSTEM	0
METALLURGICAL TOTAL		236
MANAGEMENT	ADVANCES IN OCCUPATIONAL HEALTH & SAFETY	1
	ASSESSOR COACHING	0
	AUTO MILL CRI	0
	CERTIFICATE QUALITY MANAGEMENT	0
	CO: COST REPORTING	0
	COACHIG SKILLS	4
	CODES OF PRACTISE (COP)	0
	COMPENSATION & OCCUPATIONAL INJURY ACT TRNG	0
	COMPENTENCY BASES INTERVIEW COURSE - SHL	0
	CONDITIONS OF EMPLOYMENT	0
	E-LEARNING APPLY COACHING PROCESS	0
	E-LEARNING CONDUCTING INTERVIEW	0
	E-LEARNING DEVELOPMENT TALENT	0
	E-LEARNINIG FUNDAMENTALS FOR MANAGERS	0
	E-LEARNING HIGH PERFORMANCE TEAMS	0
	E-LEARNING LEADING THE WAY	0
	E-LEARNING PLANNING YOUR DAY	0
	E-LEARNING PROMOTE TEAM EFFCETIVENESS	0
	ER TRAINING : FAIR DISC & FRONT REL	18
	FINANCE FOR NON FINANCIAL MANAGERS	2
	HAZARDOUS WASTE MANAGEMENT	1

Category	Training	Total
	OPERATIONAL CORPORATE GOVERNANCE	1
	PMD 69 COURSE	0
	RECAP MANAGER'S RIGHT TO DISCIPLINE	1
	RISK MANAGEMENT DIRECTOR	3
	RISK MANAGEMENT MANAGERS	0
	SITUATIONAL LEADERSHIP	4
	SUPERVISORY ACCREDITATION	0
MANAGEMENT TOTAL		37
Grand Total		3 680

2.2.5.2 Action plan

Palabora will actively promote education and skills training opportunities among its employees and will reassess and refine the mine's Skills Development Programme. The **Skills Development Sub-Plan** in **Appendix 2.2** will be used to guide this process. **Table 16** provides a set of action plans for the skills programme.

Skills development programmes that are offered to employees at Palabora will be implemented at the Palabora Training Centre. Ultimately, the programme will be expanded to offer certain programmes at the Palabora Foundation facilities within the labour sending communities. **Table 16** provides a list of the various skills training initiatives and targets for Palabora. The Skills Development Programme will link with the career progression plan, mentorship plan, internship and bursary plan and employment equity plan. The Palabora Skills Development Programme is compiled for a five (5) year period. At the end of each year, the skills programme will be reassessed and a new five (5) year programme developed.

Table 16: Action plan for skills programmes

ACTION	DELIVERABLES	TARGET DATE
Conduct skills assessments to take cognisance of each employee's potential and aptitude in the planning of skills development programmes. Future skills	Results of a skills assessment and fine-tuning of skills development	Ongoing

ACTION	DELIVERABLES	TARGET DATE
programmes that are offered will take these results into account.	programmes.	
Assess and review current skills development programmes and efficiency of established training facilities to take cognizance of new dynamics.	Skills training assessment and recommendations report.	Ongoing
Assess employees in terms of skills and competency gaps, including employment equity requirements.	Documented results of employee's competency profiles.	Ongoing
Fine-tune the detailed skills development programme: initiatives, targets, facilitators, facilities, resources, employees, career paths, mentorships, timeframes, and budgets.	Fine-tuned skills development programme.	2009 onwards
Provide operational / management / leadership training and education in accordance with specified guidelines, skills gaps and in line with HDSA in management targets.	Enrolment of identified HDSAs in management development programmes.	January 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Undertaking a community survey in order to determine the skills baseline and need in the surrounding and major labour sending areas.	Community Survey Report.	April 2009
Assess the findings of the community survey and develop a programme focussing on the development of skills in the surrounding and labour sending communities to supply the skills requirements of Palabora.	Community skills development programme	June 2009
Compile a new skills training programme "actions plans" table for 2010.	New skills training programmes table for 2010.	December 2009

Table 17: Five year plan for skills development training and targets

Category	2009				2010				2011				2012				2013				Grand Total
	Palabora		Contractor		Palabora		Contractor		Palabora		Contractor		Palabora		Contractor		Palabora		Contractor		
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	
Life skills	77	62	2	0	77	62	2	0	77	62	2	0	77	62	2	0	77	62	2	0	705
Administration	7	16	0	0	7	16	0	0	7	16	0	0	7	16	0	0	7	16	0	0	115
Engineering	160	93	2	1	160	93	2	1	160	93	2	1	160	93	2	1	160	93	2	1	1 280
Health, Safety & Environmental	224	122	44	8	224	122	44	8	224	122	44	8	224	122	44	8	224	122	44	8	1 990
Management	577	161	2	1	577	161	2	1	577	161	2	1	577	161	2	1	577	162	2	1	3 706
Metallurgy	182	9	0	0	182	9	0	0	182	9	0	0	182	9	0	0	182	9	0	0	955
Mining	114	62	1	0	114	62	1	0	114	62	1	0	114	62	1	0	114	62	1	0	885
Mobile equipment	145	28	20	3	145	28	20	3	145	28	20	3	145	28	20	3	145	28	20	3	980
Total	1 486	553	71	13	1 486	553	71	13	1 486	553	71	13	1 486	553	71	13	1 486	554	71	13	10 616

HDSA=Historical Disadvantaged South African; W=White; T=Total

* Note that Palabora is in the process of aligning these skills training programmes with the MQA.

**Note that skills which are indicated for the Mine can be converted into portable skills to be used by employees in other economic industries after closure or downsizing. Therefore, where skills are currently used for the mine; this does not imply that they are limited to the Mine only they will be applicable to other industries in the economy.

Skills development programmes will be implemented by means of:

- The mine's training committee informing the Skills Development Programme in terms of the skills needs of the company.
- A training system that is ISO 9001:2000 accredited and which is audited by the MQA. All skills programmes that are successfully completed by employees, and are registered with the relevant SETA, will result in a credit disbursement towards a qualification from the National Qualifications Framework (NQF);
- Providing skills development programmes that are compliant with Section 20 of the Skills Development Act (Act No. 97 of 1998);
- Providing skills development programmes that will build the capacity of employees to enable them to access higher job opportunities at Palabora and further into the larger holding company, i.e. Rio Tinto;
- Assessing the current skills training programmes in consultation with trade unions in order to determine the portability of various skills developed at the mine;
- Providing skills development programmes that will equip employees with portable skills in other sectors of the economy in line with the IDPs and other major industries in the region and Limpopo;
- Providing skills that focus on teaching employees how to go about increasing their marketability and how to access jobs in other economic sectors, after potential decommissioning;
- Providing skills development programmes that will focus not only on the development of workplace skills, but also on the improvement of general life skills, thereby allowing employees to have the right skills to meet changing work and life demands;
- Initiating various awareness campaigns in an effort to enhance life skills. These campaigns will include topics such as HIV/AIDS, employment equity, gender equality, diversity, etc;
- Offering educational training to employees that include learner support, monitoring, reporting and assessment.

2.2.6 Portable skills programmes

Portable skills programmes equip employees with skills that promote their absorption into alternative sectors of the economy outside the mining sector, i.e. skills in other economic sectors independent of mining. Portable skills programmes should align with the LED priorities and projects of the IDPs of the host or labour sending municipalities.

2.2.6.1 Baseline situation

To ensure continued employment, Palabora will as far as possible align all skills training in the business with national unit standards of learning. This will ensure that skills acquired during

employment will be portable after closure, giving employees the opportunity for similar employment both within the mining industry, as well as related fields. The Company recognises skills acquired previously, which will accelerate the transformation of company issued qualifications to national qualifications. Palabora is in consultation with the unions to identify skills that are deemed to be portable by employees and the Department of Labour (DOL). Programmes focussing on these identified skills will be integrated in the skills training programmes in order to promote employees' portability into alternative sectors of the economy after mine closure.

Salary structures have been aligned with skills acquisition thus providing reward for skills acquired. Recognition of prior learning is thus encouraged and achieved by current business qualifications being aligned with unit standards, and with employees being subjected to unit standard assessments to attain the national qualification. The electronic learning facilities providing leadership, computer and a variety of life skills learning have been expanded. Employees continue to support and return positive feedback regarding the financial literacy training provided at the learning centre.

Currently, most of the skills training administered through the Palabora skills programmes are considered to be portable, as reflected in **Table 17**.

The current focus of the skills training programmes at Palabora to date, has been in line with the operational and skills needs of the Mine. However, Palabora is in the process of shifting the focus of its skills programme to equipping employees with portable skills, which can enable their mobility into other sectors of the economy outside of mining, in increasing measure, over the long term. Portable skills training programmes are already being undertaken with employees in order to equip them with alternative skills for unforeseen scenarios, i.e. unplanned retrenchment, decommissioning and closure. This was necessitated during the 2004/2005 period when Palabora nearly closed down due to the companies challenging financial situation as indicated in section 1.12.3. Palabora will continue to engage with the trade unions in order to define the skills training programmes that can be classified as portable and will encourage the participation of employees in these programmes.

It is not surprising, then, that a number of employees (28%) indicated during the BSETS that they are not aware that non-mining skills are offered at Palabora. An even smaller number of employees (6.7%) indicated that they have been offered and received non-mining skills. Respondents were required to comment on the skills training that they think will equip them to find alternative employment in the event of mine closure. A number of employees (94 or 9.6%) indicated that machine operation skills training would be beneficial to them, followed by skills training in heavy vehicles operation (88 or 9%), computer literacy (17 or 7%), administration (81 or 8%) and mechanical skills training (79 or 9%).

Once the list of portable skills has been defined in consultation with the unions, Palabora will proactively increase awareness of the availability of portable training opportunities. By offering technical as well as non-technical non-mining related skills, Palabora will empower employees in order to obtain alternative livelihood opportunities in the event of mine closure.

2.2.6.2 Action plan

Due to the uncertainty around the life of copper mining remaining, Palabora will equip its employees with portable skills to enable them to find livelihood opportunities in other sectors of the economy. Palabora is currently consulting with the unions to identify skills that can be considered portable. Once consensus has been reached, Palabora will expand the current list of portable skills training offered. Existing skills will be aligned with portability and additional life skills training programmes will be added to the curriculum. The targets will be updated on an ongoing basis and submitted to the DME at the end of each reporting cycle to reflect progress in the implementation of the SLP.

Palabora's objective is that all employees should have the opportunity to be exposed to a portable skill by 2015. The attached **Skills Development Sub-Plan in Appendix 2.2** has informed the portable skills development process.

This programme is based upon implementing the following sub-programmes:

- **ABET** will facilitate employees becoming literate and numerate, which will enable them to access jobs within or outside the mining industry, and make them functionally literate to be able to further their education beyond ABET. This will increase their portability by enhancing their employability into a variety of other sectors.
- The **Learnership** and **Skills training** programmes will enable the learners to obtain accreditation and training in formal skills, which will open opportunities for employability within and outside the industry. In the event of decommissioning or closure of the mine, these employees will be equipped with a "Portable Skills Conversion Cap" to assist them to be redeployed into other mining operations or into other sectors of the economy. The portable skills conversion cap will involve equipping employees with skills relating to: The formulation of Curriculum Vitae; How to look for a job; How to market ones skills; How to approach a migration scenario; Counselling; and Mentoring. A professional organisation specialising in assisting employees to "cross the bridge" into other job sectors, will be contracted. This company will assign mentors and career coaches in other job sectors, outside of mining, to assist each employee.
- All employees will be enrolled in a **Life skills training** programme. This programme will equip employees with education on fundamental life aspects, which are essential towards promoting their sustainability e.g. financial management skills, compiling budgets, payment of rates and taxes, how to gain access to bonds, where to buy homes in sustainable areas, family building skills and taking ownership for ones future.

Palabora recognises that ABET training is not suitable for all Palabora's employees, specifically the 'older' illiterate employees and those (the majority of Palabora employees) who have passed ABET Level 4. Therefore, Palabora will offer those employees an alternative by providing access to programmes in portable skills development and life-skills courses. Palabora will provide the opportunity to all interested employees to be exposed to a range of portable skills still to be identified. The following action plan in **Table 18** indicates how Palabora will develop a portable skills training programme. **Table 19** depicts the targets for the participation of employees in Portable skills training programmes, over the following five (5) years.

Table 18: Portable skills training programme action plan

ACTION	DELIVERABLES	TARGET DATE
Assess BSETS findings and a needs analysis to determine portable skills requirement in line with skills gap in BPLM. Assessment of the key economic activities, LED priorities and IDP programmes, in the BPLM.	List of portable skills programmes applicable to the current and future economic development activities in the BPLM	April 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Finalise consultation process with trade unions in order to determine portability of skills training currently offered at Palabora.	Negotiated list of portable skills.	May 2009
Undertake community survey to determine portable skills requirement in line with skills gap in BPLM.	List of portable skills programmes applicable to the current and future economic of development activities in the BPLM	June 2009
Determine policies and procedures for portable skills training, especially as the mine approaches a closure scenario.	Portable skills policy, procedures and methodology.	July 2009
Develop a detailed portable skills training programme for training employees in skills in non-mining related skills, in line with the findings of the BSETS and the consultation with the unions.	Five (5) year portable skills training programme, with targets, initiatives, budgets and timeframes.	August 2009
Expand portability of the existing skills training programme. Identify and commission any new service providers to implement courses where necessary.	Expanded skills training programme with a focus on portable skills training.	August 2009
Investigate the accessibility of proposed courses by employees once	Infrastructure available, programmes available and	August 2009

ACTION	DELIVERABLES	TARGET DATE
the number of employees per course has been determined.	accessible to present courses, if proven feasible.	
Compile a new portable skills training programme "actions plans" table for 2010.	New portable skills training programme "actions plans" table.	December 2009
Commence training.	Enrolment of specified employees.	January 2010 onwards

Table 19: Five year plan for Portable skills training programmes and targets

Category	2009								2010								2011										
	Permanent				Contractor				Permanent				Contractor				Permanent				Contractor						
	Male		Female		Male		Female		Male		Female		Male		Female		Male		Female		Male		Female				
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W			
																									Total		
Computer skills	76	13	14	0	33	26	5	4	171	76	19	13	14	10	6	4	3	145	76	19	13	14	10	7	4	3	146
Life skills	2 144	76	57	0	64	17	2	1	2 361	2144	365	76	57	66	17	2	2	2 729	2 144	365	76	57	68	17	3	2	2 732
Safety skills	904	51	17	0	416	5	6	2	1 401	904	299	51	17	411	4	6	2	1 694	904	299	51	17	407	4	5	2	1 689
Number per year	3 124	140	88	0	513	48	13	7	3 933	3 124	683	140	88	487	27	12	7	4 568	3 124	683	140	88	485	28	12	7	4 567

Category	2012								2013								Grand Total		
	Permanent				Contractor				Permanent				Contractor						
	Male		Female		Male		Female		Male		Female		Male		Female				
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W			
																		Total	
Computer skills	76	19	13	14	11	6	4	3	146	76	19	13	14	13	6	4	3	148	756
Life skills	2 144	365	76	57	69	18	2	2	2 733	2 144	365	76	57	71	17	2	2	2 734	13 289
Safety skills	904	299	51	17	405	4	5	2	1 687	904	299	51	17	402	5	5	2	1 685	8 156
Number per year	3 124	683	140	88	485	28	11	7	4 566	3 124	683	140	88	486	28	11	7	4 567	22 201

HDSA=Historical Disadvantaged South African, W=White

Note that these figures refer to the number of interventions, and not to the number of beneficiaries.

Also note that these are estimates, to be verified once the success of a full year programme has been established. Technical training to be added, once the portability of skills has been defined through the consultation process.

2.2.7 Hard-to-fill vacancies

Hard-to-fill vacancies represent both currently filled and vacant positions. Those positions are difficult to fill / replace due to limited availability of skills in the labour market for the specific positions. Those positions also represent positions where Palabora is non-compliant in terms of its employment equity obligations in terms of the Mining Charter.

Hard-to-fill vacancies will be addressed at Palabora through the implementation of the Skills Development Programmes and various learnerships, as described in the previous sections. The hard-to-fill vacancies at Palabora have been recorded in Form R in **Table 20**. Skills development, ABET, learnership programmes as well as Career Progression and Mentorship programmes (discussed in the ensuing sections) will be used to build capacity internally in the areas where it is needed and will be based on the WSP for the operation. Designated groups will be given preference in filling vacancies.

Table 20: Hard-to-fill vacancies as per Form R in Annexure II of the MPRDA regulations

Occupational level	Job title of vacancy	Job title of scarce and critical skill	Main reason for inability to fill vacancy
Top management			
Senior management			
Professionally qualified and experienced specialists and mid-management	Accountant	Management accountant.	Skills shortage
	Engineer	Electrical, Mechanical, Mining engineers.	
	Coordinator	Radiation specialists	
	Environmental specialist		
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	Artisan	Fitter, electrician, boilermaker, Instrument mechanic	Skills shortage
	Technician		
	Superintendent		
Semi-skilled and discretionary			

Occupational level	Job title of vacancy	Job title of scarce and critical skill	Main reason for inability to fill vacancy
decision-making			
Unskilled and defined decision-making			

2.3 Career Progression Plan

Regulation 42 (b) ii

Appendix 2.3: Career Progression Sub-Plan

2.3.1 Introduction

The career progression plan aims to illustrate a career path for employees, indicating possible routes to move or change from one role or position to another within a specific discipline through defining competencies such as skills and experience required by the various job categories. The mine's training and development programmes then become a mechanism through which the required competencies are developed. The movement could either be to a position on the same level or a position on a higher level. The path of career progression could also be applied during selection and recruitment, training and development, as well as talent management.

2.3.2 The baseline situation

Significant numbers of employees (351) have already progressed in their acquisition of skills and recognition of prior learning process, and have consequently progressed in terms of salary as well as the obtaining of national qualifications. B-band employees (operators) that successfully complete a skills training programme or learnership, as part of a career progression programme, automatically receives a salary increase, regardless of whether he/she progresses into a higher position or not. Other employees are made aware of any potential opportunities available to them as a result of their newly acquired qualification.

In addition to having job profiles based on unit standards of learning, job structuring is maintained in such a manner as to provide visible career possibilities in all work areas. Progression is based on a continuum of skills process, where an individual is able to obtain the core competencies for the next role while still employed in the current. Personal Development Plans (PDPs) have been successfully implemented. These plans are monitored and managed centrally and employees have been progressing in their individual development programmes. Individual career paths are discussed with employees as part of the annual job evaluation

process and employees are progressed in the company in terms of natural progression from one job level/salary grade, to the next.

A detailed **Career Progression Sub-Plan** for Palabora has been put in place in **Appendix 2.3**. Palabora has established detailed job and educational requirements for each position within the organisation, as indicated in the summary in **Table 21** below. Note that certain job grades do not appear since there are no positions on the mine associated with these grades. Please refer to the detailed job requirements in **Appendix 2.3**. The responsibilities and activities for each position are provided as well. Refer to the Organogram in **Figure 5** (Section 2.2) for a detailed breakdown of the various positions. Detailed career paths and matrices have been established for each position within the operation. Refer to the Core contractor compliance in Section 1.15.

According to the BSETS findings, about 40% of the employees are aware of the career progression plan offered at Palabora, while 32.4% think career progression is applicable to them. About 10.6% claimed to have received career progression, while 3.7% have been offered but not received it yet. Palabora needs to focus on the development of a talent pool containing candidates with the greatest potential for career progression in terms of the skills and employment equity requirements of the company (See **Figure 7**).

Palabora will promote career progression and succession opportunities among its employees, for individuals to progress from lower skilled working levels to higher skilled working and management levels in line with the EE requirement. Palabora will improve awareness of career progression opportunities available to employees through the Training Newsletter and the SLP Coordinator.

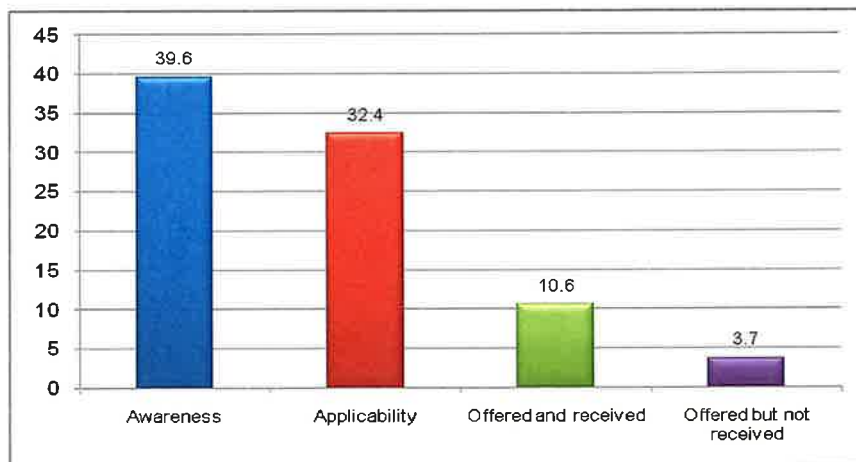


Figure 7: Career progression programme

Table 21: Summary of the job requirements for the operation

NQF Levels	Job Grades	CATEGORY 1: Whole job titles	Educational requirement
Management, HR, SHEQ, Finance, Lab, Admin and (Head office if applicable)			
7	F3		BSc, BEng, MBA
	F2		
	F1	Managing Director	BFin, CA, BComm,
	E1	General Manager	
6	D4	Manager	BSc, MBA, BTech, NDip
	D3		
5	D2	Superintendent	NDip, BTech,
	D1	Specialist	NDip, BTech, BAdmin
	C5	Specialist	NDip, BTech, NCert,
	C4	Supervisor	NDip, BTech, NCert, Grade 12
4	C3	Specialist, Coordinator	Grade 12
	C2		
3	C1	Admin Coordinator	Grade 12
	B5	Clerk	Grade 10
	B4	PIClerk	Grade 10
2	B3	Clerk	Grade 10
	B2		
	B1		
1	A3		

NQF Levels	Job Grades	CATEGORY 1: Whole job titles	Educational requirement
	A2		
Mining and Engineering			
7	F3		BSc, BEng, MBA
	F2		
	F1	Managing Director	
5, 6, 6	E1	General manager	BSc, BEng, MBA, BTech, NDip
	D4	Manager	
	D3		NDip, BTech,
	D2	Superintendent	NDip, BTech
	D1	Specialist	NDip, BTech, NCert, N4,5,6
	C5	Specialist	
3, 4	C4	Supervisor	NDip, BTech, NCert, N4,5,6
	C3	Specialist, Coordinator	Blasting certificate, N2,3,4,5,6, Grade 12 N2,3, Grade 12
	C2	Artisan	Grade 12
3	C1	Coordinator, Clerk	Grade 10
	B5	Process Operator	

NQF Levels	Job Grades	CATEGORY 1: Whole job titles	Educational requirement
	B4	Plant operator	
2	B3	Mobile equipment / Plant operator	Grade 10
Plant and Engineering			
7	F3		BSc, BEng, MBA
	F2		
	F1	Managing Director	
5 6 5	E1	General manager	BSc, BEng, MBA, BTech, NDip
	D4	Manager	
	D3		NDip, BTech,
	D2	Superintendent	
3	D1	Specialist	NDip, BTech, NCert, N4,5,6
	C5	Specialist	
	C4	Supervisor	
4	C3	Specialist, Coordinator	Blasting certificate, N2,3,4,5,6, Grade 12 N2,3, Grade 12
	C2	Artisan	Grade 12
3	C1	Coordinator, Clerk	Grade 10

NQF Levels	Job Grades	CATEGORY 1: Whole job titles	Educational requirement
	B5	Process Operator	Grade 10
	B4	Plant operator	
2	B3	Mobile equipment/ Plant operator	Grade 10

More detail with regard to the job requirements at Palabora is available from the Human Resources System Database.

The number of people at Palabora trained for career progression opportunities to date is provided in Table 22.

Table 22: Number of people trained for career progression opportunities to date

TRAINING CATEGORY	Coaching	Situational Leadership	Kukhula Supervisory Training	Palabora Supervisory Training	Frontline Supervisory Training	Leadership Development (BLDP & OLDP)	Management Development (MBA)
Mining	97	96	2	14	4	6	2
Engineering	16	12	4	8	2	0	0
Plant	66	68	12	28	7	0	0
HR, Marketing, Finance & SHEQ	57	38	0	0	0	4	0
Total	236	214	18	50	13	10	2

A **Talent Pool** comprising of exceptional performers, as well as potential management candidates with assessed potential at various levels, have been identified, tracked and placed into a talent pool for succession and accelerated development, as described in the Career Progression supporting working plan in Appendix 2.3 and **Table 23** and **Table 24**.

Currently, Palabora has met the employment equity requirement with 42% HDSAs and 19% women in management. Of the 19% women in management, four (4) are black. Of the 178, or 8% females at the company, 72% is white, and 28% is black. The Mining Charter states that mines must meet the requirement of 10% women in core mining and all other levels of the mine by May 2009. Palabora is currently in the process of recruiting, training and integrating women into the core mining positions at the Mine. Progression into upper levels is determined by performance, aptitude and enthusiasm, as well as the availability of career opportunities within a given occupation.

Table 23: Talent pool per occupational level

Occupational levels	Male		Female		Total
	HDSA	White	HDSA	White	
Professionally qualified and experienced specialists and mid-management	5	29		5	39
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	34	10	5	5	54
Semi-skilled and discretionary decision-making	108	6	18	10	142
Unskilled and defined decision making	0	0	0	0	0
Total	147	45	23	20	235

HDSA=Historical Disadvantaged South African, W=White

Table 24: Talent pool per Department

Department	Male		Female		Total
	HDSA	White	HDSA	White	
Mining and Engineering	28	17	4	2	51

Plant and Engineering	70	12	11	9	102
Management, HR, SHEQ, Finance, Lab, Admin	49	16	8	9	82

HDSA=Historical Disadvantaged South African, W=White

2.3.3 Action plan

Palabora will actively promote career progression and succession opportunities among its employees, and has used 2008 to refine the current Career Progression Programme as indicated by the action plan in **Table 25**. Detailed career pathways have been developed and are attached as Excel spreadsheets in **Appendix 2.3.1**. The detailed **Career Progression Sub-Plan** in **Appendix 2.3** will be used to guide this process. A detailed career progression plan is provided in **Table 26**, where specific job titles of employees, relevant Paterson Grade, race, gender and envisaged future positions are illustrated. This plan will be updated as indicated in Table 23.

The Career Progression Programme will be implemented for a five (5) year period, after which it will be reassessed every five (5) years. The Career Progression Programme will be linked to the Skills Development Programme, learnership programme, internship and bursary programme, mentorship programme and employment equity programme.

Mechanisms has been put in place for individuals to progress from lower skilled working levels to higher skilled working and management levels, should job opportunities arise and positions become vacant. The career progression plan will ensure that the qualifications, aspirations, developmental needs, and potential capabilities of all employees are accounted for in line with the needs and capabilities of the Mine. This information will be used to plan adequate career paths for employees to progress from lower skilled positions to higher skilled or managerial levels.

Palabora will implement its Career Progression Programme as a primary mechanism to empower its employees to internally fill the skills and employment equity needs of the Company. Furthermore, Palabora will implement a skills training programme in the surrounding communities, which will focus on empowering individuals with the necessary skills to cater for the labour requirements of Palabora. This mechanism of "true" empowerment will be favoured over recruiting and poaching from other companies.

Table 25: Career progression action plan

Action	Deliverables	Target date
Formalise the PDP process whereby interviews are conducted with identified	Documented information on employees' potential and	January 2009

Action	Deliverables	Target date
employees, to determine employees' aspirations and potential.	aspirations.	
Continue the establishment of an internal talent pool at Palabora and an external talent pool in the communities.	Accelerate the development of internal and external talent pools.	January 2009
Establish fast-tracking plans for succession of HDSAs and women identified from the Palabora and the Community talent pool, as having significant potential to progress to higher skilled and managerial roles within a short timeframe.	Fast-tracking plans for those HDSAs and women in the talent pools.	February 2009
Implement formal career planning for those candidates identified to have potential through individual career progression plans.	PDPs for identified candidates.	February 2009
Refine the career progression plan including: fast tracking candidates, career pathways for all employees, related employment positions, related targets, related mentorships, required skills training, related training facilities, related resources, related timeframes and budgets for implementation.	Upgraded career progression plan.	February 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Develop, implement and communicate generic career paths and job profiles to all employees, as well as selected communities.	Communication programme with employees on career paths for every discipline as associated criteria.	June 2009
Conduct Community Survey to identify potential candidates from employee households and members from the surrounding and labour sending communities of BPLM, with potential for training and progression into positions at Palabora where there is a skills need or employment equity need.	Findings report on external training and career progression opportunities for employee households and community members.	June 2009
Continue to provide training and career advice	Ongoing advice and	Ongoing

Action	Deliverables	Target date
to employees that have not been identified to have potential for further development or are not interested in further development. Refine the communication programme to communicate details of training programmes and SLP opportunities available to employees. A 'data room' could be established where employees can view the company 'organogram', notice boards and relevant contact details of officers that can provide personal assistance. Information regarding the appropriate procedures to become involved will also be made available.	refinement of the communication programme.	
Compile a new career progression "actions plans" table for 2010.	New career progression actions plans table for 2010.	December 2009

Table 26: Career Progression Plan

Current position							Possible Future Position	
Department	Job Title	Grade	Ethnic	Gender	Job Title	Grade		
Mining	Operator	B1-B4	HDSA	M/ F	Coordinator	C1-C3		
	Coordinator	C1-C3	HDSA	M/ F	Supervisor	C4-C5		
Engineering	Maintainer	B3-B5	HDSA	M/ F	Artisan	C1-C2		
	Artisan	C2	HDSA	M/ F	Technician	C4		
Management	Graduate engineer	C3	HDSA	M/ F	Superintendent	D2		
	Supervisor	C4-C5	HDSA	M/ F	Superintendent	D2		
	Superintendent	D2	HDSA	M/ F	Manager	D4		
Human Resources	Clerk	B1-B4	HDSA	M/ F	Coordinator	C1-C3		
	HR Specialist	C5	HDSA	M/ F	Superintendent	D2		
SHEQ	Safety Officer	C3	HDSA	M/ F	Superintendent	D2		

Current position							Possible Future Position	
Department	Job Title	Grade	Ethnic	Gender	Job Title	Grade		
Finance	Accountant	C4-C5	HDSA	M/F	Superintendent	D2		
Laboratory								
Mining and Engineering	Coordinator	C3	HDSA	M/F	Supervisor	C4-C5		
	Supervisor	C5	HDSA	M/F	Superintendent	D2		
	Mining Engineer	C4	HDSA	M/F	Mining Specialist	C5		
	Mining Engineer	C4	HDSA	M/F	Superintendent	D2		
Plant and Engineering	Coordinator	C3	HDSA	M/F	Supervisor	C4-C5		
	Supervisor	C5	HDSA	M/F	Superintendent	D2		
	Metallurgist	C4	HDSA	M/F	Specialist	C5		
	Metallurgist	C4	HDSA	M/F	Superintendent	D2		

A number of individuals in Table 26 above require certain skills to facilitate their progression into management. Further detail is available from the Palabora HR Department, upon request. Table 27 illustrates the targets for the progression of HDSAs through supervisory, management and leadership development programmes over the next five (5) years.

Table 27: Five year plan for career progression activities and targets

Training Category	2009						2010						2011					
	Permanent			Contractor			Permanent			Contractor			Permanent			Contractor		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W
Mining Supervisory	4	3	0	0	3	2	0	0	0	4	3	0	0	3	2	0	0	12
Engineering Supervisory	1	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	1
Plant Supervisory	10	5	4	0	0	0	10	5	4	0	0	0	10	5	4	0	0	19
Administration Supervisory	8	0	0	1	3	2	8	0	0	1	5	3	8	0	0	1	6	21
Management Development	14	1	0	1	8	0	10	1	4	1	8	0	10	1	4	1	9	25
Other	30	0	0	0	3	1	30	0	0	3	1	0	30	0	0	2	0	32
Total	67	9	4	2	17	5	107	63	9	8	2	110	63	9	8	20	5	110

Training Category	2012								2013								Grand Total		
	Permanent				Contractor				Permanent				Contractor						
	Male		Female		Male		Female		Male		Female		Male		Female				
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W			
																		Total	
Mining Supervisory	4	3	0	0	3	2	0	0	12	4	3	0	0	3	2	0	0	12	60
Engineering Supervisory	1	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	0	1	5
Plant Supervisory	10	5	4	0	0	0	0	0	19	10	5	4	0	0	0	0	0	19	95
Administration Supervisory	8	0	0	1	7	3	1	1	21	8	0	0	1	7	2	1	1	20	97
Management Development	10	1	4	1	11	0	1	0	28	10	1	4	1	11	0	1	0	28	130
Other	30	0	0	0	1	0	0	0	31	30	0	0	0	0	0	0	0	30	162
Total	63	9	8	2	22	5	2	1	112	63	9	8	2	21	4	2	1	110	549

HDSA=Historical Disadvantaged South Africans; W=White

Note that these are estimates depending on individual performance and will be verified in due course.

The following mechanisms will be implemented for the fast-tracking of employees identified as having significant potential, in order to promote the advancement of HDSAs into higher skilled and management levels within Palabora:

- Conducting detailed assessments for identified individual, through employee skills interviews, to determine employees' aspirations and potential,
- Implementing career *planning* whereby employees' careers are planned according to their own aptitudes, skills, qualifications, interests and values,
- Offering support and assistance to the employee for the achievement of his/her career planning goals,
- Facilitating the administration of ABET courses, NQF courses and skills development programmes,
- Encouraging participation in ABET, NQF and skills programmes, as a means to achieve succession pathing and possible learnership opportunities,
- Compiling and implementing an integrated Human Resources Development (HRD) awareness generation programme with employees, including their career progress opportunities,
- Hereafter, regularly informing employees about their career path planning opportunities via notice boards and induction training,
- Communicating the benefits and available career development opportunities to employees,
- Describing and publishing minimum requirements for employment positions. These information campaigns will be directed firstly to existing employees,
- Fast tracking the career progression of the HDSAs identified as having significant potential and aspiration,
- Facilitating the realisation of employees' personal developmental needs in line with the strategic objectives of Palabora,
- Ensuring that mentors are familiar with each employee's career aspirations,
- Eliminating obstacles preventing the successful career progression of employees,
- Ensuring that mentors and managers are kept up to date with all job training, and subsequent development opportunities that may be available to the employee, and
- Monitoring progress through on-going performance management.

Specific succession programmes will be designed for the incorporation of HDSAs into management positions and women into core mining positions at Palabora. This plan will aim to draw on the labour pool of HDSAs and women from the affected communities, and through a process of training programmes and mentorship, to empower these women to be able to execute their responsibilities in their positions.

2.4 Mentorship and Coaching Plan

Regulation 42 (b) (iii)

Appendix 2.4: Mentorship and Coaching Sub-Plan

2.4.1 Introduction

Mentorship is a key process and tool in support of people development, employment equity, HRD planning, and performance management. It is a formal relationship between a mentor and a mentee, and is established to enhance the mentee's career by means of building skills and knowledge. A mentorship programme is in essence a process to foster a continuous mentorship relationship between the mentor and the mentee. The objective is to ensure that the maximum potential of the mentee is unlocked that is mutually beneficial to the mentee, mentor and the mine.

Internal mentorship refers to "in-house" mentorship whereby lower level employees are paired with higher level employees in order that a transfer of skills may take place.

External mentorship refers to the coaching of the members of the Board of Trustees of Palabora's 26% equity transaction, and will focus on coaching the individual members in the specifics of managing a trust.

The Palabora Mentorship Plan represents a carefully planned and professional intervention to facilitate a larger initiative to support employment equity and skills development within the operation.

2.4.2 The baseline situation

A **Mentorship and Coaching Sub-Plan** has been developed to guide the mentorship process for Palabora and is contained in **Appendix 2.4**. A basic mentorship and coaching programme for employees has been put in place at Palabora.

There are currently no formally appointed coaches at Palabora. To date, Engineering learners have been coached by training officers during their off-the-job training in the training centre, and by line supervisors during the on-the-job training phase. Similarly, all other programmes had unofficial mentors to oversee the training process.

This coaching process also forms part of the implementation of new skills and measuring of return on investment in terms of the application of learnt skills. Off-the-job coaching is direct and normally under the direction of the training officer.

Palabora is now in the process of appointing coaches for each person within the Talent Pool. The coaches will be contractually linked with the individual members of the Talent Pool and will be trained in line with the Rio-Tinto coaching process. Although a framework and methodology for mentoring is still in the process of being established and the mentorship still need to be determined, the following table (**Table 28**) provide details of possible mentee/mentor relationships for Palabora.

Refer to the mechanism for Core contractor compliance in Section 1.15.

It is evident from the BSETS findings that mentorship programme opportunities are not formally structured. The findings reveal that a significant number of employees (29.3%) are aware of the mentorship programme, while 15.5% think mentorship is applicable to them. With reference to programme offered and received, 6% of employees reported that they have been offered and received mentorship (Figure 8 below). Therefore, Palabora will need to effectively communicate the mentorship opportunities to its employees, so that they can make use of such opportunities for further personal development in line with the short and long term skills needs and HDSA requirements of the company.

Palabora will also need to make a rigorous effort to compile a mentorship programme to enrol employees that show high potential for progression into other positions, which are hard-to-fill. The Mentorship programme will be interlinked with career progression, and identified employees will be encouraged to reach their potential in attaining higher level positions. Particular emphasise will be placed on targeting HDSA and female employees.

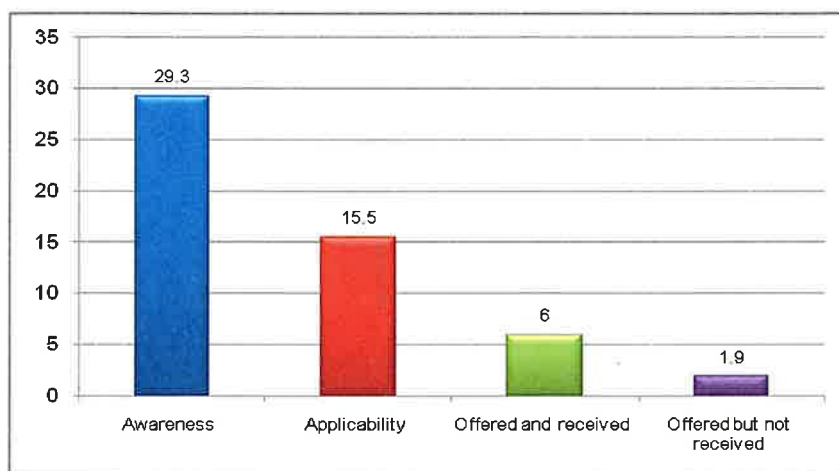


Figure 8: Mentorship programme

Table 28: Proposed Mentee/Mentor Assignments

Mentee	Mentor
Operator	Coordinator
Coordinator	Supervisor
Supervisor	Superintendent
Engineer	Superintendent
Specialist	Superintendent
Artisan	Supervisor
Technician	Engineer
Maintainer	Lead hand
Superintendent	Manager
Manager	General manager
General manager	Managing Director
Lead hand	Supervisor

2.4.3 Action plan

Palabora will actively promote mentorship opportunities among its current and future employees, and has used the 2008 period to establish and implement an appropriate Mentorship Programme linked to its Career Progression Programme. The Mentorship programme will focus on mentoring and coaching HDSAs and women into more specialised technical and managerial positions, in line with the employment equity requirements of Palabora.

The attached Mentorship and Coaching Sub-Plan in Appendix 2.4 will be used to guide this process. During this period, detailed action plans for the Mentorship Programme will be implemented over a five (5) year period. At the end of each five (5) year period, the mentorship plan will be reviewed and a new five (5) year plan will be formulated. The Mentorship Programme will be linked to the skills development programme, learnership programme, career progression programme, internships and bursary programme, and employment equity programme. An action plan for mentorship is provided in **Table 29**.

In terms of External Mentorship, Palabora is looking at structuring a 26% equity partnership with employees, the surrounding community and a consortium of entrepreneurs, the majority of

whom are current black independent non-executive directors of the Company. Palabora will need to enrol the representatives of its equity partners into a mentorship programme.

Palabora will provide elected representatives of the community (BEE trustees) and employees with skills training and mentoring training, in order to empower them to function in the role as equity partners. These representatives will need to act as directors on the board of Palabora and also as custodians of the rights of the community in terms of their shareholding. Through a mentorship programme, Palabora will equip the community and employee representatives with the capacity, understanding and power, to serve in this role. A lot of coaching of employees also takes place during formal skills training and Palabora provides training to other companies in the area to enable them to provide appropriate services to the Company (as noted in Section 3.4.4).

Table 29: Mentorship action plan

ACTION	DELIVERABLES	TARGET DATE
Mentoring of Core contractors in the formulation and implementation of SLP and HRDP.	Empowered Core contractors who are fully willing to implement the SLP.	January 2009
Establish an external mentorship programme for the BEE partners (community) and employees of Palabora, including skills training programmes and empowerment programmes.	External mentorship programme for BEE partners.	Upon approval of the BEE transaction
Enrolment of representatives from BEE partner groups into mentorship programmes.	Implementation of mentorship programme.	Upon approval of the BEE transaction
Formalise the internal mentorship programme and align it with the career progression programme, skills development programme, internship & bursary programme and employment equity programme. Align with the skills need and employment equity need of Palabora.	Formalisation of coaching and mentoring programme.	March 2009
Enrol mentors/coaches in formal, Rio Tinto coaching system.	Mentors training completed and accredited.	March 2009
Integration of Core contractors into	Formulation of Core contractor	March 2009

ACTION	DELIVERABLES	TARGET DATE
mentorship/coaching process, with details on initiatives, targets and action plans for employees.	mentorship plans.	
Assign mentors to fast-tracking candidates from the Palabora internal talent pool of employees, as identified in the career progression programme. Match mentor/coach with mentee.	Enrol fast-tracking candidates in mentorships for certain positions, in line with the skills need and employment equity requirement of Palabora. Formalised mentor-mentee relationships.	April 2009
Implementation of detailed plans and systems by Core contractors to align with the Palabora SLP.	Implementation of SLP programmes and initiatives	April 2009
Compile a new mentorship and coaching programme "actions plans" table for 2010.	New mentorship and coaching programme actions plans table for 2010.	December 2009
Expand the mentorship/coaching programme to all employees, communicating the opportunities, criteria and means on how to be involved as a mentee in a career progression programme.	Communication procedure of mentorship programme to all employees.	January 2010
Formulation and implementation of a community mentorship/coaching programme for LED projects.	Community mentorship/coaching agreements for LED.	2010 onwards

With regard to an internal mentorship and coaching with employees, Palabora will implement the following mechanisms:

- Create mentoring/coaching implementation structures within Palabora,
- Identify mentors/coaches and mentees,
- Train mentors/coaches,
- Match mentors/coaches with suitable mentees,
- Set relationship goals and plans for learning programmes,
- Implement and monitor mentee's progress, and
- Evaluate and fine-tune the process.

The above process focuses specifically on individuals from HDSA groups in order to facilitate upward mobility and achieve transformation goals.

Palabora will implement an internal mentorship plan for mentoring its employees in line with the skills development plan, career progression plan and employment equity plan.

The mentorship plan will be implemented through the following steps:

- Transferring skills from employees to identified HDSAs,
- Guiding and building capacity amongst its BEE and procurement partners,
- Mentoring and coaching employees with regard to learnership opportunities,
- Ensuring that mentors are sufficiently trained and capacitated for their role,
- Offering rewards for mentors who perform well and are successful,
- Ensuring that mentees are matched with suitable mentors in terms of, for example, personality type, and
- Providing accelerated individualised development programmes for those employees identified as having sufficient potential and aspiration.

On an external level, Palabora will provide mentorship to its BEE partners and other Joint Ventures or Equity relationships.

Table 30 below indicates the **targets (Mentees)** for the number of employees to be mentored per year until 2013. These individuals consist of talent pool members, all employees from B-band and above, including bursars, graduates-in-training and learners.

Palabora will establish a talent pool of employees who fall below C-band, to be enrolled in skills development, career progression and mentorship programmes. This talent pool programme will focus on providing development opportunities to employees at the lower levels for progression within the company and for other economic sectors outside of the company, as Palabora approaches closure.

Table 30: Five year plan for employees to be mentored, i.e. Mentee assignments

Department	2009										2010										2011												
	Permanent					Contractor					Total	Permanent					Contractor					Total	Permanent					Contractor					Total
	Male		Female		W	Male		Female		W		Male		Female		W	Male		Female		W		Male		Female		W						
	HDSA	W	HDSA	W		HDSA	W	HDSA	W			HDSA	W	HDSA	W		HDSA	W	HDSA	W			HDSA	W	HDSA	W		HDSA	W				
																														HDSA	W	HDSA	
Head Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Management	3	1	0	0	1	6	3	1	0	0	1	0	0	1	6	3	1	0	0	1	6	3	1	0	0	2	0	0	1	7			
Human Resources	1	0	1	0	0	5	1	0	1	0	1	0	1	0	3	0	6	1	0	1	0	0	0	0	0	0	0	3	0	5			
SHEQ	1	0	1	1	0	3	1	0	2	0	0	0	0	0	3	1	0	2	0	0	0	0	0	0	0	0	0	0	3				
Finance	3	0	1	1	0	6	3	0	1	1	0	0	0	1	6	3	0	2	0	0	1	6	3	0	2	0	0	0	1	6			
Lab	1	0	1	0	0	3	1	0	1	0	0	0	0	1	3	1	0	1	0	0	1	3	1	0	1	0	0	1	0	3			
Administration	3	0	2	1	0	8	3	0	3	0	0	0	0	2	8	3	0	3	0	0	2	8	3	0	3	0	0	2	0	8			
Mining	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Mining Engineering	2	1	0	0	5	8	2	1	0	0	5	0	0	0	8	2	1	0	0	0	0	8	2	1	0	0	5	0	0	8			
Coordinator	2	1	0	0	3	6	2	1	0	0	3	0	0	0	6	2	1	0	0	0	0	6	2	1	0	0	3	0	0	6			
Supervisor	1	0	0	0	1	4	1	0	0	0	1	2	0	0	4	1	0	0	0	1	2	4	1	0	0	0	1	1	0	3			
Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Metallurgist	3	1	2	2	0	8	3	1	3	1	0	0	0	0	8	3	1	3	1	0	0	8	3	1	2	2	0	0	0	8			

Department	2009						2010						2011															
	Permanent			Contractor			Permanent			Contractor			Permanent			Contractor												
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total										
Coordinator	2	1	0	0	1	1	0	0	5	2	1	0	0	0	3	2	1	0	0	0	0	3						
Supervisor	8	1	0	0	1	1	0	0	11	8	1	0	0	2	1	0	0	12	8	1	0	0	14					
Engineering	4	1	1	0	0	0	0	0	6	4	1	1	0	1	1	0	1	8	4	1	1	0	8					
Technician	4	1	0	0	3	0	0	0	8	4	1	0	0	0	0	0	1	5	4	1	0	0	5					
Learnerships	15	5	2	2	0	0	0	0	24	15	5	2	2	5	0	0	0	29	15	5	3	1	6	30				
Bursaries	6	1	2	2	0	0	0	0	11	6	1	3	1	0	0	0	1	11	6	1	3	1	0	11				
Graduates in training	6	2	2	1	0	0	0	0	11	6	2	2	1	0	0	0	0	11	6	2	2	1	0	11				
Total	65	16	15	10	15	4	6	2	133	65	16	19	6	19	4	6	2	137	65	16	20	5	21	4	139			

Department	2012										2013										Grand Total
	Permanent				Contractor				Total	Permanent				Contractor				Total			
	Male		Female		Male		Female			Male		Female		Male		Female					
	HDSA	W	HDSA	W	HDSA	W	HDSA	W		HDSA	W	HDSA	W	HDSA	W						
Head Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Management	3	1	0	0	1	0	0	1	6	3	1	0	0	1	0	0	1	6	31		
Human Resources	1	0	1	0	0	0	3	0	5	1	0	1	0	0	0	3	0	5	26		
SHEQ	1	0	2	0	0	0	0	0	3	1	0	2	0	0	0	0	0	3	15		
Finance	3	0	2	0	0	0	0	1	6	3	0	2	0	0	0	0	1	6	30		
Lab	1	0	1	0	0	0	1	0	3	1	0	1	0	0	0	1	0	3	15		
Administration	3	0	3	0	0	0	2	0	8	3	0	3	0	0	0	2	0	8	40		
Mining	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Mining Engineering	2	1	0	0	5	0	0	0	8	2	1	0	0	5	0	0	0	8	40		
Coordinator	2	1	0	0	3	0	0	0	6	2	1	0	0	3	0	0		6	30		
Supervisor	1	0	0	0	1	1	0	0	3	1	0	0	0	1	1	0	0	3	17		
Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Metallurgist	3	1	2	2	0	0	0	0	8	3	1	3	1	0	0	0	0	8	40		
Coordinator	2	1	0	0	0	0	0	0	3	2	1	0	0	0	0	0	0	3	17		
Supervisor	8	1	0	0	4	2	0	0	15	8	1	0	0	5	3	0	0	17	69		

Department	2012						2013						Grand Total	
	Permanent			Contractor			Permanent			Contractor				
	Male		Female	Male		Female	Male		Female	Male		Female		
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W		
														Total
Engineering	4	1	1	0	1	0	4	1	1	0	1	0	0	8
Technician	4	1	0	0	0	0	4	1	0	0	0	0	0	5
Learnerships	15	5	3	1	8	0	15	5	3	1	10	0	0	34
Bursaries	6	1	3	1	0	0	6	1	3	1	0	0	0	11
Graduates in training	6	2	2	1	0	0	6	2	2	1	0	0	0	11
Total	65	16	20	5	23	4	65	16	21	4	26	5	6	145
														695

HDSA=Historical Disadvantaged South Africans; W=White

Note that these figures are merely estimates and will be verified and updated annually and presented to the DME.

Mentorship coordinators (mentors) have to be trained to facilitate the mentorship process and provide guidance where required, i.e. the relevant people from Palabora, who have been earmarked to be mentors, will need to be formally accredited as mentors. Table 31 provides targets (Mentors) for training individuals over a five (5) year period to fulfil their functions as a mentor.

Table 31: Five year plan for mentorship targets for assigning mentors per band

Mentorship coordinators	2009						2010						2011						
	Permanent		Contractor				Permanent		Contractor				Permanent		Contractor				
	Male	Female	HDSA	W	HDSA	W	Male	Female	HDSA	W	HDSA	Male	Female	HDSA	W	Male	Female	HDSA	W
Total						Total						Total							
E- band	0	2	0	0	2	4	0	1	9	0	2	0	0	2	4	0	1	9	
D-band	2	10	0	1	0	4	0	1	18	2	10	0	1	1	4	0	1	19	
C-band	10	10	1	0	7	9	0	0	37	10	10	1	0	10	9	0	0	40	
B-band	10	0	10	0	1	1	0	0	22	10	0	10	0	1	1	0	0	22	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	22	22	11	1	10	18	0	2	86	22	22	11	1	14	18	0	2	90	

Mentorship coordinators	2012										2013						Grand Total		
	Permanent				Contractor				Total	Permanent				Contractor				Total	
	Male		Female		Male		Female			Male		Female							
	HDSA	W	HDSA	W	HDSA	W	HDSA	W		HDSA	W	HDSA	W						
E- band	0	2	0	0	2	4	0	2	0	1	9	0	2	4	0	1	9	45	
D-band	2	10	0	1	1	4	0	1	19	2	10	0	1	4	0	1	19	94	
C-band	10	10	1	0	11	9	0	0	41	10	10	1	0	12	9	0	42	200	
B-band	10	0	10	0	1	1	0	0	22	10	0	10	0	1	1	0	22	110	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	22	22	11	1	15	18	0	2	91	22	22	11	1	16	18	0	2	449	

HDSA=Historical Disadvantaged South Africans; W=White

2.5 Internship and Bursary Plan

Regulation 46 (b) (iv)

Appendix 2.5: Internship and Bursary Sub-Plan

2.5.1 Introduction

Palabora is well aware of the need to not only assist its own employees with development opportunities, but also to provide opportunities for members of the local community to access tertiary education opportunities (bursaries) and experiential work opportunities (internships). The bursary and internship plan links in with developing individuals to supply the operation with its required skilled people. Apart from business related qualifications, the Mine is also aware of the need to develop qualified individuals from communities, affected by the Mine, in other sectors of the economy. In line with Section 2.2.3.2, Palabora will equip its employees with skills which are portable to other sectors of the economy upon downscaling or closure.

2.5.2 The baseline situation

Career management policies have been established to support employees and external intake candidates. Personal development plans have been designed to meet the needs of the individual in terms of knowledge or skills gaps for current roles, or for potential positions within the Company. Provision has also been made for employees requiring the opportunity to pursue full-time education.

In collaboration with the Palabora Foundation, greater support and direction are being provided to students from disadvantaged backgrounds wishing to embark on a career in the mining industry. Visits made to university graduate career days, and participation in global graduate programmes in the group, is continued to assure meaningful learning experiences and future employment within the group. Palabora provides a strong internship and bursary programme in its surrounding and major labour sending communities (Namakgale and Lulekani communities). Any individual interested in pursuing a mining career, or a career in non-mining related industries, is able to visit the Palabora Foundation and apply for enrolment. This person will then be interviewed and screened according to certain criteria.

In addition, Palabora has established a scholarship scheme, designed as a mechanism which contributes to the overall attraction, development and retention strategy of the business. The sponsorship provides financial aid to highly disadvantaged, but exceptional learners (from Grade 10 upwards) in the local communities, in order to complete their secondary education at a private school. These learners are also encouraged to spend time at the Palabora operation during their holidays in order to learn more about the mining industry. Palabora hopes to interest these high performing learners into a career in mining and engineering, and to attract them to the Palabora bursary scheme. Should these learners apply for employment positions at Palabora upon the completion of their studies, they will be absorbed into the Palabora talent pool further development and advancement.

Palabora also provides a study-assistance programme to employees, who wish to further their education in line with the needs of the Company, and other economic needs in the BPLM and MDM

regions. All applications for study assistance by employees are assessed on an ad-hoc basis and are dependent on the employee fulfilling certain criteria of the Company.

Primary professional skills required by the Company are electrical and mechanical engineering, as well as metallurgical and mining engineering. Current HDSA recipients of bursaries for higher tuition in these fields number 13 (86%) from a total of 15. Target groups are primarily black males, followed by white females, as a consequence of local population demographics. However, candidates from all designated groups are obviously considered. Study grants are allocated on an annual basis. Suitable candidates are invited to work June and December vacations, during which both parties have the opportunity to ensure individual requirements and desires can be met by the proposed grant. Candidates are selected on the basis of educational and vacation work performance. The candidate enters into a bursary contract for the current year of study only. The same process is followed to renew the grant for each year of study. If the student fails the year of study and/ or receives a poor work performance report, he/she is required to repay the grant for that year. On achieving the qualification, the student is required to work back an equal number of years the grants were awarded to achieve a return on the investment.

According to **Table 32**, 19 internships have been undertaken at Palabora. These were in the fields of Metallurgical/Chemical engineering, Mining Engineering, Electrical Engineering, Electronic Engineering and Mechanical Engineering. The beneficiaries have all been black males, except in 2005, when the beneficiary was a white male. Palabora also has an intensive bursary programme, and since its inception in 1994, 87 bursaries have been awarded for study in the fields of Electrical Engineering, Electronic Engineering, Mechanical Engineering, Metallurgical Engineering, Mining Engineering, Chemical Engineering, Electro Mechanical Engineering, Extractive Metallurgy, Accounting, Computer Science, Environmental Science, Information Technology and Computer Information Systems.

According to the findings of the BSETS, only a small number of employees (28%) are aware of the internship programme, while only 9.2% think internships would be applicable to them. Although 3.7% claimed to have been offered and received an internship, only 0.8% claimed to have been offered the opportunity, but had not received it yet (consult **Figure 9** below).

Palabora will increase awareness of the internship and bursary opportunities through the Training Newsletter, especially considering that many of the employee's dependents might be able to benefit from the programmes.

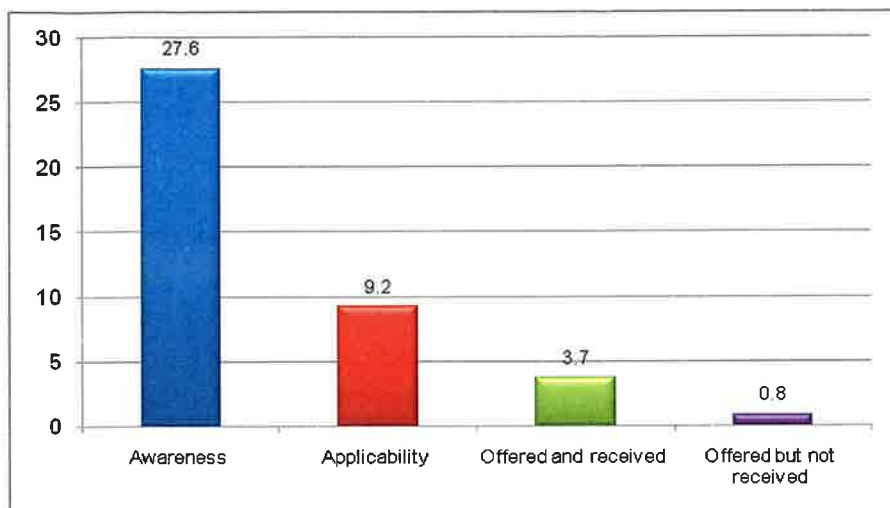


Figure 9: Internship programme

A detailed **Internship and Bursary Sub-Plan** has been compiled for Palabora in **Appendix 2.5** of the Supporting Human Resources Development Working Plan. This plan will be used to guide the process. Refer to the mechanism for Core contractor compliance in Section 1.15 of this document.

Table 32: Internships and Bursaries to date (December 2008)

Category	Total
Internships (since 1999)	19
Metallurgical /Chemical Engineering	8
Mining Engineering	3
Electrical Engineering	3
Electronic Engineering	1
Mechanical Engineering	4
Bursaries (since 1994)	87

2.5.3 Action plan

Palabora's internship and bursary plan will continue to focus on equipping HDSAs from the surrounding and the major labour sending communities, who have an interest in becoming involved in the mining industry, with the necessary skills and abilities. The Palabora Foundation will be used to implement these programmes, which will also include internship and bursary opportunities into other economic sectors outside of mining as identified in the IDPs for BPLM. Palabora will continue to offer bursaries to students from the Foundation's bursary scheme for continued studies, should these students have successfully completed their first year in a field that fall in line with their business needs.

Palabora will actively promote internship and bursary opportunities, subject to the financial situation and employment need of the mine.

The Mine is committed firstly, to provide their current and future employees with the opportunity and means to develop their skills and abilities. The Mine will encourage personal growth and development through its study-assistance programme whereby employees could apply for study assistance in a field that would be beneficial to Palabora in the long term. This programme will be expanded to include study assistance for fields outside of mining, which are in line with the economic needs and LED priorities of the BPLM and MDM municipalities. The study-assistance programme will be aligned with Palabora's portable skills training programme.

Secondly, the Mine will award selected external candidates with full-time study at tertiary institutions in line with the Mine's identified business needs. However, if the mine's life is not extended through new projects, and the mine's life remain the same, the focus of the bursary programme will shift to providing study opportunities in alternative economic sectors for employee households.

Palabora will undertake an internship programme for people from the surrounding and labour sending communities, as well as students from tertiary institutions who have an interest in becoming involved in a career in mining. The families of employees in the labour sending communities will be given preference to internship and bursary opportunities where relevant.

Palabora will implement internships and bursaries according to the attached sub-plan in Appendix 2.5. This plan has been designed for a five (5) year period and will be updated at the end of each period. An **action plan** has been developed for internships and bursaries as indicated in **Table 33**.

Table 33: Internship and Bursary action plan

ACTION	DELIVERABLES	TARGET DATE
Determine business needs in terms of bursary requirements for the future.	List of needs in terms of labour requirements specifically those with higher education specifications.	February 2009
Develop and implement an awareness programme with employees, families and the local communities for internship	Formulation and implementation of an awareness and	February 2009

ACTION	DELIVERABLES	TARGET DATE
and bursary opportunities at Palabora.	communication programme and implementation on an ongoing basis.	
Consult with the local higher education institutions to procure students for internships during their vacations.	List of interns from local Colleges and Universities of Technology for internships at Palabora.	February 2009
Communicate bursary opportunities to employees and request details of household members qualifying for internships and bursaries, both for the skills needs of Palabora, employment equity needs of Palabora, other mines and other jobs in other sectors of the economy.	Details of qualifying household members	March 2009
Integration of all Core contractors into the internship and bursary process, with details on initiatives, targets and action plans for their employees.	Formulation of Core contractor internship and bursary plans.	March 2009
Refine the Internship and Bursary Plan to describe: Candidates from employee families and communities; Enrolment criteria; Palabora business needs; Portable skills needs; Action plans; Targets; Timeframes and budgets.	Refined five (5) year plan.	March 2009
Undertake Community Survey to determine awareness of the Palabora internship and bursary programme. Determine potential candidates to become involved in the programme.	Community Survey report.	June 2009
Compile a new internship and bursary "actions plans" table for 2010.	New internship and bursary actions plan table for 2010.	December 2009

Table 34 depicts the **targets** for the participation of individuals in internships and bursaries at Palabora. A detailed breakdown of the nature of the bursaries and internships, as well as the contract agreements with interns/bursars, will be available from Palabora's HR Department.

Table 34: Five year plan for targets for internship and bursaries

Category	2009									2010									2011								
	Permanent				Contractor				Total	Permanent				Contractor				Total	Permanent				Contractor				Total
	Male		Female		HDSA		W			HDSA		W		HDSA		W			HDSA		W		HDSA				
	4	2	3	3	0	1	0	0	13	4	2	3	3	0	1	0	0	13	4	2	3	3	0	1	0	0	13
Internships/ Experiential training	5	2	6	3	2	3	0	0	21	5	2	6	3	2	3	0	0	21	5	2	6	3	2	3	0	0	21
Bursaries	9	4	9	6	2	4	0	0	34	9	4	9	6	2	4	0	0	34	9	4	9	6	2	4	0	0	34

Category	2012								2013								Grand Total							
	Permanent				Contractor				Permanent				Contractor											
	Male		Female		Male		Female		Male		Female		Male		Female									
	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W	HDSA	W								
																		Total						
Internships / Experiential training	4	2	3	3			0	1	0	0			4	2	3	3	1	1	0	0			14	66
Bursaries	5	2	6	3	2	3	0	0	0	0			5	2	6	3	0	0	0	0			16	100
Number per year	9	4	9	6	2	4	0	0	0	0			9	4	9	6	1	1	0	0			30	166

HDSA=Historical Disadvantaged South Africans; W=White

Note: Represents the number of interns or bursaries over a five (5) year period. Internships usually take about 2 years to complete. The bursaries have been based on a three (3) year bursary per student.

The Internships/Experiential Trainees will receive S4 diplomas from the Universities of Technology. Their programme will be prescribed by the University of Technology and will enable them to complete the P1 and P2 requirements of the National Diplomas in Mining or Geology. A monthly cash allowance is payable. The bursaries will be in Mining Engineering, Geology or Mechanical Engineering. It will enable all tuition and residence fees at a residential university. A work back period, commensurate to the length of the bursary from Palabora, will apply.

A new list of bursaries in alternative economic sectors to mining will be formulated. This list will be informed by the LED priorities contained in the IDPs of BPLM and MDM. Palabora will implement the following specific mechanisms with regard to its internships and bursaries:

- Providing preference to employees in the allocation of bursary opportunities, then to members of their households, then people from surrounding and labour sending communities, and lastly students from other educational institutions throughout South Africa,
- Ensuring that the internship and bursary programme focuses on the empowerment of HDSAs and women,
- Allowing HDSAs to work as apprentices to become skilled employees on the mine, developing, enhancing and properly utilising the abilities of HDSAs,
- Developing diversified skills amongst employees, families and affected communities, which will benefit the communities after closure of the mine and assist them to obtain jobs in other sectors of the economy,
- Utilising the existing skills base to achieve the empowerment of HDSAs,
- Promoting accelerated and equitable access to internship and bursary opportunities,
- Integrating the intern or bursar as an operating member of the mine,
- Providing internship and bursary supervisors to function as educators and overseers of the programmes,
- Involving interns in diverse responsibilities and exposing them to a broad range of challenges,
- Providing continuous evaluation of each internship and bursary,
- Exposing interns and bursars to the network of industry professionals,
- Providing a bursary scheme to cater for learners who wish to pursue undergraduate or post-graduate studies in mining related sectors,
- Appropriately and nationally advertising internship / bursary opportunities within Palabora, as well as the necessary selection criteria thereof,
- Identifying selected learners at pre-tertiary level in order to nurture potential at an early stage. These learners will be provided with bursaries which are relevant to the current and future market needs of the mining sector and the company, and
- Providing bursaries which cover fees for registration, tuition, accommodation, and learning materials.

2.6 Employment equity plan

Regulation 46 (b) (v)

Appendix 2.6: Employment Equity Sub-Plan

2.6.1 Introduction

Palabora fully subscribes to the principles of the Mining Charter, and strives to achieve more than the minimum requirements. The mine believes that employment equity is an integral part of building an effective and representative workforce and to ensuring equality for all employees. Particular effort will be directed to identifying HDSAs with talent, and providing accelerated training and development initiatives to assist their progression.

2.6.2 The baseline situation

A detailed **Employment Equity Sub-Plan** has been compiled for Palabora and is attached in **Appendix 2.6** of the Supporting Human Resources Development Working Plan.

Palabora has undergone an independent audit of its EE related processes and practices against the provisions of the Employment Equity Act and the Mine's own policies and procedures to ensure compliance occurred (**Annexure 2.6.2**). The first Employment Equity Plan, established in 2000, was designed for a four-year period from 2000 through 2003, to take account of the closure of the open pit mine and the transformation of the operation to a smaller, underground mine employing fewer people. A new Plan has been formulated and submitted to the Department of Labour, covering the five-year period from 2004 through 2008. The most recent **Employment Equity Report** is contained in **Annexure 2.6.1** of the employment equity plan.

The employment equity statistics for Palabora's permanent employees are contained in **Form S** in **Table 36**, and reflects the numbers of the permanent workforce as at 31 October 2008, when Palabora submitted the EE Report to the DoL. The employment equity statistics of Core contractors have been included in Appendix 2.6. Refer to the mechanism for Core contractor compliance in Section 1.15. Refer to **Table 37** and **Table 38** for the current percentages of HDSAs and women at the operation.

At the time of reporting, there were 1 939 permanent male employees and 178 (8%) female employees at Palabora, of which 91 (51%) are in core mining. A detailed breakdown is available from the Human Resources Department of Palabora as to the exact positions these males and females fill. Currently, **Management of the Mine comprises of 42% HDSAs and 19% women**. Of the 19% women in management, only 4 are black. Of the 8% females at the Company, 72% is white, and 28% is black. The Mining Charter states that mines must meet the requirement of 10% women in core mining and all other levels of the mine by May 2009. This implies that Palabora will have to ensure that a total of 42 women progress into the company.

As can be seen from these figures, the majority of women on the Mine are white, which does not comply with the spirit of the MPRDA and Mining Charter. Furthermore, Palabora will need to increase the level of HDSA participation in management levels. Subsequently, Palabora has

embarked on an empowerment programme that seeks to train and employ black women and HDSAs from the surrounding and labour sending communities.

Due to the sustainability situation that Palabora faced from 2004 – 2006 (as described in section 1), a time lag exists for Palabora in complying with the employment equity targets of the MPRDA and Mining Charter. Subsequently, Palabora was not able to gradually begin implementation of an employment equity programme since the inception of the MPRDA and its Regulations. Rather, the Company had to focus on maintaining the sustainability of Palabora and preventing job losses, decommissioning and closure. Palabora is fully committed to complying with the spirit and requirements of the MPRDA and Mining Charter.

According to the BSETS findings, about 35% of employees do not believe that there is enough HDSA representation at Palabora. Approximately 12% indicated that there should be more HDSA employees in top management, followed by 7% of the employees who indicated that more HDSAs should be employed at senior management and semi-skilled levels.

Palabora's workforce is dominated by black employees. In terms of gender composition, Palabora is dominated by males, (92%) compared to only 8% female employees. This reflects the traditionally male dominated nature of the workforce in the South African mining industry. An action plan has been put in place to attract women, and to alter the conditions at the mine to be conducive for the employment of women.

Furthermore, when employees were asked about their awareness of employment equity policies and procedure, most employees (76%) indicated that they are aware of the employment policy and plan, while 24% are unaware of it. About 39% of the employees are not aware of the contents of the employment equity plan and policy. About 61% of the employees indicated that they are not aware of who the employment equity manager is, while 64% are not aware of the employment equity coordinator. Approximately 50% of employees are not aware of who to speak to should they wish to report employment equity matter, while 60% of employees think that management is serious about implementing employment equity. In light of the employer's duty to inform its employees, the communication between Palabora and employees regarding matters of employment equity, will be reviewed and improved. Palabora will use the quarterly EE Newsletter to inform employees of all EE related matters. The Newsletter will aim to create awareness regarding the mechanisms open to employees to discuss concerns related to EE.

Table 35: Employment Equity statistics as per Form S in Annexure II of the MPRDA regulations

Occupational levels	Male				Female				Total	% HDSA	Disabled
	African	Coloured	Indian	White	African	Coloured	Indian	White			
Top management	2	1	0	4	0	0	0	0	7	29%	0
Senior management	3	0	0	14	1	0	0	4	22	36%	0
Professionally qualified and experienced specialists and mid-management	16	1	0	36	3	0	0	10	66	45%	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	386	5	3	362	56	3	1	81	897	60%	3
Semi-skilled and discretionary decision-making	1 065	6	0	35	18	0	0	1	1 125	97%	3
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0%	0
Total number of permanent employees	1 472	13	3	451	78	3	1	96	2 117	78%	6

Note: These figures are for Palabora employees only and exclude contractors. The employment equity statistics for Core contractors have been included in the Supporting Plan in Appendix 2.6.

2.6.3 Action plan

Palabora has undertaken an independent audit of the Mine's general compliance with the provisions of the Employment Equity Act (Act No. 55 of 1998), and will work towards compliance in all aspects of its operation. The following action plans apply to increasing the participation of HDSAs and women at Palabora.

2.6.3.1 Participation of Historically Disadvantaged South Africans

Palabora will try to ensure that a minimum of 40% of its management remains composed of HDSAs by the year 2009. However, the Company does not wish to reach its HDSAs targets by poaching candidates from other companies, as Palabora does not see this as true empowerment and development. Furthermore, given the huge skills shortages in South Africa, it is impossible for all mining companies to reach their employment equity targets through poaching and in time by May 2009. Rather, the Company will implement an **employment empowerment programme**, which will focus on:

- Selecting, training and empowering candidates at lower levels from within the organisation to progress into these positions, where possible as a first resort,
- Selecting, training and empowering candidates from the families of employees, surrounding communities and labour sending communities to fill these positions, where feasible as a second resort,
- Recruiting candidates from other companies only as a last resort, after every effort has been made by Palabora to implement steps 1 and 2 without success, and
- Endeavour to fill new positions with HDSA candidates. If Palabora is unable to find suitable candidates, they will engage with other mines within the Rio Tinto group to determine whether HDSAs in their talent pools, for which no vacancies have become available, can be redeployed.

Due to Palabora following this approach, and also the motivation given in Section 2.6.2 about the previous sustainability situation of the company, it is acknowledged by Palabora that it may take longer than May 2009 to comply with the employment equity targets. However, this mechanism will result in "true" empowerment of individuals and contribute more to transformation of the mining industry than "poaching" would. Furthermore, Palabora believes that it can leave a legacy of increased sustainability in its affected communities over the long term through such an approach and programme in relation to women..

Palabora is committed to exceeding the target for participation of HDSAs and women in particular over time. **Table 36** below depicts Palabora's estimated targets for increasing the participation of HDSA's over the next five (5) years. **Table 38** provides a detailed breakdown of the targets that have been set for increasing the participation of HDSAs per band level.

Table 36: Five year plan and targets for HDSA participation in management

Category (Paterson grade)	Actual HDSA in Management			Planned HDSA in Management											
	2008 (October)			2009			2010			2011			2012		
	% HDSA	No HDSA	Total No	% HDSA	No HDSA	Total No	% HDSA	No HDSA	Total No	% HDSA	No HDSA	Total No	% HDSA	No HDSA	Total No
Top management	29%	2	7	43%	3	7	43%	3	7	43%	3	7	43%	3	7
Senior management	36%	8	22	35%	8	23	40%	9	23	43%	10	23	43%	10	23
Professionally qualified and experienced specialists and mid-management	45%	30	66	40%	24	60	42%	25	60	45%	27	60	47%	28	60
Total HDSA	42%	40	95	39%	35	90	41%	37	90	44%	40	90	46%	41	90

Note that these figures are estimates and depend on HDSA progression. Figures will be verified annually and be made available to the DME.

Palabora has used 2008 to establish and implement an appropriate Employment Equity Programme according to the attached sub-plan in Appendix 2.6, which will be used to guide the process. During this period, detailed action plans for implementing an Employment Equity Programme will be refined, including: *HDSA progression programmes, Community empowerment programmes, career paths, employment equity positions, targets, mentorships, skills development programme, resources, timeframes, and budgets.*

The Employment Equity Programme will be implemented over a five (5) year period, after which it will be reviewed and a new five (5) year plan set for the following period. The Employment Equity Programme will be linked to the skills development programme, learnership programme, career progression programme, internships and bursary programme, and the mentorship programme. Palabora will implement the action plan in **Table 37** to create opportunities for the participation of HDSAs on a managerial level.

NOTE: In line with the explanation provided in Section 1.1, Palabora has placed a moratorium on recruitment as a result of the world economic crisis. The action plan and commitments in the following table is dependent on a change in the situation validating a cancellation of the moratorium.

Table 37: Participation of HDSAs action plan

ACTION	DELIVERABLES	TARGET DATE
Determine employment equity needs and positions in management where Palabora are non-HDSA and women compliant in terms of the requirements of the MPRDA.	List of positions and needs.	January 2009
Preliminary assessment by Palabora HR department of HDSA and women progression potential into management from within the employee base in Palabora. Preliminary assessment by the Palabora Foundation of potential talent for HDSA and women progression into Palabora from the communities.	Initial findings report.	March 2009
Reassess achievement of HDSA and women targets in terms of the MPRDA requirement by May 2009. Revise targets according to the findings in the steps above.	Revised HDSA and women targets. Findings on possibility of achieving targets by May 2009.	March 2009

ACTION	DELIVERABLES	TARGET DATE
Assess BSETS to identify the potential of HDSAs and women within Palabora for career progression opportunities at Palabora. Assess the aspirations of employees in general in relation to the needs of Palabora.	List of identified women and HDSAs with potential to progress to higher positions	March 2009
Assess internal Palabora talent pool of employees for potential HDSA and women candidates to fast-track into these positions, in line with the career progression and skills development plan.	Identified HDSA and women candidates with potential for development and progression into these positions.	March 2009
Develop fast-tracking plans for those HDSA and women employees identified as having significant potential to progress to managerial roles, and higher skilled roles, within a short time-frame.	Personal development plans for identified employees.	April 2009-
Implement formal career planning system for all other HDSA employees at Palabora.	General career planning system for HDSA employees.	May 2009
Undertake community survey to identify HDSAs and women within the local communities with potential for career progression opportunities at Palabora. Assess the aspirations of employees in general in relation to the needs of Palabora.	Community survey findings.	June 2009
Assess external talent pool of community members for HDSA and women candidates with potential to be trained and progressed into Palabora HRDP.	Identified HDSA and women candidates with potential for development and progression into the Palabora programme.	June 2009
Revise the empowerment plan to reach these targets over a longer time period based on training, mentoring and progressing HDSAs and women from lower levels within Palabora, and from communities, into these positions. Consultation with the DME to ensure	Revised HDSA and women empowerment plan. Communicate this to the DME and obtain sign-off.	June 2009

ACTION	DELIVERABLES	TARGET DATE
their awareness and guidance in the Palabora employment equity process.		
Identify and recruit suitable HDSA and women candidates from other industries and companies as a last resort.	Recruitment plan and potential candidates interviewed for these positions.	July 2009
Integration of contractors into the employment equity process, with details on initiatives, targets and action plans for their employees.	Compliance of Core contractors in terms of the employment equity requirements.	July 2009
Develop fast-tracking plans for those HDSA and women candidates from the community identified as having significant potential to progress to managerial roles, and higher skilled roles, within a short time-frame.	Personal development plans for identified candidates.	July 2009
Develop a community training programme for external candidates from local and surrounding communities to fill these positions, should internal employees not be suited for the management roles. Expand this group based on candidates with potential identified during the Community Survey	Community training/empowerment programme.	September 2009
Monitoring and implementation of employment equity plan.	Progress in terms of outlined targets.	Ongoing
Compile a new employment equity "actions plans" table for 2010.	A new employment equity actions plans table for 2010.	December 2009

Palabora will implement the following mechanisms to encourage the participation of HDSAs in higher skills and managerial levels:

- Using BSETS findings to accurately determine the existing racial and gender mix at the mine,
- Assess the findings of the BSETS regarding the participation of HDSAs,

- Re-designing HDSA and gender participation mechanisms and procedures in line with a detailed employee empowerment programme, as described in steps 1 – 3 in the beginning of this section,
- Providing preference to HDSAs within the lower levels of the organisation for skilled and management positions, should they meet the job requirements,
- Providing preference to family members of employees to training programmes , which focus on developing capacity from the local and labour sending communities, to fill skilled and managerial positions,
- Providing preference to community training programmes, which focus on developing capacity from the local and labour sending communities, to fill skilled and managerial positions,
- Using recruitment strategies for importing suitably qualified HDSAs only as a last resort where the community training programmes are unable to meet the needs of the mine,
- Succession planning, career development, and performance management systems will be set up within the Human Resources system to ensure the entrance of HDSAs into management positions,
- Job opportunities within the operation will be timeously communicated, especially to HDSAs,
- Implementation of shadow management programmes to develop and support employees specifically identified for managerial positions,
- Sensitising and educating employees with regard to issues involving gender, race, and diversity in order to promote a non-discriminatory culture,
- Individual assessments of lower-level HDSA employees in order to identify individuals who may be suitable for managerial positions. These employees will be placed on individualised accelerated development programmes and their progress will be measured through regular interviews, and
- Allocation of specific mentors and coaches to HDSA individuals exhibiting potential and aspiration for higher skilled and management positions. In this way they will be sufficiently trained to become more likely candidates for promotion.

2.6.3.2 Participation of women

To address the historical issues of South Africa, which resulted in the majority of South Africans being excluded from participating in the mainstream economy, especially women, Palabora will include a gender equality policy and process in the EE process. The Gender and Equity Policy and Plan will ensure that women are represented in positions that traditionally have been considered male only, i.e. to ensure that women are employed throughout various positions on the Mine. Palabora will try to comply with the 10% labour quota for women in mining by May 2009, as required by the MPRDA.

With reference to the employee empowerment programme described in section 2.6.3.1, Palabora does not favour a policy of poaching from other companies to comply with the required gender targets. Rather, Palabora will implement a programme which focuses on empowering women from the surrounding and labour sending communities. This programme will be implemented by Palabora to comply with and exceed the Mining Charter requirements for women in management and core mining positions. Due to Palabora following this approach, and also the motivation given in chapter 1 about the sustainability challenges that confronted Palabora from 2004 - 2006, it may take Palabora longer than May 2009 to comply with the employment equity targets.

In compliance with the spirit of the MPRDA, Palabora will put direct interventions in place to increase the participation of black women in managerial, professional and core mining related positions. These women will be selected from the surrounding and labour sending communities as a first preferential step. If this is not successful, the spatial distribution will be extended outwards to the BPLM, to the MDM, Limpopo and as a last resort, to the rest of South Africa. The formulation and implementation of the Employment Equity Sub-Plan, as described in Appendix 2.6, will incorporate and define specific measures for the participation of women. The involvement of women in Palabora is regarded as critically important.

Table 36 indicates the estimated targets that have been set for the participation of women at Palabora. An **Action Plan** to increase the participation of women in mining is provided in **Table 37**. Section 2.6.4.1 and the action steps in Table 35 are also relevant to increasing the participation of women at Palabora. **Table 38** provides a detailed breakdown of the estimated targets that have been set for increasing the participation of women, per band level. The employment equity plan for Palabora, in order of priority, will focus on increasing the participation of (1) Black, (2) Coloured, (3) Indian and (4) White women.

Table 38: Five year plan and targets for female participation at Palabora

Category (Paterson grade)	Actual Women							Planned Women													
	2008							2009					2010								
	A	C	I	W	Total Women	% Women	Total No	A	C	I	W	Total Women	% Women	Total No	A	C	I	W	No Women	% Women	Total No
Top management	0	0	0	0	0	0%	7	0	0	0	0	0	0%	7	1	0	0	0	1	14%	7
Senior management	1	0	0	4	5	17%	23	0	0	0	4	4	17%	23	1	0	0	4	5	22%	23
Professionally qualified and experienced specialists and mid- management	3	0	0	10	13	13%	60	3	0	0	5	8	13%	60	4			4	8	13%	60
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	56	3	1	81	126	15%	835	50	2	2	72	126	15%	835	57	2	2	70	131	16%	835
Semi-skilled and discretionary decision-making	18	0	0	1	35	3%	1197	70	10	2	10	92	8%	1197	80	10	3	10	103	9%	1197
Unskilled and	0	0	0	0	0	0%	0	0	0	0	0	0	0%	0	0	0	0	0	0	0%	0

Category (Paterson grade)	Actual Women							Planned Women													
	2008							2009						2010							
	A	C	I	W	Total Women	% Women	Total No	A	C	I	W	Total Women	% Women	Total No	A	C	I	W	No Women	% Women	Total No
defined decision-making																					
Total Woman	78	3	1	96	178	8%	2 122	123	12	4	91	230	11%	2 122	143	12	5	88	248	12%	2 122
Percentage per race category	44%	2%	1%	54%				44%	2%	53%	5%				40%	2%	1%	47%			

A= African; C=Coloured; I=Indian; W=White

Planned Women																					
Category (Paterson grade)	2011							2012							2013						
	A	C	I	W	No Women	% Women	Total No	A	C	I	W	No Women	% Women	Total No	A	C	I	W	No Women	% Women	Total No
Top management	1	0	0	0	1	14%	7	1	0	0	0	1	14%	7	2	0	0	0	2	29%	7
Senior management	2	0	0	3	5	22%	23	3	0	0	2	5	22%	23	5			2	7	30%	23
Professionally qualified and experienced specialists and mid- management	5			3	8	13%	60	5			3	8	13%	60	7			3	10	17%	60
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	65	3	3	60	131	16%	835	70	5	3	60	138	17%	835	80	7	5	60	152	18%	835

ACTION	DELIVERABLES	TARGET DATE
and Implementing awareness programmes to sensitize the perceptions of men towards women.		
Update women participation "actions plans" table in line with the outcomes of the WIM action plan described above for 2009/2010.	Updated actions plan table for increasing the participation of women in mining at Palabora in 2009/2010.	December 2009

The following mechanisms will be implemented to ensure the participation of women in all levels of the operation:

- Using BSETS findings to accurately determine the existing racial and gender mix at the mine,
- Assessing the findings of the BSETS regarding the participation of women,
- Applying the mechanisms described in section 2.6.3.1,
- Prepare programmes to increase the participation of women based at Palabora, and where possible, higher than the targets provided in Table 36,
- Implementing a programme that aims to increase the participation of black women in skilled, management and core mining positions at Palabora,
- Re-designing the gender participation mechanisms and procedures in line with a detailed employee empowerment programme, as described in steps 1 – 3 in section 2.6.3.1,
- Providing preference to community training programmes, which focus on developing capacity of black women from the local and labour sending communities, to fill skilled and managerial positions,
- Using recruitment strategies for importing suitably qualified women only as a last resort where the community training programmes are unable to meet the needs of the company,
- Employees will be informed and educated to reduce the stereotyping and preconceptions that revolve around women,
- Female employees will be given the opportunity to partake in responsibilities and challenges equal to those afforded to male employees. This will enable women to build experience in the industry, and thus make them more likely candidates for higher-skilled or managerial positions,

- The career progression plan for Palabora includes a women-specific element to ensure that females with potential for progress are considered fully alongside their male counterparts, and are not inadvertently neglected in the promotion process , and
- Mentorship programmes within the operation will provide equal opportunities similar to those provided to male candidates for the participation of female candidates.

2.6.4 Capacity building (talent pool development)

Palabora has identified a total of 195 current employees as good candidates for fast tracking in terms of skills acquisition and future potential, of which 186 are HDSAs. These individuals have the potential to be trained or equipped with skills that may service the needs of the mine. This talent pool will be constantly enlarged with further suitable candidates, and also refined, as candidates become successful in various progression programmes. (Refer to Section 2.3).

A second community talent pool will be developed, comprising members of surrounding and major labour sending communities who have the potential for development and progression into mining and other skills required by Palabora. The talent pool will consist primarily of HDSAs and black women, and will be established with sufficient capacity to serve Palabora's employment and compliance needs. Where there is insufficient potential within the BPLM, this talent pool will be expanded to include further regions i.e. the MDM to Limpopo to South Africa.

Category (Paterson grade)	Planned Women														
	2011					2012					2013				
	A	C	I	W	No Women	% Women	Total No	A	C	I	W	No Women	% Women	Total No	
Semi-skilled and discretionary decision- making	90	12	5	12	119	10%	1197	100	20	20	12	152	13%	1197	14%
Unskilled and defined decision- making	0	0	0	0	0	0%	0	0	0	0	0	0	0%	0	0
Total Woman	163	15	8	78	264	12%	2122	179	25	23	77	304	14%	2122	16%
Percentage per race category	62%	5%	3%	30%				59%	8%	8%	25%				

A= African; C=Coloured; I=Indian; W=White

Please note: These are estimated targets. The figures will be verified annually and will be made available to the DME.

Table 39: Participation of women in mining

ACTION	DELIVERABLES	TARGET DATE
Implement actions contained in HDSA action plan in Table 37.	See Table 37.	As per Table 37
Based on the above, develop a detailed action plan to address the WIM compliance gap at Palabora. Describe both short-term and long-term strategies for increasing participation of black women at Palabora. Describe recruitment strategies. Link to HDSA and women empowerment plan. Ongoing communication with the DME.	Detailed action plan to address women in mining compliance gap at Palabora.	February 2009
Ongoing monitoring and implementation of the WIM action plan in line with the Employment Equity Plan.	Ongoing monitoring of WIM project and above-mentioned targets.	February 2009 onwards
Define the baseline situation with regard to compliance with the MPRDA and the Mining Charter, i.e. quantify the compliance gap of women in mining and determine whether it will be possible to comply with by May 2009. Include the statistics of Core contractors.	Determine the potential short fall in complying with the 10% quota for WIM at Palabora and in management. Report on the precise baseline of women in mining and quantification of compliance gap. Include Core contractors.	April 2009
Discussion and brain-storming of the issues, problems and compliance gaps in terms of Women in Mining (WIM). Discussion of issues relating to: Re-addressing the racial ratios between white and black women at Palabora, in line with the demographic composition of the South African population; Devising measures to address the potential issues/obstacles preventing the successful integration and retention of women; Devising measures to change the physical mining environment and adapting the technical equipment to be women-friendly;	Identification of the primary issues, challenges and solutions on the way forward to bring about meaningful change at Palabora.	April 2009

SECTION 3

LOCAL ECONOMIC DEVELOPMENT PROGRAMME

Regulation 46 (c)

3 LOCAL ECONOMIC DEVELOPMENT PROGRAMME (LEDP)

Regulation 46 (c)

3.1 Background and Approach

3.1.1 Background

The Palabora Foundation was established in 1986 by Palabora as the Corporate Social Responsibility arm of the Company. The Foundation received 3% of after tax profits, up and until the company's loss situation, elaborated on in Section 1.

Palabora intends to reinstate some form of payment, which will depend on the Company's ability to honour its debts and the fluctuations of the copper price. The Palabora Foundation is now responsible for all sustainable community development projects and SLP activities of Palabora in the BPLM and the MDM regions.

The Foundation sources donor funding for community projects from other Corporate Companies, non-governmental organisations (NGOs), government departments and increasingly so, other donor entities in other parts of the world. The Foundation is not a charitable grant making organisation, but is the local economic development arm of Palabora and implements programmes in the community with its partners. All of the Foundation projects (Education, Skills Development, Business Development, HIV and AIDS, and LED) are included.

The Foundation is an independent trust registered with the Master of the High Court. The Foundation is a non-profit organisation in terms of the Non-Profit Organisation Act of 1977, and also a National Skills Fund accredited provider.

Palabora, together with other representatives from the affected communities, act as trustees and directors of the trust. The Palabora Foundation Board of Trustees meets quarterly to review the work of the Foundation and the Trustees' Executive Committee meets with the Director on a monthly basis.

The sole purpose for Palabora establishing the Palabora Foundation is related to the high socio-economic impact that Palabora has on the towns, communities and economy in the BPLM. Numerous industries, businesses and people, are either directly or indirectly dependent on Palabora's operation. In order to reduce any adverse socio-economic impacts at closure time, and to fully utilise the window of opportunity created by Palabora, a strategic decision was taken in 1986 to establish a socio-economic community development entity, which would be completely self-sustaining and sustainable beyond closure of the mine.

Hence, the establishment of the Palabora Foundation, which as it stands today, is completely self-sustaining and sustainable, independently of Palabora. This was proven during the challenges of the financial crises that faced Palabora from 2004 – 2006. During this time Palabora was forced to stop contributing 3% of its profits after tax to the Palabora Foundation, by means of sourcing funding from other donors (described above), the Palabora Foundation

was able to remain completely sustainable and able to continue with its local economic development, skills training and education programmes in the BPLM communities.

The Foundation works in partnership with local and provincial government in all its projects.

3.1.2 Approach

The following sections contain the strategic activities that form the basis for the Palabora LEDP. Please refer to the **Supporting LEDP Working Plan in Appendix 3**.

The LEDP will seek to promote Palabora's alignment and involvement in the LED initiatives of the BPLM IDP. Refer to Sections 3.2.1 and 3.2.2 for the motivation of focussing on these municipalities.

The following primary documents will form the basis of Palabora's LEDP:

- A Regional Socio-Economic Analysis (within the BSETS in Appendix 1.2);
- A LED projects Plan (Sub-Plan attached in Appendix 3.1);
- A Housing and Living Conditions Plan (Sub-Plan attached in Appendix 3.2); and
- A Procurement Plan (Sub-Plan attached in Appendix 3.3).
- The Supporting LEDP Working Plans represent the working documents for Palabora. These plans will be updated on a continual basis to reflect changes in the workforce and to reflect progress in implementing the SLP activities. Refer to Section 1.15 for a detailed explanation of how the supporting LEDP Working Plans, or Sub-Plans, work.

The focus of the Palabora LEDP for 2009 – 2013 will be on:

- Continuing the Palabora Foundation's LEDP in the surrounding and labour sending communities, in line with the IDP of the BPLM,
- Continuing current LED projects, and establishing new LED projects, that focus on infrastructure development, basic service provision, poverty eradication, skills development and education provision to communities,
- Increasing the levels of HDSA-based and Community-based procurement levels to the mine, and
- Promoting the establishment of entrepreneurs amongst the household members of employees and amongst other households in Palabora's surrounding and labour sending communities.

Palabora analysed the findings of the BSETS and compiled a Sustainable Development Management Framework, for Palabora to manage its socio-economic impacts on the BPLM (see Table 41, Section 3.3.3).

The Palabora Foundation will undertake a baseline socio-economic survey on households in the surrounding and major labour sending communities of the Palabora operation. The findings of this survey will assist the Palabora and the Foundation to reassess the LED programme to ensure that initiatives are in line with the current needs and dynamics of the communities.

During 2013, a new five (5) year LEDP will be established based on the success of the current LED plans, and every five (5) years thereafter until closure. A **General Action Plan** for implementing the LEDP is provided in **Table 40**.

Table 40: General Action Plan for the LEDP

ACTION	DELIVERABLES	TARGET DATE
Update Palabora LEDP and obtain Executive committee approval for LED projects and funds.	Various initiatives established and funding committed.	February 2009
Implement progress reporting mechanism on implementation of the LEDP. Link reporting mechanisms to the Palabora Foundation.	Progress reporting mechanism.	February 2009
Undertaking a community survey and SIA, focussing on the external socio-economic structure of Palabora, i.e. BPLM, surrounding communities and labour sending communities.	Community survey and SIA report.	June 2009
Refining of the five (5) year LEDP, based on the outcome of the community survey.	Refined IDP alignment indicators, LED projects, Entrepreneurial development plan, Skills development plan, Education plan, Nutrition plan, Living Conditions plan and Procurement plan.	August 2009
Ongoing implementation, monitoring and progress of the LEDP and current Palabora initiatives through the Palabora Foundation.	Existing and future projects.	Ongoing
Compile a new general LEDP "actions plans" table for 2010.	New general LEDP "actions plans" table for 2010.	December 2009

As described in Section 1.13 and Section 3.2 below, a BSETS was undertaken to determine the Socio-Economic characteristics of the environments surrounding the Mine, and those of the primary labour sending areas, and to establish an accurate baseline from which to add further value to the implementation of the SLP. Palabora has undertaken a socio-economic analysis of

LED strategies, plans and initiatives of South Africa, the Limpopo Province, the BPLM and the MDM, described in section 3.2.

For the findings of the study, refer to the BSETS report attached in **Appendix 1.2**. The information contained in the BSETS refers to each section of the LEDP, i.e. the BSETS has provided logical factual information on the needs and Socio-Economic baseline, which has enabled the formulation of accurate LED plans.

3.2 Background Socio-Economic information

Regulation 46 (c) (i) and (ii) (a)

Appendix 3.1: Regional Socio-Economic Analysis Report

3.2.1 Introduction

The detailed background socio-economic information for Palabora's area of operation is provided in the Regional Socio-Economic Analysis Report attached in Appendix 3.1. The Regional Socio-Economic Analysis was based on undertaking a desktop study of existing socio-economic information and development strategies contained in the governmental, national, provincial, regional and local databases (i.e. Statistics South Africa, IDPs, Census data and the Municipal Demarcation Board). The study also included researching the BPLM and the MDM IDP documents in order to identify contextual challenges and priorities. Lastly, the study incorporated a wealth of existing socio-economic information held by the Palabora Foundation.

Palabora has undertaken a more detailed BSETS to determine accurately the existing socio-economic dynamics in the area of operation related to Palabora. The study includes Palabora employees and aims to determine the nature of interaction of the mine with employees and communities. The BSETS report reveals the detailed socio-economic impact of Palabora in surrounding and major labour sending communities and on the BPLM and the MDM. The regional data from the municipality has been integrated with the socio-economic households' data from the BSETS.

The following was undertaken as part of the BSETS:

- A detailed consultation process with relevant unions of Palabora, Core contractors of Palabora, government authorities, CBOs and affected communities,
- Regular socio-economic needs analysis in the surrounding communities and major labour sending communities,
- Identification of the existing infrastructural and skills base impacting on the success of sustainable development projects,
- Establishment and development of a community talent and skills pool for the labour requirements of Palabora,

- Identifying the potential impacts of Palabora's activities on the surrounding socio-economic environment and major labour sending areas.

3.2.2 Area of operation

Palabora is situated in the BPLM that falls within the MDM in the Limpopo Province. The BSETS that was undertaken involved a comprehensive review of the Socio-Economic dynamics of this area. The results of this study now serve to facilitate the planning of appropriate and feasible livelihood projects and skills programmes for affected communities and employees (refer to Appendix 1.2).

3.2.3 Labour sending areas

A detailed breakdown of the employee labour sending areas is given for Palabora in **Table 1**. In terms of the SLP, a major labour sending area requiring the mine's involvement in LED and the relevant IDP, is classified as *a local municipality where more than 10% of the mine's labour force permanently reside*.

According to the data contained in Table 1, the BPLM is both the host and major labour sending area, with 90% of the workforce permanently residing in this region. The workforce comes from the following communities within BPLM - 44% from Namakgale, 35% from Phalaborwa and nearly 11% from Lulekani. These results have been confirmed by the BSETS results that indicated that 74% of the employees reside within the BPLM.

Therefore, Palabora has to become involved in socio-economic development activities or LED projects within the BPLM, as the mine sources more than 10% of its workforce from this local municipality. However, most employees indicated that they were not aware of the LED projects run by Palabora mine in their communities.

Refer to the BSETS report for more detailed information in **Appendix 1.2**

3.2.4 Action plan indicating the zone of focus of the Palabora LEDP

The zone of impact¹ and focus areas of the Palabora LEDP, according to the requirements of the MPRDA, will be on the BPLM, within the MDM.

Action Plan 1: The host municipal area and primary labour sending area of Palabora is the BPLM within the MDM. Subsequently, the Palabora LED will focus on areas within this municipality. This approach is further supported by the fact, that the primary labour sending area for Palabora is the BPLM (74%).

¹ *Zone of Impact* can be defined as the areas, communities and socio-economic systems that are directly impacted by a certain operation, which is determined from a scientific socio-economic baseline study, such as the BSETS.

Action Plan 2: The remaining 26% of employee households from Palabora are widely distributed among other municipalities outside of the BPLM (refer to **Table 1**). Therefore, the SLP initiatives will further seek to empower those employee households to engage in LED activities in the other affected local municipalities.

3.3 Socio-Economic impact of the operation on the mine community

Regulation 46 (c) (ii) (b)

3.3.1 The baseline situation

The BSETS was undertaken to determine Palabora's dynamics with employee households, surrounding communities, labour sending communities and LED opportunities. Based on the findings from the baseline socio-economic survey, a detailed socio-economic impact assessment will be undertaken.

3.3.2 The impact

During the operation of a mine, local communities are provided with jobs and input services to the mining operation. In the case of Palabora, the socio-economic impact on the BPLM is significantly high for the following primary reasons:

- Approximately 3 500 people are directly impacted by the mine through a dependency on income from the mine. The employees of Palabora are mainly from the town of Phalaborwa, Namakgale and Lulekani and surrounding rural areas. On a broader scale, labour is obtained from other communities within a 60 kilometre radius of the mine.
- It is estimated that a further 21 000 people (20% of the BPLM population) are indirectly dependent on the mine for an income supply, either through the provision of services/goods to the mine, or through income earned from downstream economic activities.
- The two (2) other major mines in the BPLM, Foskor and Sasol, are dependent on some of the tailings and sulphuric acid from Palabora's operations. Therefore, taking into consideration that Foskor and Sasol Nitro, employ a combined workforce of **1 564 people**, and the indirect impact from these industries on income supply and downstream economic activities, the socio-economic impact becomes significantly higher.
- The BPLM earn substantially high revenue from Palabora in the form of rates and taxes, which it uses for bulk infrastructure supply, service provision and development for local communities.

- The BPLM, and the MDM, benefit from Palabora in terms of poverty eradication, skills development and education opportunities. However, Palabora has established the Palabora Foundation, which is completely sustainable beyond the closure of the mine.

The BPLM's economic wealth creation is inextricably linked to its three major mining operations: Palabora, Foskor and Sasol Nitro. These three operations make up as much as 80% of the economic output in the area. Therefore, the socio-economic impact of their eventual closure will be severe for the local area and further away in other regions.

However, planning for such closure at an early stage may mitigate against some of the impacts. The two main mining activities are vermiculite and copper extraction. Palabora supplies 40% of the world's vermiculite market. Vermiculite is separated from ore via the vermiculite processing plant and later packed and despatched to international buyers. During the copper recovery process, a variety of ore by-products are acquired. Foskor purchases phosphate rock through Palabora's tailings waste, whilst Sasol Nitro purchases sulphuric acid after it has been converted from sulphur dioxide by Palabora. Palabora is looking to enlarge its magnetite business.

Therefore, Palabora has a significant impact on the two other large industrial complexes in Phalaborwa, namely Foskor and Sasol Nitro. Both of these depend to an extent on Palabora as a supplier of raw materials. The cumulative socio-economic impact of these three industries on the BPLM is extremely high.

The economic impact of Palabora on its immediate surroundings is vast. Palabora's Gross Domestic Product (GDP) value to the BPLM varies between R 600 million – R 1 billion per annum. It contributes between 33% and 50% (directly and indirectly) to the BPLM's GDP, and 22% of the region's formal employment. In addition to this, it purchases significant amounts of goods and services from local and national suppliers (estimated at R 845 million per annum). In terms of power and water purchases (raw & potable water), Palabora spends about R 119 million per annum. Other estimated expenditure includes: contract and professional services – R 157 million per annum; maintenance consumables – R 193 million per annum, operating consumables – R 157 million per annum; raw materials (copper concentrate, zircon sands) R 133 million per annum; and general and administrative (insurance, travel, computer related, etc) services - R 86 million per annum.

As a rough benchmark, if all these funds were spent locally, it would make up at least 23% of private consumption expenditure. Should one add the annual salaries and wages of R 400 million – R 500 million, then this makes up 34% of the total private consumption expenditure of the region. Over 30% of Palabora's procurement is currently from HDSA suppliers in the region.

In addition to the contribution to the economy, Palabora also pays significant amounts in annual taxes, e.g. in 2003 Palabora paid R 227 million in VAT, R 3 million in regional services levies, while employees paid R 57 million in PAYE (Pay As You Earn). Regulatory costs to Government, in 2007 amounted to the following:

- Skills levies – R 4,497,741.83
- UIF – R 5,672,224

- VAT company – R 240, 815,899
- Power – R136 million
- Water – R 6 million
- Telecommunications – R 4.4 million
- Rates and taxes – R 521, 821

It should also be emphasised that Palabora is the only producer of refined copper in South Africa, and is committed to supplying the local market before exporting. Should the Mine cease to operate, however, South Africa will become a net importer of copper.

3.3.3 Action plan

A full **Socio-Economic Impact Assessment (SIA)** and a household survey with the **affected community** will be undertaken by the end of 2009. A detailed **Social Closure Plan** will also be compiled, based on the outcome of the BSETS, community survey and SIA, in order for Palabora to plan long in advance for the management of its closure socio-economic impacts on the BPLM.

Based on the BSETS, a Sustainable Management Framework has been compiled to address the Socio-Economic issues and impacts of the mine, and to facilitate LED and compliance with the pillars of the Mining Charter.

A number of primary implications and recommendations have been made in **Table 41** from the BSETS, with specific relation to LED:

- migrant labour,
- housing and living conditions, and
- mine, rural and community development

Table 41: Sustainable Development Framework

Focus Area	Implication	Recommendation	Implementation
HUMAN RESOURCES DEVELOPMENT			
Living arrangements linked with marital status of employees	Need to address living arrangements of employees, especially those residing in temporary residences.	See implementation mechanisms listed under housing and living conditions.	See implementation mechanisms listed under housing and living conditions.
Age and marital status of labour force	<p>Greater need for HRDP for employees that are in the prime of their working life.</p> <p>Labour force is more stable due to high rate of married employees.</p> <p>There is an opportunity to maintain and boost HDSA and gender quotas.</p> <p>There is a need for training and investment in younger employees and community members to compensate for potential skills loss, as and when, the older generation of employees retires.</p> <p>There is need to equip mining employees with portable skills from other sectors to enable them to find employment elsewhere</p>	<p>Allocate resources for implementation of a comprehensive sustainable HRDP and the integration/coordination of these programmes between Palabora and the contractors.</p> <p>Ongoing monitoring and adjustment of the HRDP and implementation process (Palabora must have a mechanism to ensure that contractors comply).</p> <p>Identify talent pool amongst younger employees and implement skills training and career progression planning to fill vacancies created through retirement or resignations.</p> <p>Identify candidates for progression to higher employment levels within the operations.</p> <p>Invest in staff through HRD incentive</p>	<p>Use the survey database as a guideline to develop appropriate HRDP.</p> <p>Initiate ongoing awareness raising programmes on the benefits of long term skills development.</p> <p>Use existing skills development facilitator to guide employees and develop mentorship programmes.</p> <p>Link job profiles and career plans with mentorship and bursary programmes.</p> <p>Establish suitable mentorship teams.</p> <p>Set and allocate key performance areas and indicators for employees responsible for HRD functions.</p> <p>Provide incentives (i.e. certificates and awarding of skills levies) to employees who complete courses/studies, e.g. certificates for staff and salary increases for B bands employees</p> <p>Produce bi-annual monitoring and progress reports.</p>

Focus Area	Implication	Recommendation	Implementation
	after mine closure.	schemes such as formal recognition of training.	
	Potential cost factors due to the large number of employees in high risk age groups for HIV/AIDS. Need to proactively address the potential prevalence of and actual HIV status.	Continue with AIDS Awareness Campaign. Continue with VCT programme. Maintain partnership in government's strategic HIV/AIDS intervention programme. Make financial provisions for potential future medical costs and employee support programmes.	Strengthen links with relevant government representatives. Disseminate information on the partnership and access to the programme amongst employees. Continue HIV/AIDS programme at mine clinic focusing on addressing issues regarding family planning, marriage counselling, and related subjects.
Employment, educational levels and skills requirements	Need to monitor the ABET implementation process to ensure that 'over qualified' employees do not register for ABET classes. Need to offer skills development programmes to community members	Increase awareness in skills development programmes and establish mechanisms to facilitate easy access to ABET. Assess the approach and procedures to be adopted by ABET facilitator. Refine ABET selection criteria to target and prioritise participation of appropriate employees. Devise mechanisms to increase participation in ABET and skills development programmes.	Continue designing and developing an appropriate communication strategy (in terms of vernacular and literacy levels). Assess survey findings against preliminary targets set for ABET enrolment. Develop system to record programmes offered, training outcomes, participation levels, success and drop-out rates, etc. This is particularly relevant for Palabora to facilitate the monitoring of Core contractors to ensure SLP targets and commitments are met. Establish a Memorandum of Agreement between Palabora and Core contractors to resolve matters relating to non-compliance (e.g. where companies do not meet the targets agreed upon). Update survey database with training results to facilitate annual reporting to DME.

Focus Area	Implication	Recommendation	Implementation
	<p>The need for the establishment of comprehensive HRDP and information dissemination about these programmes.</p> <p>The need to facilitate access to educational opportunities for employees with education levels higher than ABET who wish to study further.</p> <p>Provide incentives to interested ABET candidates who wish to study further.</p> <p>Risk of excluding employees with lower educational levels from career progression opportunities.</p>	<p>Refine existing HRDP and information mechanisms.</p> <p>Increase awareness of bursary programmes offered at Palabora (especially with regard to high levels of awareness amongst Palabora employees and those with a Grade 12 qualification wishing to study further in line with the Company needs).</p> <p>Align employee interests with company requirements, identify suitable candidates, and provide access to bursaries and/or internship.</p> <p>Establish reasons for lack of interest in ABET and skills development.</p> <p>Refine selection criteria for HRDP and entrepreneurial development initiatives to include all employees.</p>	<p>Appoint a HR specialist to undertake a needs analysis, opportunity assessment, and detailed design of HRDP.</p> <p>Refine and structure bursary programme as required.</p> <p>Disseminate information on bursary programmes and facilitate access to these programmes.</p> <p>Link job profiles and career plans with bursary programmes.</p> <p>Consult with ABET candidates and other employees to determine cause of disinterest/de-motivation (where applicable) and:</p> <p>Provide information on training and facilities.</p> <p>Educate employees on the benefits of ABET, skills development and other opportunities offered at Palabora.</p> <p>Consult with employees on meaningful ways to assist them and identify alternate training programmes.</p> <p>Clarify the inter-relationship between skills development and career progression.</p>
	<p>The need to equip employees with portable skills to enter other sectors of the economy.</p> <p>Need to ensure that the downscaling and retrenchment plan is linked with the skills development programmes.</p>	<p>Ensure that skills programmes encompass skills that are not mine related to broaden the skills base of the labour force and provide alternative livelihood opportunities.</p> <p>Build on the existing non-mining related skills and utilise these skills in the LED initiatives.</p>	<p>Investigate existing HRDP in order to accommodate multi-skilling.</p> <p>Establish a parallel skills programme to build on existing non-mining skills.</p> <p>Link skills programmes with procurement, BEE support, and SMME development.</p>

Focus Area	Implication	Recommendation	Implementation
	Need to address the issues and concerns of the labour force to ensure that investment in skills development is not lost to other mining companies or other sectors of the economy.	Assess recruitment procedures adopted by Palabora. Continue and increase the awareness grievance procedure that addresses employee concerns/misconceptions regarding employment contracts.	Consult with employees to address concerns/misconceptions (essentially take time to explain the contracts to the employees)
	The need to evaluate the job titles and levels of employees for optimal placement within the operation (job profiling).	Classify past occupational categories against job profiling systems of respective employers to determine whether employee experience is being well utilised at Palabora or could be built on to fill future needs. Structure the individual job profiling systems to correspond with the reporting structure of From S in the SLP document.	Use survey database to undertake comparative analysis of past and current job levels. Identify suitable employees for promotion. Allocate and provide financial and technical resources for development of the identified employees.
	Risk of not succeeding in HRD objectives.	Actively promote HRDP and facilitate access to these programmes.	Formulate a communication strategy to raise awareness and an incentive scheme to stimulate participation in HRDP.
	Potential cost factors in terms of retrenchment packages due to long service history of some members of the labour force.	Make financial provisions for potential future retrenchment packages and employee support programmes. Capacitate employees through provision of alternative livelihood opportunities. Assess potential amongst existing employees to become future service providers to Palabora.	Monitor and assess Monthly Retrenchment Provisions to ensure adequate funding. Develop/finalise Downscaling and Retrenchment Procedure. Provide skills training to equip employees to access alternative income generating opportunities.

Focus Area	Implication	Recommendation	Implementation
Communication Procedure	Need to take into account the fact that Sepedi, Xitsonga and Afrikaans are widely spoken amongst employees at home.	Ensure that Sepedi, Xitsonga and Afrikaans are reflected in the communication media without discriminating against other languages.	This can be achieved by having Sepedi, Xitsonga and Afrikaans reflected in the communication material used to communicate with employees, whenever possible.
EMPLOYMENT EQUITY			
Race and gender	Need to verify that information contained in Form S of the SLP is an accurate reflection of employment equity status. Ensure that HDSA targets at management level are met.	Assess existing HR database to establish job levels and employment equity quotas at individual companies. Prioritise skills development and training of the HDSA individuals earmarked for management positions. Address employee negative attitudes towards women working at Palabora.	Update survey database with revised information. Identify critical requirements for lower level employees to reach management levels, e.g. financial/management skills and provide the necessary resources and training to fill the gaps.
	Investment in gender sensitivity and a black empowerment policy is required.	Implement sensitivity programmes and change management workshops in terms of gender, race and cultural issues. Appoint females in strategic positions on worker and safety committees, etc. Establish grievance procedure.	Continue with the in-house workshops to address race, gender and cultural issues related to the workplace. Reassess perceptions of discrimination at regular intervals and appoint change management consultant if required. See implementation mechanisms listed under Housing and Living conditions. Formulate a disciplinary procedure to address discrimination issues.
	Maintain and improve Employment equity quotas in terms of gender. Plan for the cost of identifying, recruiting and training suitable	Change attitudes of both men and women towards women working at Palabora. Reduce the barriers of entry for females by changing the perception that the mining	Collaborate with other major stakeholders to promote gender sensitivity, e.g. awareness campaigns and road shows. Commission a suitably qualified recruitment company to

Focus Area	Implication	Recommendation	Implementation
	female candidates from entry level through all levels of responsibility.	Industry is only for males. Launch a gender specific recruitment procedure.	focus on the recruitment of local female candidates. Recruit females through local media and notices in the surrounding communities.
	The need for appropriate facilities that cater for females in the workplace.	Assess facilities required to accommodate a diversified labour force, including women.	Upgrade existing facilities (change house, ablutions, etc.) to ensure equality and accessibility in the workplace (e.g. cater for females, disabled, etc.).
	MIGRANT LABOUR		
Labour sourcing	LED involvement in the BPLM.	The continued and improved focus on recruitment of local labour. Group minor labour-sending areas in clusters to include employee households which fall outside the major labour-sending areas (if possible). Assess compliance of Core contractors to commitments made in the SLP in terms of preference to local labour. Utilise government and/or local labour recruitment services (Theba, DOL, etc.).	Formulate a recruitment procedure which defines the local community, utilises recruitment services available within the BPLM, and that requires applicants to provide proof of residency. Review survey database to group the minor labour-sending areas and link these with employee household needs. SLP coordinator to liaise with Core contractors and recruitment services to ensure that required criteria are met (Employment equity, preference to local labour, etc.).
	Risk of 'non-local' labour being employed at Palabora. Risk of conflict between Palabora and Core contractors with regard to enforcing labour sourcing requirements.	Require completion of job application documentation prior to appointment. Amend the Core contractors' agreements to address labour sourcing issues identified in the survey.	Review and refine recruitment procedures for contractors. Utilise public/mass media to publicise vacancies. Establish a uniform recruitment procedure which has overarching selection criteria (without limiting the specific requirements of the companies involved) to ensure future labour sourcing is not in conflict with SLP commitments.

Focus Area	Implication	Recommendation	Implementation
	Risk of not meeting SLP requirement in terms of providing appropriate accommodation.	Formulate a housing policy and facilitate access to improved accommodation and/or housing for all employees, with special emphasis on those who are married. Link remuneration with benefits such a housing allowances, etc.	Undertake educational programmes to demonstrate the benefits of investment in property and home ownership, cost recovery and user responsibility for maintenance, etc. Negotiate with relevant financial institutions to improve access to home loans for employees. Provide housing subsidy or similar benefit to employees.
HOUSING AND LIVING CONDITIONS			
Housing services and household composition	Increased financial expenditure to improve living conditions of employees. Increase social upliftment support with a focus on welfare, livelihoods, HIV/AIDS awareness/support, etc.	Rank levels of severity of living conditions of employees. Establish a housing policy and link with social upliftment initiatives and skills development.	Review survey database to identify employee households living below acceptable standards. Prioritise households in terms of severity of living conditions and consult with employees concerned on meaningful ways to assist them. Address needs in the following order of priority in line with survey findings: GROUP 2 employees who are willing to relocate households to near the mine.
	Risk of loss of productivity, absenteeism and staff turnover due to living arrangements and conditions.	Promote household stability by assisting with improving living arrangements.	Implement previous recommendations pertaining to housing.
	Actively discourage the establishment of informal settlements. Cost implications of addressing and removing informal settlements.	See implementation measures pertaining to housing listed under the Migrant Labour section. Collaborate with surrounding land owners and mining houses to prevent and	Continue and increase patrolling of mine property. Implement previous recommendations pertaining to housing. Develop action plan on access to quality housing and

Focus Area	Implication	Recommendation	Implementation
Health and security	Need to monitor contractor compliance.	control informal settlements. Facilitate migration from informal to formal housing units either through relocation of informal settlers from shacks to mine provided accommodation (as an interim measure).	connecting to basic services. Develop Public Private Partnerships with Government to meet demands for formal housing and infrastructure.
	Need to provide housing assistance to employees so that they can obtain access to quality housing through ownership.	See implementation mechanisms listed under household income.	Use survey database to identify employees who prefer relocating families provided that Palabora assists with housing by consulting on meaningful ways in which to assist them.
	Future potential cost implications due to HIV/AIDS vulnerability for awareness-raising, due to the high percentage of employees in age groups vulnerable to HIV/AIDS.	See implementation measures listed under HRD in the SLP document.	See implementation measures listed under HRD in the SLP document.
	Responsibilities to ensure that services provided by mine clinic/doctor are of best possible quality.	Assess the quality, cost and appropriateness of services and standard/effectiveness of medication provided at the mine clinic.	Commission independent medical specialist to evaluate services and medication provided to the labour force.
	Responsibility to ensure that required nutritional standards are met (the DME recommends at least one free meal a day be provided to employees).	Assess the quality and nutritional standards of the existing canteen meals to ensure meals are nutritionally balanced. Gain feedback from labour force on the quality of the canteen provided meals.	Appoint an independent specialist to assess existing nutritional value of canteen meals and develop/upgrade a nutrition plan. Undertake employee survey by way of a workshop to determine appropriateness of canteen meals according to worker needs.

Focus Area	Implication	Recommendation	Implementation
Household income	Address any issues related to safety and security.	Establish mechanisms for the anonymous registration of complaints and/or suggestions. Assess compliance with mine's SHEQ policy.	Finalise disciplinary procedure to address known incidences of intimidation and/or harassment. Workshops to handle intimidation within the workplace to ensure that disciplinary actions do not exacerbate the situation. Educate employees through workshops on gender, racial and cultural issues. Investigate and address real and/or perceived situations pertaining to poor housekeeping in terms of annual SHEQ audit. Increase frequency of medical examinations of employees.
	Assess current security measures.	Palabora to continue ensuring that contractors maintain acceptable standards with regard to facilities and equipment for employees.	Appoint independent specialist to assess the safety and working conditions.
	Need to create awareness of development training offered by Palabora.	Sensitise employees about financial management training.	Instruct training facilitator to present information session on the training programme.
	Need to assist with future planning for retirement.	Educate employees on the benefits of retirement planning.	Ensure that pension fund is available to all contractors' employees continue capacity building with employees on concept, calculations and benefits of a pension/provident fund. Commission a financial advisor to educate employees about retirement options.
	Need to address situation of	Establish whether any employees are living	Use survey database to assess situation of identified

Focus Area	Implication	Recommendation	Implementation
	employees living below the poverty line. Need to establish a minimum standard in terms of salaries and benefits applicable to all employees.	below the poverty line. Involve spouse/partner in joint counselling with respect to financial management. Establish a basket of benefits (salary package) which meets the minimum standards but allows flexibility for employers (e.g. transport provided versus travel allowance, mine house versus housing subsidy).	employees to determine whether the living arrangements and household composition influence the vulnerability to poverty for these employees. Consult with employees on meaningful ways in which to assist them.
	Need to provide opportunities for alternative livelihood strategies.	Empower employees to realise opportunities to generate additional income.	See specific implementation measures listed under HRD in the SLP document.
MINE COMMUNITY AND RURAL DEVELOPMENT			
Local Economic Development	<p>Involvement required in the primary major labour-sending areas (BPLM).</p> <p>Participation in LED forum, and integration with BPLM IDP is required.</p> <p>Need to establish a Future Forum within Palabora.</p>	<p>Address priority needs of employee households (basic services, housing, and road infrastructure) through increased assistance with access to credit and assets, and empowerment of local black business.</p> <p>Actively support BPLM to expedite establishment of LED forum and effective functioning thereof.</p> <p>Partner with local government in the identification of LED initiatives.</p> <p>Ongoing consultation with local government to incorporate proposed LED projects into IDP priority list.</p>	<p>See implementation measures listed under housing and living conditions section of this document.</p> <p>Collaborate with other mining companies in the establishment of the LED forum.</p> <p>Actively participate in the annual review of IDP documentation and community consultation process.</p> <p>Identify a suitable representative within Palabora to act as a community liaison officer on issues such as LED, procurement, community and SMME development.</p> <p>Define selection criteria for household participation and the nature and extent of participation.</p> <p>Task identified community liaison officer to promote and manage household participation in the mine's LED</p>

Focus Area	Implication	Recommendation	Implementation
		Focus actions on the empowerment of household members as a first priority in providing non-core services at Palabora.	Initiative and to undertake a capacity assessment to determine the capability of potential entrepreneurs. Provide technical and financial resources where necessary.
REPORTING			
Annual reporting requirements	Detailed and specific annual reporting required by DME. Regular reporting and feedback to employees required.	Use the survey data as a planning tool to facilitate regular and accurate reporting. Update current HR data with information from the survey data and record details of changes in the education and training status of employees.	SLP coordinator to update and maintain database, monitor SLP implementation and ensure regular reporting. Use media (e.g. newsletters, videos, email) to provide feedback to employees on advancement in implementation of SLP commitments.

3.4 Infrastructure development, poverty eradication and welfare creation projects

Regulation 46 (c) (iii)

Appendix 3.1: LED Projects Sub-Plan

3.4.1 Approach

LED is an approach towards economic development which allows and encourages local communities, government and the private sector to work together to achieve sustainable economic growth and development, thereby promoting economic benefits and improved quality of life for all residents in any local municipal area. Palabora actively promotes and provides LED projects, basic services, Skills development and Education opportunities to people in the communities of the BPLM and surrounds.

3.4.2 Baseline situation

Palabora and the Palabora Foundation have a long-term commitment to social development and empowering communities in the BPLM. The Palabora Foundation has built strong relationships with local government, traditional authorities and communities, based on transparency, trust, mutual respect and active consultation. During 2006 Palabora received national recognition by winning two of the major corporate awards in South Africa for the Palabora Foundation's work and development programmes in the communities.

These awards were:

- Sowetan/Old Mutual/SABC Community Builder of the Year Award,
- Nedbank Green Capital Mining Award, and
- Commended by the Global Business Coalition for HIV/AIDs and TB in June 2008.

The Foundation aims to assist local communities to become self-reliant, by means of:

- LED projects and Tourism Projects, i.e. poverty eradication programmes,
- Education (Whole School Development, Learner Support Programmes, Early Childhood Education and Environmental Education),
- Skills Development Training,
- Business Development and SMME creation ,
- Community Health (HIV and AIDS),
- LED and Tourism Facilitation, and
- Small Scale Economic Development Projects.

The Palabora Foundation has been active in community development in the BPLM since 1986. Refer to Appendix 3.2 for a report on community development projects undertaken in the past 20 years in the BPLM communities.

3.4.3 Action plans and Projects

Appendix 3.1: LED Projects Sub-Plan

The Palabora Foundation has been active for over two decades within the Ba-Phalaborwa Municipality. The endowment fund that sustains the foundation was provided for by Palabora. Whilst in the past Palabora and the Palabora Foundation were perceived as two separate entities by the community, they are in fact one entity. The Palabora Foundation implements all of Palabora's Corporate Social Responsibility (CSR) programmes. Steps will be taken over the next two years to rectify this perception.

Palabora will fund the implementation of the LED projects as outlined in this SLP through operational working costs, while the Palabora Foundation will continue to use its funds for CSR programmes. During the following five year cycle, all funds will be combined as the Palabora Foundation will be the implementer of all Palabora's LED programmes.

Palabora will continually assess the current/projected IDP and LED projects/initiatives in the BPLM and the MDM. A **Five (5) Year LED Project Sub-Plan**, containing a list of community development projects currently being implemented, and to be implemented, within areas affected by Palabora, has been compiled in **Appendix 3.1**. Business Plans for the Infrastructure and Local Economic Development projects, which will be funded through Palabora's operational working costs and which will be implemented from 2009, is provided in **Table 43**.

At the end of each five (5) year period, the LED Plan will be reviewed and a new five (5) year plan compiled. An **Action Plan** for the implementation of LED projects is provided in **Table 42**.

Table 42: Action plan for the implementation of LED projects

ACTION	DELIVERABLES	TARGET DATE
Closer alignment of the Palabora Foundation into the Palabora SLP, i.e. it should be clear to the DME that the Palabora Foundation is the social-community development arm of Palabora, and not a completely separate entity. Development of progress reporting	Closer integration of Palabora Foundation into Palabora reporting mechanism.	February 2009

ACTION	DELIVERABLES	TARGET DATE
functions in line with the Palabora SLP.		
Formal presentation of Palabora SLP to BPLM representatives, and discussion of SLP projects. Formal minutes of the meeting.	Meeting with BPLM. Formal minutes.	March 2009
Incorporate the BPLM's changes and suggestions into the Palabora SLP projects. Update the Palabora LED Projects Plan in Appendix 3.1.	Updated SLP projects and LED projects plan.	April 2009
Design portable skills training programmes in line with the outcomes of the BSETS, the community survey and the economic development needs of BPLM.	Portable skills training programme.	June 2009
Assess the community survey findings of the micro and macro economic needs, opportunities, dynamics, and development patterns. Identification of specific LED projects and portable skills training opportunities. Build flexibility into LEDP to change and add projects as the need arises.	Community survey findings.	June 2009
Continued implementation of LED projects and regular consultation with representatives of the BPLM, DME, traditional authorities, community representatives and other stakeholders.	LED project implementation. Regular minutes of meetings.	Ongoing
Attract donor funding from other entities in South Africa and the rest of the world, to enhance socio-economic development in BPLM.	Other donor funding options.	Ongoing
Compile new LED projects "actions plans" table for 2010.	New LED projects "actions plans" table for 2010.	December 2009

The Infrastructure and Local Economic Development projects to be established from 2009, have been selected from the BPLM's IDP and through consultation with the municipality. The projects are:

- Extension 1 Electrical Upgrade Project (BPLM IDP Project No 0054/05)
- Selwane Crop Farming Project (BPLM IDP Project No TBC)
- Marula Oil from Seed Project (BPLM IDP Project No TBC)

Refer to **Table 43** for detailed Business Plans for these projects.

Table 43: Business plans for the implementation of Infrastructure and LED projects

PROJECT NO. 1: EXTENSION 1 ELECTRICAL UPGRADE PROJECT – BPLM IDP PROJECT NO 0054/05					
PROJECT BACKGROUND		OBJECTIVES			
The Ba-Phalaborwa Local Municipality is experiencing a number of challenges in the provision of electricity in the local area due to the limitations of the current infrastructure. The current system is a single phase and needs to be changed to three phase to allow for further economic development to take place in the Municipality. Palabora's assistance with this will ensure a continued supply of electricity to members of the community, as well as enable the technical team to address faults at a faster rate.		<ul style="list-style-type: none">Assist in upgrading the electrical infrastructure in Extension 1.Through the upgrade assist in economic development within BPLMTo support the infrastructure programmes in line with the ASGISA initiatives.			
PERFORMANCE INDICATORS		TARGET GROUPS (beneficiaries):	LOCATION	EMPLOYMENT OPPORTUNITIES	
<ul style="list-style-type: none">15 'three phase' mini sub stations installedSingle phase cables replaced by three phase cables in Extension 1		BPLM Community, businesses and industry	BPLM Extension 1	To be determined	
ACTIVITIES		TIMEFRAME – BUDGET and MILESTONES			
		Year	2009		
		Budget	R3 500 000		
<ul style="list-style-type: none">Contribute financially towards the upgrading of electrical infrastructure of extension 1 of the BPLM.Monitoring and evaluation of the project to completion and then handing over to BPLM.Ensure that the contractors replace single phase mini sub by Three Phase mini sub, H.T. & L.T. cables including L.T. distribution kiosks 11 Extension 1		May 2009	Develop technical scope of the project and advertise.		
		June 2009	Adjudicate and identify successful supplier and award contract.		
		July 2009	Site establishment by contractor and commencement of works		
		August 2009	Monthly inspection by PMC and BPLM		
		September 2009	Monthly inspection by PMC and BPLM		
		October 2009	Monthly inspection by PMC and BPLM		

PROJECT NO. 1: EXTENSION 1 ELECTRICAL UPGRADE PROJECT – BPLM IDP PROJECT NO 0054/05			
		November 2009	Monthly inspection by PMC and BPLM
		December 2009	Final inspection of completed work and handover to community.
		An operational plan will be developed that will include site inspection frequency and payment terms. Procurement of services will be facilitated by BPLM and payment will be done by Palabora directly to supplier.	
		TOTAL ESTIMATED COSTS R3 500 000	

PROJECT NO. 2: SELWANE CROP FARMING PROJECT – BPLM IDP PROJECT NO TBC									
PROJECT BACKGROUND			OBJECTIVES						
The BPLM IDP highlighted that there is a need for job creation and poverty alleviation within the poor rural communities. The Selwane tribal area has an abundance of land and has been identified as possible beneficiaries for the poverty alleviation/job creation opportunity of a Lucerne agricultural project.			<ul style="list-style-type: none">To assist the local community who were beneficiaries of the land restitution programme develop their land into a sustainable business.To support community job creation programmes in line with ASGISA initiatives.						
PERFORMANCE INDICATORS			TARGET (beneficiaries)	GROUPS	LOCATION	EMPLOYMENT OPPORTUNITIES			
<ul style="list-style-type: none">Feasibility study concluded in June 2009Community training programmes September 2009Ground preparation start September 2009Project commences March 2010			<ul style="list-style-type: none">Local community (youth and women in particular)		<ul style="list-style-type: none">Selwane tribal area	Once successful this project will eventually create approximately 200 jobs.			
ACTIVITIES			TIMEFRAME – BUDGET and MILESTONES						
			Year	2009	2010	2011	2012	2013	
			Budget	R2 000 000	R750 000	R750 000	R750 000	R750 000	R750 000
Enhancing the current farming activities to move from subsistence to a fully fledged business where the crop yields are high and of quality to market locally and nationally.				2009 – Feasibility study and business case completed by June 2009– Community engagement on selection of beneficiaries by August 2009 – Complete initial training of beneficiaries by December 2009 – Ground preparation by September					
In conjunction with the Ba-Phalaborwa Local Municipality and the Department of Agriculture assist this community in growing organic crops that will be sold at a higher value to clients such as Woolworths and Pick and Pay. Will include the learning from a similar project in the Tzaneen area.			Milestones	2010 – Mentoring through to establishing consistent production by February 2011 – Coaching on marketing the product by February 2011 – Ongoing mentorship to ensure sustainability of the business 2013 – Exit sustainable business by December					
TOTAL ESTIMATED COSTS R5 000 000									

PROJECT NO. 3: Marula oil from seed project – BPLM IDP PROJECT NO TBC							
PROJECT BACKGROUND		OBJECTIVES					
The BPLM IDP highlighted that there is a need for job creation within the poor communities. The BPLM area has been identified as possible beneficiaries for the job creation opportunity of an "oil from seed" project as there is an abundant supply of Marula seed/nut in the area and the co-operatives are collecting it for sale to the producers of Amarula..		<ul style="list-style-type: none">To assist the local community who have co-operatives in all the tribal areas to develop a sustainable business of oil from seed to the benefit of the community.To support community job creation programmes in line with ASGISA initiatives.					
PERFORMANCE INDICATORS	TARGET GROUPS (beneficiaries)	LOCATION	EMPLOYMENT OPPORTUNITIES				
	<ul style="list-style-type: none">Local community (youth and women in particular)	<ul style="list-style-type: none">The whole of the BPLM area for the collection.Oil extraction set up in a locality close to the community.	Once successful this project will eventually create more than 500 jobs – 20 direct jobs and about 500 indirect jobs (seed collectors).				
ACTIVITIES	TIMEFRAME – BUDGET and MILESTONES						
	Year	2009	2010	2011	2012	2013	
	Budget	R2 000 000	R750 000	R750 000	R750 000	R750 000	R750 000
	Milestones	<p>2009 – Feasibility study and business case completed by June</p> <p>2009– Community engagement on selection of beneficiaries by August</p> <p>2009 – Complete initial training of beneficiaries by December</p> <p>2009 – Start site infrastructure by August</p> <p>2010 – Mentoring through to establishing consistent production by February</p> <p>2010 – Coaching on marketing the product by February</p> <p>2010 – Ongoing mentorship to ensure sustainability of the business</p> <p>2013 – Exit sustainable business by December</p>					
<ul style="list-style-type: none">Translate the current Marula harvesting into a sustainable business that includes the recovery of spoil fruit.Establishing a business that is able to extract the oil from the seed.Expand the market for the oil and engage with Uni-Lever to purchase the oil to use in their soap production.							
TOTAL ESTIMATED COSTS R5 000 000							

2013

Community development projects initiated by the Palabora Foundation will continue. These projects are described in more detail below:

- 1 • Thusong basic services & infrastructure roll-out centre,
- 2 • Skills & community development programme,
- 3 • Whole school education development programme,
- 4 • Community SMME and income development project,
- 5 • LED and Tourism job creation projects,
- 6 • PROTEC science & technology community programme,
- 7 • Community master maths education programme,
- 8 • Technokidz programme,
- 9 • Small scale community job creation projects,
- 10 • Mashishimale Clinic, and
- 11 • Hi-Kurile Craft Cooperative.

These projects will be updated continuously throughout the initial five (5) year period, in terms of **Table 42**. Detailed **Business Plans** (refer to Appendix 3.1) have been compiled for these projects containing project motivation, objectives, action plans, targets, resources and activities as part of the update process of the LED Projects Sub-Plan. **The detailed projects are as follows:**

3.4.3.1 Palabora Foundation Project 1: Thusong Basic Services & Infrastructure Roll-out Centres

Description:

Thusong Service Centres, formerly known as Multi-Purpose Community Centres (MPCCs), are one stop service centres that provide integrated government services and information to communities close to where they live. It is part of government's overall strategy to improve the quality of life for all citizens and, in particular of those communities that have historically been marginalised. Thusong Service Centres act as primary vehicles for developmental communication and information, whilst providing access to government information and services, as well as resources from NGOs, parastatals and business.

The BPLM (Selwane) Thusong Service Centre Business Plan is aligned with national objectives. It pays specific attention to a sustainable approach to services and infrastructure roll out. Investment in Thusong Service Centres is based on levels of demand. The roll-out is based on partnerships within (and beyond) government. Through these partnerships the aim is to strengthen coordination of service delivery and, ultimately, the quality and scope of services offered to citizens. The plan reflects core principles established by the National Framework with

regard to the provision of Thusong Service Centre infrastructure. It goes further to build on the specific strengths of Limpopo Province and the Provincial development directions.

Estimated Financial Commitment:

Palabora will contribute an estimated R 2 500 000 towards the implementation of the project over a two year period.

3.4.3.2 Palabora Foundation Project 2: Skills and community development programme

Description:

The aim of this programme is to provide short courses and job-related skills training, mainly to unemployed youth and the community, in Construction Masonry, Construction Carpentry, Clothing Production and Food Preparation and Cooking. Through this project, the unemployed youth from the communities affected by Palabora will be capacitated with the required skills to access employment opportunities in the formal and informal sector, or to start their own businesses. Therefore, the focus of the project is on poverty eradication through skills creation, job creation and better job accessibility. This project will also reduce crime in the BPLM, which is mainly prevalent among unemployed youth.

Estimated Financial Commitment:

Palabora will contribute an estimated R 17 401 501 towards the implementation of the project, over a five year period.

3.4.3.3 Palabora Foundation Project 3: Whole school education development programme

Description:

The purpose of the programme is to improve the quality of curriculum practice, school management and governance, and environment education.

Education is widely recognised as the primary tool for social and economic transformation. This will unlock further economic opportunities in terms of LED. There cannot be meaningful LED without an adequate educational base, as without a proper education, the majority will never be in a position to unlock economic opportunities.

Nations and communities use their education systems to enhance economic growth and their quality of life. Education is the first step in eliminating poverty, and high quality education is also necessary to advance the democratic transformation of South Africa to combat sexism, racism and other forms of discrimination. One of the legacies of apartheid was poor education amongst the majority of the citizens of the country, which impeded the development of technical skills.

Estimated Financial Commitment:

Palabora will contribute an estimated R 9 965 495 towards the implementation of the project over a five year period. This will include education programmes, facilities, resources, teachers and suitable access for communities.

3.4.3.4 Palabora Foundation Project 4: Local Economic Development and tourism job creation projects

Description:

The LED and Tourism Department is assisting the Mine to meet the requirements of the Palabora Closure Statement, and the Minerals and Municipal Legislation to stimulate local economic development in the BPLM. The department has adopted an integrated, multi-disciplinary approach to create more equitable economic growth in South Africa, aimed at poverty alleviation through community grass-roots economic growth. It involves supporting sustainable economic activities in the municipalities and integrating the informal economy into the formal economy. This project focuses on creating sustainable livelihood projects, or job creation projects, in the Palabora affected communities linked to tourism activities in the BPLM and the Kruger National Park. This project also includes skills development training, business management training, natural resource management programmes and marketing programmes. The beneficiaries and jobs that will be created are for the previously disadvantaged members of the local communities.

Estimated Financial Commitment:

Palabora will contribute an estimated R 9 530 635 towards the implementation of the project, over a five year period

3.4.3.5 Palabora Foundation Project 5: Community SMME and income development project

Description:

The Palabora Foundation has established a Business Development Centre and Business Development Programme in the BPLM. The purpose of the programme is to empower the Small, Medium and Micro Enterprises/Black Economic Empowerment (SMME/BEE) sector with relevant training, mentoring, and counselling opportunities to increase business capacity. The main objective of the centre is to reduce poverty through economic growth, and achieve sustainable local economic development within the 60km radius of BPLM.

The major aim of this initiative is to link LED projects with the Mine's progressive procurement policy, by empowering local SMMEs to supply Palabora with goods and services. Refer to section 3.4.4 for more detail.

Estimated Financial Commitment:

Palabora will contribute an estimated R 9 530 635 towards the implementation of the project, over a five year period.

3.4.3.6 Palabora Foundation Project 6: PROTEC Science & Technology Community Programme

Description:

A major problem preventing further and more advanced development of people from communities in South Africa is the lack of scientific and technological training. The purpose of the PROTEC Learner Support Programme is to establish a pool of high capability learners from the poorest communities in the BPLM. Through this programme, promising individuals will be capacitated and provided with a suitable educational base to be able to further their studies in scientific and technological careers at tertiary institutions. The project aims to draw these individuals back to the BPLM, to enable the establishment of LED projects and a skills transfer to others in the local communities.

Estimated Financial Commitment:

Palabora will contribute an estimated R 7 776 676 towards the implementation of the project, over a five year period.

3.4.3.7 Palabora Foundation Project 7: Community Master Maths education programme

Description:

The purpose of the Master Maths programme is to provide computerised Mathematics lessons to Grade 8 to 12 classes, to improve the Mathematics results in all grades and to produce high symbols in mathematics at matriculation to enable the learners to access tertiary institutions in Mathematics, Science, Engineering, Information Technology and other related discipline. This project is focussed on Palabora's major labour sending communities of Namakgale and Lulekani and surrounding rural areas.

Estimated Financial Commitment:

Palabora will contribute an estimated R 7 634 745 towards the implementation of the project, over a five year period.

3.4.3.8 Palabora Foundation Project 8: TECHNOKIDZ programme

Description:

The purpose of the TECHNOKIDZ project is to expand the current PROTEC grade 10 to 12 classes to include grade 8 and 9 so that learners who are on the PROTEC programme will get five years of exposure to and contact with a first class educational environment, which will increase the quality of the educational output significantly. The project, therefore, aims to provide grade 8 and 9 children from the community with access to modern and advanced resources, programmes and teaching, e.g. computerised centres, comfortable learning environment, highly qualified teachers, meals, etc. The core component of the programme is training in enhancing scientific, mathematics and technological capabilities of the children. Competency in these fields will open up a host of other tertiary training opportunities, which will ultimately enable them to locate jobs in the more specialised and higher value sectors of the economy.

Estimated Financial Commitment:

Palabora will contribute an estimated R 7 425 065 towards the implementation of the project, over a five year period.

3.4.3.9 Palabora Foundation Project 9: Small scale community job creation projects

Description:

The purpose is to ensure that the surrounding communities sustain their livelihoods through capacity building and support to small scale economic development projects. The Community Development Committee, an equitable representation structure, is used as a vehicle for consultation on possible community projects for small scale economic development, poverty alleviation and job creation projects for sustainable development.

Estimated Financial Commitment:

Palabora will contribute an estimated R 6 561 761 towards the implementation of the project, over a five year period.

3.4.3.10 Palabora Foundation Project 10: Mashishimale Clinic

Description:

At present, the community in Mashishimale has no access to health care facilities. The purpose of the project is to combine the efforts of various stakeholders to establish primary health care facilities at Mashishimale, which will improve the lives of this poor, rural community.

Estimated Financial Commitment:

Palabora will contribute an estimated R 5 000 000 towards the establishment of the Clinic.

3.4.3.11 Palabora Foundation Project 11: Hi-kurile Craft Cooperative

Description:

The Hi-Kurile Craft Cooperative was founded in 2002, but has operated under the Palabora Foundation as a small business group since 1999. The project focuses on empowerment of rural women and the establishment of income generating projects, i.e. poverty eradication projects. The 11 members (all rural women) have received extensive training in technical skills and small business development and administration.

Estimated Financial Commitment:

Palabora will contribute an estimated R 3 905 677 towards the implementation of the project, over a five year period.

The formulation and implementation of LED projects will be considered on an ongoing basis by Palabora in consultation with the BPLM and Economic role-players in the region. The Palabora LED project assessment process will take into consideration the needs and projects as reflected in the updated IDPs. New projects that satisfy the selection criteria of Palabora will be added to the above-mentioned list.

Palabora will continually assess the current/projected IDP and LED projects/initiatives in the BPLM. At the end of each five year period, the LED Plan will be reviewed and a new five year plan compiled.

3.4.4 Small, Medium and Micro Enterprises (SMMEs) creation

Refer to the Palabora LED Projects Plan contained in the Supporting LED Working Plan in Appendix 3.1.

As mentioned above, Palabora has established an Enterprise Development Centre that provides skills training and support to local BEE/SMMEs, to develop their capacity to compete fairly in the market providing goods and services to Palabora and the other two (2) major industries in Phalaborwa. Palabora has been active in its support of SMMEs in giving preferred supplier status to enterprises that have been involved with the Centre.

An SMME creation strategy has been prepared by Palabora to provide a framework for initiatives that promote the sustainability of employee households, as well as that of surrounding and major labour sending communities. This strategy will be upgraded into a plan to promote the development of formal business plans of viable SMME development initiatives of employee households.

The Palabora SMME Development Strategy is based on the following principles:

- Developing a framework which will promote the empowerment of employee household members in the surrounding and labour sending communities, so that they may actively take control of their future sustainability,
- Focusing specifically on the creation of SMMEs in affected communities which in turn will create employment opportunities,
- Facilitating the development of various SMMEs within communities that are not reliant on work from the mining industry, and may act as an alternative to mining dependent livelihoods,
- Providing household members that have their own business ideas and that meet certain criteria, with access to technical and financial expertise, which may enable the development of a viable business plan and the initiation of an enterprise, and
- Where possible, outsourcing various contracting projects to enterprises operating in surrounding communities.

Although Palabora has established an Enterprise Development Centre in Phalaborwa, the results of the BSETS revealed that most employees seem to be unaware of this initiative. Only 5 employees indicated that they would want to start their own businesses, especially in light of the lack of employment opportunities in the area. The small number of employees who would like to start their own businesses implies that most employees lack initiative. Therefore, Palabora needs to encourage employees to change their mindsets from a dependency tendency into becoming entrepreneurs, in order create employment for themselves and other

members of the local communities. Palabora should consider establishing a trust fund that would assist those employees that would prefer to take initiatives of starting their own projects.

The following steps in **Table 44** are being implemented to generate a successful Enterprise Development Plan, which is applicable to the Socio-Economic development trends and needs of the area.

Table 44: Current SMME Creation Action Plan

ACTION	DELIVERABLES	TARGET DATE
Assessing BSETS and community survey findings and analysis of the IDP initiatives of BPLM.	Information on needs for SMME development within BPLM and MDM.	June 2009
Design a formal SMME/Enterprise creation programme, based on current practices of the Palabora Foundation. This mechanism will be based on nurturing viable ideas from the community, converting them into business plans and implementing them.	SMME creation programme.	Ongoing
Identifying other (not in current SLP) potential livelihood ideas and opportunities from employee households, the surrounding and labour sending communities.	List of potential SMME ideas from the community.	Ongoing
Assisting communities in formulating business plans and packaging of a marketable business that meets the minimum 'codes of good practices' for businesses. Assisting communities in gaining access to financial and technical resources to implement their projects.	Assistance in formulating business plans, access to technical resources, and access to financial resources.	Ongoing

ACTION	DELIVERABLES	TARGET DATE
Establishment of skills development training, business management training, marketing training, financial management training, programmes, to capacitate community SMMEs.	Implementation of training programmes to capacitate community SMMEs.	Ongoing
Compile a new SMME creation "actions plans" table for 2010.	New SMME creation "actions plans" table for 2010.	December 2009

This plan is being dealt with by the existence of the Enterprise Development Centre, which receives funding from the Small Enterprise Development Agency (SEDA).

In line with the above-mentioned, SMME creation supported by Palabora will contribute towards supporting the MQA's SMME partnership project with local municipalities, by supporting SMME development within MDM. The District Municipality Partnership project by the MQA is intended to support the LEDP within the district municipalities by providing skills development and support to ex-mine workers in South Africa. The aim is to provide economic growth, poverty reduction, and job creation through skills development. The training programmes are in line with SLP initiatives and linked to the district municipalities' LEDP. Existing and innovative strategies are expanded to provide ex-mine workers with needs driven skills that include ABET and development of SMMEs.

The MQA has identified the provision of ABET programmes and business skills training and support to ex-mine workers as a priority in supporting SLPs, because of its direct link with the government's Integrated Rural Development Strategy and its wider reach across all provinces of South Africa. An awareness programme on HIV/AIDS is also integrated in the training programme.

3.5 Measures to address housing, living conditions and nutrition

Regulation 46 (c) (iv)

Appendix 3.2: Housing and Living Conditions Sub-Plan

3.5.1 Introduction

South Africa has a legacy of discrimination in relation to gender, race and disability. This has denied certain people access to education, employment, promotion, housing and basic living standards.

Palabora's Housing and Living Conditions Sub-Plan is aimed at ensuring compliance with the requirements of the Mining Charter. Accordingly, the Mine undertakes to:

- Establish measures for improving the standards of housing and the promotion of home ownership options for its employees,
- Provide education and awareness on where to access suitable houses, benefits of home ownership, accessing bonds, paying rates and taxes, etc.
- Establish measures for improving access to basic services, specifically health care, sanitation and water supply, and
- Establish measures for improving the nutrition of mine employees.

3.5.2 The baseline situation

A Baseline Assessment of housing and living conditions (as part of the BSETS) was undertaken of employees and their households at their residences. Refer to the findings of this assessment in the **BSETS report in Appendix 1.2.**

The assessment covered the following:

- Location of employee households,
- Living arrangements,
- Household characteristics (i.e. household size, ages of dependents, economic activities, employment rates, etc.),
- Household dwelling / structure types,
- Home ownership,
- Employee perceptions on reasons for residing in certain locations and willingness to move,
- Access to basic services and infrastructure,
- Perceptions on the greatest needs of the household concerning basic services,
- Most common diseases,
- Access to health care and related services,
- Health care issues, and
- Whether employees rent out their PMC subsidised housing

Based on a preliminary assessment of the housing and living conditions of Palabora's employees, the vast majority of homes are reasonable brick structures with access to adequate basic services. Palabora does not have the problem of its employees staying in squatter shacks. Most employees stay with their families in a permanent house.

In this respect, the survey indicated that the majority of employees (72%) reside in permanent residences close to the mine (GROUP 1), while 28% reside in both temporary and permanent residences (GROUP 2 employees). GROUPS of employees, namely:

GROUP 1 employees are those employees with ONE permanent residential address only, located within a 60 km radius of Palabora. GROUP 2 employees are those with both a permanent AND a temporary residential address. That is, a permanent address in the area of origin, and a temporary/working week residential address close to Palabora. In this report, conditions at the permanent residence for GROUP 2 employees are represented as GROUP 2a, while those at the temporary residence are represented as GROUP 2b.

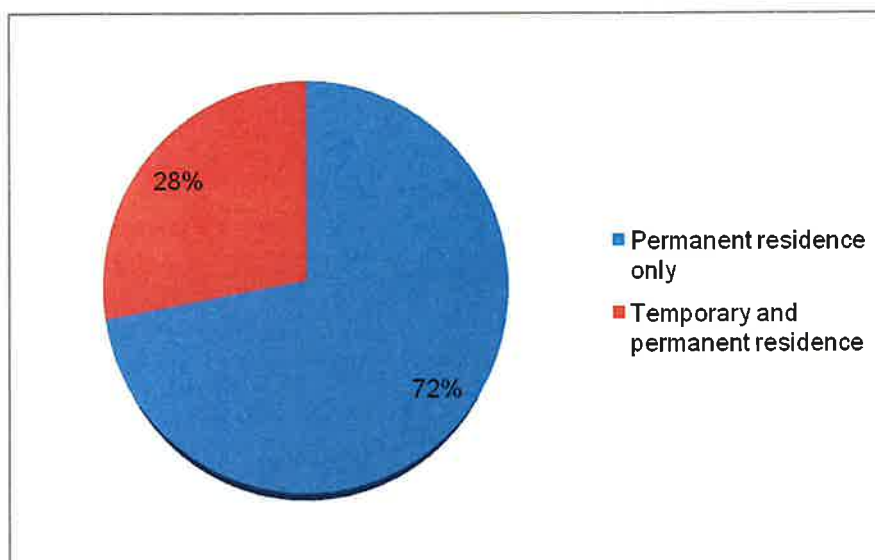


Figure 10: Permanent versus temporary residence

Furthermore, it is evident from the results of the BSETS that majority of the employees at Palabora reside in formal housing structures built with bricks/cement. Very few employees reside in traditional houses (mud hut). The levels of access to basic services for Palabora employees of both groups reveal that services are at an acceptable level (**Figure 11**).

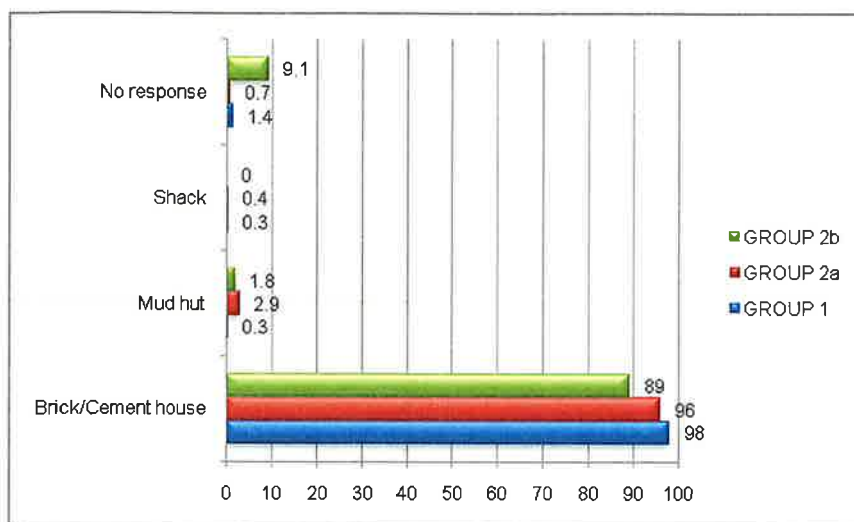


Figure 11: Types of housing structures

With reference to the reasons why GROUP 2b employees want live with their families near the mine, approximately 18% (48) indicated that it will enable them to spend more time with them. This is followed by 16% (44) who stated that there could be more employment opportunities for family members nearer to Palabora (**Figure 12**).

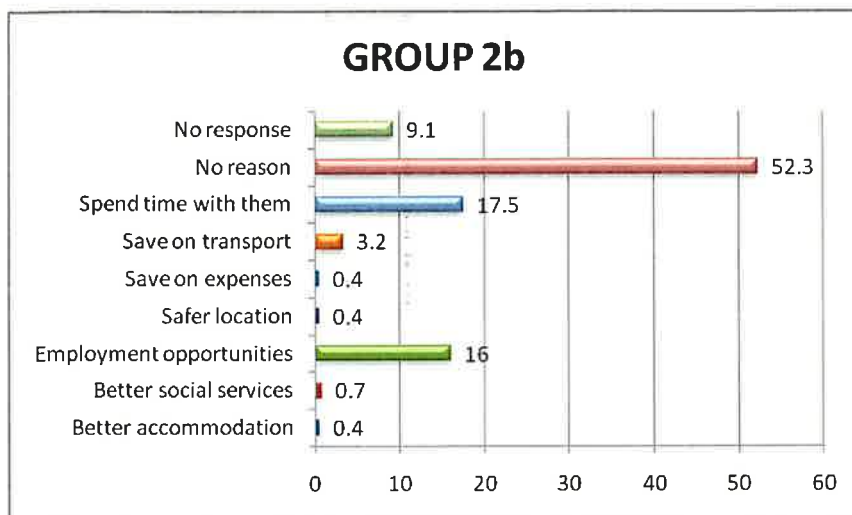


Figure 12: Reasons for wanting your family to live near Palabora

As shown by the findings of the BSETS, Palabora is not faced with serious problems regarding employees' housing and living condition, as most employees live in brick/cement structures. However, Palabora will need to increase awareness and establish measures for improving the nutrition of mine employees, particularly the underground employees through their wellness programme.

Palabora has sold its two social clubs, the two units of single quarters accommodation and has also sold off the last few houses and flats in Phalaborwa. The Company now only owns approximately 40 employee houses and flats:

- to accommodate employees seconded to Palabora for short periods of work; and
- as transit accommodation for new employees until they can arrange their own private accommodation.

Palabora encourages employees to find their own accommodation, and thus includes housing allowances with employees' salaries to assist in this regard. In line with this policy, most employees have purchased their own houses in Phalaborwa and the surrounding district, making use of company housing bond subsidies. All employees are eligible for housing subsidies in order to assist employees to obtain ownership of their homes. Single employees live either in rented flats in Phalaborwa, or in single quarter accommodation in Namakgale, depending on the employees' choice. Since June 2008, all employees receive an additional basic housing allowance.

Palabora provides its employees and their households with access to basic health care through the mine clinic, and the Palabora Foundation in the labour sending communities. Palabora also

pays for medical costs of private medical treatment related to injuries and serious health issues for its employees. Palabora has an extensive primary health care programme and HIV/AIDS programme for its employees, their families and the affected communities. This is in line with the BSETS results that indicated that the majority of employees (68%) indicated that they do have access to free primary health care. Therefore, Palabora should continue providing free health care to employees, their families and the affected communities.

Employees at Palabora have access to appropriate nutritional (food) supplies and facilities at the various sections of the mine and plant. Each work unit has a small kitchen with a fridge, where employees can store and prepare meals. There is also a cafeteria on the mine where nutritional food is supplied at a reasonable price. The Mine is also situated immediately adjacent to the town of Phalaborwa, where employees have easy and further access to food facilities.

However, according to survey results, high percentage of employees stated that they do not receive meals/rehydrating foods and claimed that the food is not nutritional. Employees revealed that Palabora does provide them with meals when working overtime. Palabora needs to provide one free meal per day to employees, especially those working underground, as the MPRDA states that employees that work underground are entitled to one (1) free meal per day.

3.5.3 Action Plan

Palabora has developed a **Housing and Living Conditions Sub-Plan** contained in the Supporting LEDP Working Plan in **Appendix 3.2** for improving the housing and living conditions of employees. An **Action Plan** has been designed in **Table 45** to implement the measures described in this section and those contained in the Supporting Housing and Living Conditions Sub-Plan.

Table 45: Action plan to implement measures for addressing housing and living conditions.

ACTION	DELIVERABLES	TARGET DATE
Fine-tune HLC policy and procedure. Continue with Housing Allowance to all employees.	Updated HLC policy and procedure.	January 2009
Assess BSETS findings of the housing and living conditions (HLC) of employees and their households. Provide a description of housing types, access to basic services and those who are living in "unacceptable"	BSETS findings and assessment of HLC.	February 2009

ACTION	DELIVERABLES	TARGET DATE
(squatter shacks) housing and living conditions.		
Discussion and brain-storming of the issues, problems and compliance gaps in terms of HLC as contemplated in the Mining Charter and MPRDA.	Identification of primary HLC issues and challenges. Solutions to these.	February 2009
Develop direct interventions to address employee households falling into the "unacceptable" HLC category.	Plan to address unacceptable HLC.	March 2009
Analysis of the HLC measures contained in the IDP initiatives of BPLM. Interaction with the relevant municipal and government representatives on the supply of affordable and good quality housing in the BPLM area. Consultation on basic service provision to communities.	Ensure that the proposed strategy of Palabora integrates with the plans of BPLM. Detailed knowledge of available and affordable housing and basic services in the BPLM, as well as government's future plans.	April 2009
Develop HLC education and awareness generation plan for employees. Focus on communication to employees about the benefits of home ownership and living with their families. Creating awareness about the disadvantages of living in squatter settlements. Educate employees on how to go about finding a home in a sustainable settlement; how to purchase a home and get finance from the banks; understanding of interest rates; understanding of payment of rates, taxes and electricity. Educate employees on how to structure and spend their salaries, i.e. Housing allowance.	HLC education and awareness plan.	May 2009
Refinement of the Palabora HLC Plan to align with the plans of BPLM.	Alignment with BPLM in line with available options in the BPLM.	May 2009
Integration of Core contractors' employee needs in terms of HLC and devise a plan to ensure their integration.	Integration of Core contractors into the HLC strategy for Palabora.	July 2009

ACTION	DELIVERABLES	TARGET DATE
Compile a new HLC "actions plans" table for 2010.	New HLC "actions plans" table for 2010.	December 2009

3.5.3.1 Accommodation

Palabora will improve the awareness and accessibility of its employees to adequate accommodation through the following measures:

- Referring to the housing and living conditions sub-plan in Appendix 3.2,
- Enhancing access to suitable accommodation in the town of Phalaborwa and the other major labour sending communities, i.e. Namakgale and Lulekani and surrounding rural areas,
- Promoting home ownership among employees in sustainable settlements,
- Providing access to employees for housing subsidies so that they can own their homes,
- Providing a housing allowance as part of the employee's salary,
- Devising mechanisms to avoid the creation of unsustainable settlements around Palabora,
- Providing programmes to educate employees with regard to home ownership, accessing government subsidies/home loans, formulating budgets, and what housing options are available in sustainable communities,
- Ranking levels of severity of living conditions of employees in the form of an assessment to prioritise compiling a plan to address this issue,
- Establishing a housing policy and linking it with social upliftment, training and skills development initiatives,
- Identifying employees who need and/or have requested housing assistance, and assist them in gaining access to suitable financial institutions for assistance,
- Improving access to adequate transportation amenities in order to improve the employees' accessibility to their families by improving transportation efficiency,
- Collaborating with the BPLM to prevent and control informal settlements on properties owned by the mine, and
- Facilitating the migration of employees (if any) living in informal shacks to formal housing.

Palabora will undertake an education and awareness programme to teach employees about financial management, payment of rates and taxes, life skills, bonds, access to decent basic

services etc. Direct intervention will also be applied in order to improve the living conditions of those employees' households that live in unacceptable conditions, i.e. shacks and mud huts.

3.5.3.2 Health care

Palabora will address the health care issues of its employees by means of the following measures:

- Referring to the housing and living conditions sub-plan in Appendix 3.2,
- Through the Phelang Community HIV and AIDS programme,
- Continuing the HIV/AIDS Awareness Campaign,
- Continuing the VCT programme,
- Continuing financial provisions for potential future medical costs and employee support programmes,
- Creating awareness amongst employees and their dependants to the use of primary health care facilities established by local government in the area,
- Facilitating access to primary health care for all employees as well as their registered dependents, including those in major labour sending areas,
- Regularly assessing the quality, cost and appropriateness of services and standard/effectiveness of medication provided at the mine clinic,
- Continuing the health care programmes at the Phelang Health Centre, a Foundation initiative which serves as the mine clinic, which are open to both employees and communities members, and
- Providing educational programmes to employees and communities on how to address issues regarding family planning, marriage counselling and related subjects.

3.5.3.3 Measures to improve nutrition

Regulation 46 (c) (v) requires that mines put measures in place to ensure that employees have adequate access to a well balanced diet and meals. With reference to the baseline situation at Palabora, an **Action Plan** has been designed in **Table 46** to implement the measures to address the nutrition of employees. Refer to the detailed **Housing and Living Conditions Sub-Plan** attached as **Appendix 3.2**.

Table 46: Action Plan to implement measures addressing employee health and nutrition

ACTION	DELIVERABLES	TARGET DATE
Assessment of the BSETS regarding employees' access to basic health care and reasonable nutrition supply. Assess health levels of employees. Extend study to employee households and Palabora communities.	BSETS findings on health and nutrition.	February 2009
Commissioning a dietician to undertake an assessment of the quality and nutritional standards of the availability of meals for sale in the cafeteria, to ensure meals are nutritionally balanced. Conduct a general assessment of the nutrition intake of employees from their own provided meals. Compile a nutrition plan.	Assessment, findings and recommendation plan report. Nutrition plan.	March 2009
Compilation of a suitable health care and nutrition plan for Palabora's employees and communities.	Health care and nutrition plan.	March 2009
Incorporation of Core contractors.	Incorporation of Core contractors into SLP programme.	March 2009
Compile an awareness and education plan for employees and communities. Education on primary health care and healthy living. Education on the benefits of a healthy diet. Create awareness on how to access health care facilities and procedures supported by Palabora. Create awareness of where to get good food at and surrounding the mine, if food is not brought to work by employees. Explain the health and safety dangers of coming to work during "ill health" or conducting work being "under-nourished".	Nutrition awareness plan. Incorporation of current practices of the Palabora Foundation.	April 2009

ACTION	DELIVERABLES	TARGET DATE
Compile a new health care and nutrition "actions plans" table for 2010.	New health care and nutrition "actions plans" table for 2010.	December 2009

Palabora is committed to improve the nutrition of its employees in accordance with the standards set out by the Chamber of Mines and the nationally accepted health standards, through ensuring;

- The food available for sale on site at the cafeteria is of an adequate dietary requirement,
- The food is provided at an affordable cost to all the employees of Palabora,
- Equitable access of all employees to food provision during working hours,
- Education to employees and their families on the importance of adequate and proper nutrition, by means of a nutrition awareness plan,
- Regular assessment of the quality of the meals and dietary intake of employees that do not use the canteen, and
- Giving preference to a suitably qualified BEE contractor to manage the cafeteria (note that the current contractor is BEE).

3.6 The Procurement Progression Plan and its implementation for HDSA companies in terms of capital goods, services and consumables

Regulation 46 (c) (vi)

Appendix 3.3: Procurement Sub-Plan

Palabora recognises the need to redress the imbalances of the past and regard BEE to be one of the supporting pillars of the Transformation Process in South Africa, and recognises that BEE is vital towards meeting the expectations of the South African Mining Charter. The mine recognises that procurement provides an ideal platform to launch a definitive drive towards economic empowerment of HDSAs. The mine intends to take advantage of this initiative.

3.6.1 Approach

A preferential procurement policy has been developed that clearly states Palabora's commitment to BEE. Refer to the **Procurement Sub-Plan** attached in **Appendix 3.3**. In line with the requirements of the Mining Charter, the policy specifically focuses on procurement

from HDSA vendors and promotes new opportunities for meaningful participation by HDSA companies in Palabora's procurement spend.

The policy has made provision for the following methodology:

- Palabora will implement measures to promote, affirm, prefer and advance procurement to persons who have been subjected to unfair discrimination in the past. The mine acknowledges the need to meaningfully expand opportunities for HDSAs to enter into the mining industry, and to benefit from the exploitation of the country's resources,
- Procurement will be used by Palabora as one of the primary mechanisms to guide LED in the communities affected by its operation. Where preferred procurement is not possible due to a lack of capacity in local communities, local people will be provided with opportunities for empowerment as service providers to Palabora,
- Palabora's vision is to identify, develop and promote the creation and sustainability of businesses operated by HDSAs through the mechanism of procurement. The objective is to foster entrepreneurship in communities adjacent to its mining operations and by increasing the level of participation by HDSA suppliers in the mainstream of the resources and resource related industries,
- All suppliers will be required to disclose information regarding their ownership/control and internal BEE programmes,
- Palabora will put measures in place to monitor and verify the current status of various suppliers, and to ensure that such information is reliable,
- Preference will be given to products supplied and services rendered by HDSA suppliers from local communities within the BPLM and the MDM,
- The mine will encourage suppliers to form partnerships or joint ventures with HDSA supplier companies, where there is no HDSA vendor tendering to supply the required goods or services,
- Tender requirements will be comprehensively communicated to HDSA vendors, and
- Aspiring HDSA vendors will be assisted and mentored in the formulation of appropriate business plans.

3.6.2 The baseline situation

In line with the Mine's procurement policy, Palabora has compiled a **Procurement Sub-Plan** contained in **Appendix 3.3** of the *Supporting Working LEDP Plan*. The levels of HDSA procurement for Palabora can be seen in **Form T** contained in Appendix 3.3. Note that Palabora's Form T is too detailed to print out and has been attached as an electronic Excel spreadsheet in the CD attached in **Annexure 3.3.1**. A summary of the total spend and HDSA spend for capital goods, consumables and services, is indicated in **Table 47**. This form will be updated on an annual basis to reflect progress.

During 2008, Palabora has been in the process of changing the classification of HDSA vendors from the narrow-based classification, to the Broad Based Black Economic Empowerment (BBBEE) classification, in order to comply with prescriptions from the Department of Trade and Industry (DTI). An elaboration of the classification systems is provided in the Procurement Plan in Appendix 3.3.

It can be seen that in 2007, the total spend by Palabora on HDSA vendors according to the narrow based classification of BEE was 33.70%, while in 2008 it rose to 53.20%. Based on the BBBEE classification of vendors, Palabora spent 41.48% of its procurement spend in 2008 with HDSA vendors.

Procurement is used by Palabora as one of the primary mechanisms to affect LED in the communities affected by its operation. Where preferential procurement is not possible due to a lack of capacity in local communities, local people will be provided with access to skills and SMME opportunities.

Palabora has been proactive in establishing mechanisms to use procurement to support HDSA entrepreneurs and companies, even before legislation encouraging the practice was promulgated. The Company has been actively promoting working relationships with local SMMEs and HDSA companies, since 1998. In addition, through the workings of the Palabora Foundation, the Business Linkage Centre (BLC) has been established. The purpose of the Business Linkage and Advice Centre was to empower the SMME/BEE sector with relevant training, mentoring and counselling opportunities to provide them with the capacity to compete when providing the three local sponsoring companies (Palabora, Foskor and Sasol) with goods and services.

The criteria for the BEE businesses were that 26% of the shares had to be controlled by the "black partner" and that this partner needed to actively participate in the business, take part in management decisions and share in the profits and losses. The three companies set aside sections of their procurement spend for which only BEE companies could tender. In 2004, there were 258 BEE businesses of which 215 were in the Phalaborwa region. In 2007, Palabora made use of 160 BEE companies, of which 57 are in the Ba-Phalaborwa area. In 2008, Palabora made use of 436 BEE companies, of which 222 are in the Ba-Phalaborwa area. Palabora's spend with BEE companies has increased significantly, from R13 million in 1998, to R711 million in 2007, while in 2008 the spend rose to R 1,387 billion.

A summary of the primary items Palabora spend on, has been provided in **Table 48**.

Table 47: Level of spend by the Palabora on BEE or HDSA vendors in 2007 and 2008 (Narrow Based BEE)

Category Spend	Total Spend 2007	Annual HDSA/ BEE Spend	% HDSA/ BEE Spend Of Total	Total Spend 2008	Annual HDSA/ BEE Spend	% HDSA/ BEE Spend Of Total
Capital, Goods and Services	R 135,338,172.46	R 47,301,911.20	34.95%	R 184,775,965.49	R 101,455,906.32	54.91%
Consumables	R 906,969,121.71	R 257,150,707.25	28.35%	R1 ,170,194,824.20	R 791,264,260.63	67.62%
Services	R 1,067,343,057.02	R 406,591,030.14	38.09%	R 1,253,314,547.73	R 596,385,713.01	47.58%
Total HDSA	R 2,109,650,351.19	R 711,043,648.59	33.70%	R 2,608,285,335.42	1,387,649,973.64	53.20%

Level of spend by the Palabora on BEE or HDSA vendors in 2007 and 2008 (Broad Based Black Economic Empowerment BBBEEE)

Category Spend	Total Spend 2007	Annual HDSA/ BEE Spend	% HDSA/ BEE Spend Of Total	Total Spend 2008	Annual BBBEE Spend	% BBBEE Spend Of Total
Capital, Goods and Services	R 135,338,172.46	R 47,301,911.20	34.95%	R 184,775,965.49	R 79,450,896.26	43.00%
Consumables	R 906,969,121.71	R 257,150,707.25	28.35%	R1 ,170,194,824.20	R 521,634,665.92	67.62%
Services	R 1,067,343,057.02	R 406,591,030.14	38.09%	R 1,253,314,547.73	R 480,988,798.62	44.58%
Total HDSA	R 2,109,650,351.19	R 711,043,648.59	33.70%	R 2,608,285,335.42	1,082,074,360.80	41.48%

NB! Broad Based Black Economic Empowerment figures are low in comparison to the figures for the narrow-based classification due to the point system introduced on the BBBEE scorecard system.

Table 48: Summary of primary spend items of Palabora in 2007 and 2008 (BEE)

SPEND DESCRIPTION	2007 AMOUNT	2008 AMOUNT
Foreign	943,324,855.70	1,001,013,118.62
Foreign Expenses	3,281,467.75	447,316.78
Cu Concentrate Purchase	908,805,669.53	955,501,069.23
Magnetite Project - Mozambique	26,903,497.67	38,522,289.46
Purchase Goods & Services	4,334,220.75	6,542,443.15
Rio Tinto	98,026,636.56	188,090,689.17
Purchases Capital	135,338,172.46	184,775,965.49
BEE	47,301,911.20	98,867,122.55
Non-BEE	88,036,261.26	85,908,842.94
Purchases non-capital	1,974,312,178.73	2,423,509,371.93
BEE Goods	257,150,707.25	732,190,172.76
BEE Services	406,591,030.14	554,003,894.59
Non-BEE Goods	649,818,414.46	438,004,651.44
Non-BEE Services	660,752,026.88	699,310,653.14
Total Local Purchases	2,109,650,351.19	2,608,285,337.42

Table 49: Purchasing spend of Palabora per region in 2007 and 2008

(Narrow Based BEE)

Category	BPLM 2007	Other Limpopo	Other SA	Other Foreign
BEE Purchases	318,873,428.00	2,654,630.00	389,515,589.00	0.00
Non-BEE Purchases	612,394,617.00	128,038,104.00	658,173,979.00	4,334,220.00
Total	931,268,045.00	130,692,734.00	1,047,689,568.00	4,334,220.00
% of Total Purchases	44.05%	6.18%	49.55%	0.20%
Total Spend	2,113,984,571.94			

(Broad Based BEE)

Category	BPLM 2008	Other Limpopo	Other SA	Other Foreign
BEE Purchases	678,773,851.88	125,018,322.25	583,857,799.51	0.00
Non-BEE Purchases	285,804,192.07	6,104,463.28	928,726,708.43	6,542,443.15
Total	964,578,043.95	131,122,785.53	1,512,584,507.94	6,542,443.15
% of Total Purchases	36.88%	5.01%	57.84%	0.25
Total Spend	2,614,827,780.57			

3.6.3 Action Plan

Refer to the Procurement Sub-Plan in Appendix 3.3. Palabora will provide HDSA and BEE companies and enterprises with a preferred supplier status in all three levels of procurement,

which is: capital goods, consumables and services. This will be done as far as possible, given the potential lack of available services and necessary skills in the local area.

Table 50 below outlines specific targets that have been set by Palabora in order to increase the participation of HDSA supplier companies. Since Palaborwa, before August 2008, verified their BEE vendors by checking the company registration documents, the company balance sheet, minutes of their meetings, payment of salaries, director fees, dividends, perks and allowances, it is difficult to forecast accurately. Palabora interviewed the black partner/s and confirm that they are involved in the decision making process and that they receive a share of the profit and losses. As per government legislation, Palabora has moved over to the BBBEE scorecard system. In March 2008 Palabora appointed a Superintendent who is concentrating on converting the narrow based BEE way of reporting to the BBBEE scorecard system. Palabora's BBBEE scorecard reporting process started in August 2008 and will reach a full scale by the end of 2009. In accordance with the BBBEE scorecard, Palabora BEE purchases in the year 2008 stands at 41.48%.

As from 2009, Palabora will report on BBBEE only.

Table 50: Targets for increasing the spend to HDSA companies (BBBEE)

Category Spend (%)	2009	2010	2011	2012	2013
Capital goods & Services	36	37	38	39	40
Consumables	31	32	33	34	35
Services (Incl contractors)	41	42	45	47	50
Total HDSA spend	40	41	41	42	43
Local suppliers in BPLM and MDM	45	46	47	50	50

Table 51 provides a breakdown of Palabora's expenditures at its top 15 vendors in the BPLM.

Table 51: Palabora's top 15 vendors in the BPLM in 2007 and 2008

2007 Vendor	Annual expenditure (R)	BEE Level	2008 Vendor	Annual expenditure (R)	BBBEE Level
FOSKOR (PTY) LTD	149,805,477.10		L A CRUSHERS (PTY) LTD	138,286,039.84	7
L A CRUSHERS (PTY) LTD	139,822,328.90		FOSKOR (PTY) LTD	75,975,312.25	6
MICA MINING WAREHOUSE	24,950,769.06		SVC ENGINEERING CC	36,389,779.34	3
GEARS TECHNOLOGY	22,130,718.12		C MILLS INSULATORS CC	28,483,815.02	2
C MILLS INSULATORS CC	19,243,462.19		MICA MINING WAREHOUSE	23,747,244.30	8
EMERALD HYDRAULICS	16,498,762.95		KENCO ENGINEERING CC	20,829,222.37	5
GEARDIFF GEARBOX CENTER	14,935,805.90		JOHNDRE PLANT	15,688,840.65	6
KENCO ENGINEERING CC	14,840,962.81		MULTI MINING SUPPLIES	15,167,513.24	7
MACSTEEL TRADING PHALABORWA	12,365,090.66		ELECTRIC CENTRE	14,524,133.79	5
MULTI MINING SUPPLIES	12,076,728.78		GEARDIFF GEARBOX CENTRE	13,321,769.77	8
MACLEAN ENG & MARKETING	11,477,913.29		MEGA BUS & COACH	12,433,432.87	6
JOHNDRE PLANT	11,161,351.98		VRN STEEL PHALABORWA	12,119,407.18	6

2007 Vendor	Annual expenditure (R)	BEE Level	2008 Vendor	Annual expenditure (R)	BBBEE Level
VALIC MINING SUPPLIES	10,255,234.24		GAGE SPECIALISTS (PTY) LTD	11,797,331.49	3
MEGA BUS & COACH	10,048,651.84		MACSTEEL TRADING PHALABORWA	11,691,514.08	6
ELECTRIC CENTRE	9,367,977.94		MACLEAN ENG & MARKETING	11,367,590.61	Foreign

Table 52 contains a concise action plan for implementing the Palabora procurement plan and measures contained in this section.

Table 52: Action plan for preferential procurement

ACTION	DELIVERABLES	TARGET DATE
Development of a policy and procedure for the integration of <u>Core</u> contractors into the Palabora SLP.	Core contractor integration policy.	January 2009 in progress
Continued integration of Core contractors into Palabora SLP as per Table 2.	Integration of Core contractors into Palabora SLP.	Ongoing
Liaison with those vendors who are not HDSA compliant, to ascertain what plans they are putting in place to become HDSA compliant.	Vendor plans to become HDSA compliant. Meetings are held with suppliers Letters of follow up are sent to suppliers.	Ongoing
Assist and capacitate non-compliant suppliers to Palabora on how to go about addressing the issue of increasing the participation of HDSAs within their	Awareness plan for BEE compliance for vendors to Palabora.	March 2009 Ongoing

ACTION	DELIVERABLES	TARGET DATE
companies. Compile an awareness plan for BEE compliance.		
Undertake market analysis of potential vendor items, required by Palabora, where the Company can increase its HDSA and community based company spend. Make a database of alternative BEE/community suppliers that can substitute non-compliant suppliers to Palabora and still deliver the same quality service and price.	Assessment of potential service providers (HDSA and community) in the market who are suitable for Palabora. Palabora Foundation BEE database is at Palabora Mining Company disposal	Ongoing
Put measures in place to develop the capacity of potential vendors in the local communities and the BPLM. Link this to a community based programme to develop skills and organisation capacity to provide services and consumables to Palabora in areas that are feasible.	Capacity building programme for vendors in the BPLM communities. Being performed by the Palabora Foundation	Ongoing
Develop a communication process for communicating the vendor needs to Palabora to local communities and how to register as a vendor or for submission of tenders.	Communication mechanism to communities on procurement needs. Being performed by the Palabora Foundation	Ongoing
Integration of Core contractors into the Palabora procurement process.	Integration of Core contractors.	In progress
Compile a new procurement "actions plans" table for 2010.	New procurement actions plans table for 2010.	December 2009

The Procurement Plan will be implemented by means of the following measures to facilitate a preferred supplier status to HDSA based companies:

- Implementing all measures contained in the procurement sub-plan for Palabora in **Appendix 3.3**,
- Applying this procurement plan to all "Vendors", which consist of contractors, service providers and suppliers,
- Undertaking a study to verify the BEE status of existing suppliers, so that a baseline may be determined,

- Adhering to the standards and practices in terms of the BBBEE and reporting in terms of the BBBEE scorecard,
- Encouraging suppliers to form partnerships, joint ventures, or consortiums with HDSA supplier companies where no HDSA company is tendering to supply the required goods or services,
- Providing a complete list of products and services, which are required by Palabora that could be supplied by HDSAs,
- Liaising with the Department of Trade and Industry (DTI) to identify HDSA companies with the necessary capability wishing to operate in the mining industry,
- Using the DTI's "codes of good practise" and the guidelines from the Mining Charter to guide the procurement process,
- Ensuring that tender requirements are comprehensively communicated to vendors,
- Assisting aspiring HDSAs in the formulation of appropriate business plans,
- Assisting HDSAs in training programmes, which focus on meeting tender and South African Bureau of Standards (SABS) requirements, and on generating an understanding of basic financial control systems,
- Assisting HDSAs in identifying external markets, outside of the mine, with a view to becoming more self sufficient and less dependent on Palabora mine for income opportunities,
- A selection checklist will be developed to discourage subjectivity and "fronting" with regard to supplier selections,
- Ascertaining the BEE/HDSA levels of the vendors supplying capital goods, consumables and services to the Core contractors of Palabora, and
- The classification applied to BEE/HDSA suppliers, as determined by Palabora, will be an important consideration during the procurement process. BEE/HDSA suppliers will be classified with the new DTI generic scorecard as indicated in **Table 53**.

Table 53: Generic Scorecard

Generic Scorecard		
Element	Weighting	Codes Series Ref
Ownership	20 points	100
Management control	10 points	200
Employment equity	15 points	300

Generic Scorecard		
Element	Weighting	Codes Series Ref
Skills development	15 points	400
Preferential procurement	20 points	500
Enterprise development	15 points	600
Socio-economic development initiatives	5 points	700

Based on the overall performance of a measured entity using the generic scorecard it receives one of the following B-BEE status.

B-BBEE Ratings		
B-BBEE Status	Qualification	B-BBEE recognition level
Level one contributor	≤100 points on the generic scorecard	135%
Level two contributor	≤ 85 but <100 points on the generic scorecard	125%
Level three contributor	≤ 75 but <85 points on the generic scorecard	110%
Level four contributor	≤ 65 but <75 points on the generic scorecard	100%
Level five contributor	≤ 55 but <65 points on the generic scorecard	80%
Level six contributor	≤ 45 but <55 points on the generic scorecard	60%
Level seven contributor	≤ 40 but <45 points on the generic scorecard	50%
Level eight contributor	≤30 but <40 points on the generic scorecard	10%

B-BBEE Ratings		
B-BBEE Status	Qualification	B-BBEE recognition level
Non-compliant contributor	≤30 points on the generic scorecard	0%

SECTION 4

PROGRAMME FOR MANAGING OF DOWNSCALING AND RETRENCHMENT

Regulation 46 (d)

4 PROGRAMME FOR MANAGING OF DOWNSCALING AND RETRENCHMENT

Regulation 46 (d)

4.1 Approach

Appendix 4: Supporting Downscaling and Retrenchment Working Plan

The following sections contain the strategic activities applicable to the workforce, which form the basis for the Palabora Downscaling and Retrenchment Plan. Please refer to the **Supporting Downscaling and Retrenchment Working Plan** for Palabora, in **Appendix 4**.

The Downscaling and Retrenchment Plan will seek to implement measures, which may mitigate the adverse social impacts caused by eventual downscaling, retrenchment and mine closure. The following key strategies have been established and are focused on in the ensuing sections:

- Establishing a Future Forum (FF),
- Mechanisms to save jobs and avoid downscaling and retrenchment,
- Measures during downscaling and retrenchment,
- Alternative livelihood opportunities and integration with the IDP, and
- Integration of Core contractors.

The official expected life of the mine is 15 years (from 2009) for copper, 13 years for vermiculite, and 30 years for magnetite, based on the current scale of operations, production rates, costs and product prices.

A summary of the primary activities pertinent to Palabora's Downscaling and Retrenchment Plan is provided in **Table 54**.

Table 54: Downscaling and retrenchment action plan

ACTIVITY	DELIVERABLE	TARGET DATE
Review, audit and update downscaling and retrenchment policy/agreement, procedure and plan, in line with the SLP. Consultation with unions on the update of these plans. Ensure compliance with all relevant legislation, e.g. Labour Relations	Updated downscaling and retrenchment policy, procedure and plan.	September 2009.

ACTIVITY	DELIVERABLE	TARGET DATE
Act, MPRDA, Mining Charter, Mine Health and Safety Act, etc.		
Formulation of measures and financial provisions for catering for unforeseen downscaling, large-scale retrenchment and closure. Base this on dealing with past experiences of this nature in early 2000, which faced Palabora. Consultation with unions on the formulation of these measures.	Unforeseen downscaling and retrenchment plan.	September 2009
Initiation of the Future Forum with management and employee representatives according to the guideline constitution in Appendix 4.	Future Forum established.	September 2009
Assess BSETS findings and putting measures in place to link the SLP to a Social Closure Plan for Palabora. Design steps for the next five years to identify alternative livelihood and economic activities for the workforce, including the undertaking of a Social Impact Assessment and Stakeholder consultation process.	BSETS report and five year action plan for the period remaining until closure.	December 2009
Compile a new downscaling, retrenchment and closure "actions plans" table for 2010.	New downscaling, retrenchment and closure "actions plans" for 2010.	December 2009

Apart from the establishment of the FF, the remainder of the mechanisms, although they relate closely to the HRDP of Palabora, will only be initiated when downscaling or large-scale retrenchments are foreseen, e.g. when the ongoing viability of the mine is threatened. Palabora will follow the procedures for downscaling and retrenchment as set out by the DoL, DME, Retrenchment Agreement and the Labour Relations Act (LRA), referred to in the following sections.

4.2 Background

The transition from open cast mining to underground mining operations was a painful one for Palabora. The closure of the Open Pit in 2002 created a shortfall in ore production due to the fact that the underground mine was still ramping towards the target of 30 000 tonnes per day consistent production capacity, which was only achieved in 2005. This situation had serious financial implications for the business and made the downscaling of the business inevitable.

Thus in 2004, the Company embarked upon a consultation process with all stakeholders with the view to reduce the size of the workforce. In excess of 100 employees were retrenched as at 30 September 2004.

When underground production reached target levels from mid- 2005 and the business position improved, the company embarked upon a recall process with the view of re-employing those employees who were retrenched in September 2004. The unions were also involved in locating those retrenched employees who wanted to be considered for re-employment. This exercise was a success and is a manifestation of the Company's commitment to care for its employees.

The global economic downturn has affected the mining industry, as it has many other industries. The prices of commodities produced by Palabora experienced significant declines in the last quarter of 2008. Palabora's plan for 2009 is built around the strategy of reducing operating costs, reducing capital spend without sacrificing the quality of the asset and focusing squarely on producing our primary products of copper, vermiculite and magnetite. Palabora does not envisage downscaling and retrenching employees at this stage. Furthermore, the global economic situation has not negatively impacted on Palabora's ability to meet its SLP commitments at this stage.

Palabora has consulted with the two predominant trade unions at the mine, the National Union of Mineworkers (NUM) and Solidarity, with regard to Downscaling & Retrenchment. The agreements concluded between Palabora and the unions have been appended as Appendix 4.1 and Appendix 4.2.

4.3 Establishing a Future Forum (FF)

Regulation 46 (d) (i)

Appendix 4: Supporting Downscaling and Retrenchment Working Plan

The establishment of a FF is required under Regulation 46 (d) (i) of the MPRDA. A FF is a site specific labour management body that will focus on the implementation and monitoring of the SLP. The purpose is to provide a formal vehicle where all affected parties can consult and discuss challenges and possible solutions to problems facing the mine that may have the potential of leading to possible retrenchments in the future.

Palabora will establish a FF within six months of the conversion of the mining right and two years after a new mining rights has been granted.

This Forum will constitute representatives from Palabora, its employees and unions, and may include representatives from local government and the community. The forum will serve to promote ongoing consultation between the mine and employees. The following will be the main objectives of the FF:

- To contribute to and monitor the implementation of the Palabora SLP,
- To regularly discuss the progress and issues pertaining to the implementation of the SLP, and to propose new solutions and programmes for the SLP,
- To promote discussions between the mine and employees/contractors, or their representatives and other relevant parties, with reference to any problems and challenges experienced by either of the parties in respect of, or relating to, possible retrenchments or job losses by employees,
- To jointly debate potential solutions to job losses and retrenchments by taking account of the viability and operational requirements of the mine,
- To jointly engage in strategic planning to avoid or minimise retrenchment and job losses, and to promote business sustainability and growth, thereby preventing and averting future retrenchments and job losses,
- To initiate turnaround and/or redeployment or other appropriate strategies, to prevent job losses whilst promoting business competitiveness and viability,
- To jointly structure and implement solutions to prevent job losses and retrenchments, and
- To address any issues, which are incidental and conducive to the attainment of the afore-going objectives.

Palabora has drawn up a **FF constitution**, contained in the Supporting Downscaling and Retrenchment Working Plan in Appendix 4, to govern and guide the operation of this forum. The FF will be called into operation on a quarterly basis during the operation of Palabora, to update employees on productivity and the sustainability of Palabora, and any other time when challenges arise that may lead to downscaling and retrenchment.

4.4 Mechanisms to save jobs and avoid a decline in employment

Regulation 46 (d) (ii) and (iii)

Appendix 4: Supporting Downscaling and Retrenchment Working Plan

"Organizations have to retrench workers from time to time for economic reasons and to remain globally competitive. This is one of the worst things that can happen to a worker and affects his/her whole life. It is, therefore, important that employers should first make sure that no other viable options to achieve operational requirements are available before considering downscaling of workers" - *SLP guidelines for the mining and production industries*.

Palabora will develop strategies to introduce measures that could prevent job loss in the event of circumstances threatening guaranteed employment. Certain processes will be followed when prevailing economic conditions cause the profit-to-revenue ratio of Palabora to drop below 6% on average for a continuous period of 12 months, or where the scenarios indicated in **Box 1** occur.

Box 1: Notification Process

Notification in terms of the Retrenchment Agreement	Notification to union / employee
Notification to the Chairperson of the Minerals and Mining Development Board	Notification to the Minister of Labour
Where Palabora foresees a physical depletion of the mineral being mined and/or becomes marginal where the mine becomes unprofitable.	Where Palabora contemplates or intends large scale retrenchments (10% or more of the workforce)
Where Palabora contemplates or intends large scale retrenchments (10% or more of the workforce) in a period of one (1) year.	

If it becomes evident that the operation will be entering a downscaling or closure phase, alternatives to save jobs and avoid downscaling / closure will be discussed at the FF, 18 months before this eventuality. In the event of potential challenges which Palabora might face and which may lead to downscaling or retrenchment, Palabora will develop and implement turnaround strategies and mechanisms to save jobs, prevent unemployment and avoid downscaling.

Palabora will formulate a plan containing measures and financial provisions for catering for unforeseen downscaling, large-scale retrenchment and closure, by September 2009.

4.5 Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided

Regulation 46 d (iii)

Appendix 4: Supporting Downscaling and Retrenchment Working Plan

If it becomes evident, and after considering all other alternatives for prolonging the life of the mine, that downscaling and retrenchment are inevitable, the relevant provisions of the Retrenchment Agreement will be invoked. Alternatively an appropriate retrenchment proposal will be formulated in consultation with the relevant parties and finalised four (4) months before this eventuality, where appropriate. Except, unforeseen circumstances come to the fore during the event. During this phase, Palabora will regularly communicate with the FF to direct the retrenchment process and to provide job advice, counselling and support to employees.

Palabora's most direct and appropriate intervention will be to assist employees, who could be retrenched, in securing alternative employment. A second direct intervention to maintain job security with employees that face retrenchment is through Palabora's **Redeployment Programme**, described hereafter.

Names of employees whose positions become redundant (the "affected employees") will, as from the date of redundancy, be placed on the Human Resources redeployment list. The main purpose for the creation of the redeployment list and the placement of affected employees onto such list is to avoid their dismissal as envisaged in section 189 of the Labour Relations Act, 1995 ("the Act"). As such, the Company will seek to re-deploy the affected employees to permanent positions should such possibility exist in accordance with what is set out below.

The following will apply in respect of affected employees placed on the redeployment list:

- affected employees shall be carried against the strength of the Human Resources department until such time as suitable permanent vacancies can be found for them, or when the need for their retrenchment arises;
- whilst on the redeployment list, affected employees shall retain their Paterson grade and the remuneration which they received prior to their placement on the redeployment list;
- the Company shall endeavour to place the affected employees in suitable alternative permanent vacancies as and when such become available. Placement of affected employees meeting job specifications shall be subject to the length of service;
- should an affected employee be found suitable for such a vacancy, he/she shall be offered a transfer into this vacancy. Should the employee accept this offer of transfer, he/she shall be appointed in the said vacant job on the terms and conditions of employment applicable to that job. In the event of the vacancy being at a lower grade than that of the employee's position prior to being transferred, placed on the redeployment list, the employee shall be entitled to the same remuneration which the employee received prior to the placement on the redeployment list. Such employee will remain on his/her previous salary until his/her salary falls within his/her new position's salary scale;

- whilst an employee is on the redeployment list, and until such time that a suitable alternative permanent vacancy is found for that employee, the Company shall be entitled to utilise the services of the affected employee in temporary jobs throughout the Company as and when the need arises. In placing affected employees into temporary jobs, cognisance will be taken of age, medical conditions, health, safety, skills and training requirements. Employees shall be assessed by the company Medical Officer in order to determine their medical suitability for positions available or likely to be available within the company. Affected employees who are declared medically unfit to meet job specifications of the above named positions will be treated in terms of the Medical Separation Agreement;
- where practicable, the Company may require of affected employees on the redeployment list to undergo training to enhance their skills in general or relating to specifically identified positions where re-deployment may be possible in the near future. The Company and the Union shall consult as and when the Company has identified such training possibilities. Following such consultation, the Company will select the affected employees whom it is of the opinion qualify for such training;
- in the event of a refusal to accept a vacant position or a temporary re-deployment, the Company shall convene a formal enquiry to investigate whether such refusal is with or without good cause. In the event of a finding by the Company that the refusal was without good cause, such employee will enjoy no further rights as an affected employee and his/her services will be terminated by notice. Such employee will also not be entitled to any benefits accruing to affected employees duly retrenched in accordance with the provisions of this agreement;
- if any employee alleges that he/she suffers from a medical condition which precludes him/her from working in any temporary or permanent job offered or assigned to him/her, the company Medical Officer shall then determine whether such employee is medically fit to perform such temporary or permanent job offered or assigned to him/her; and
- whilst on the deployment list, employees shall continue to be subject to all company rules and regulations.

Although further measures to avoid retrenchment shall be considered as possible means of avoiding retrenchments, it is accepted that it may not be possible to find suitable vacancies for all affected employees and that retrenchments may have to take place.

In the event that the Company, within its sole discretion and at any time after an employee's placement on the redeployment list, comes to the conclusion that no suitable re-deployment opportunity exists, the Union shall be given due notice of this fact and consultations shall take place in accordance with the provisions of this agreement.

Following a decision, affected employees may apply for voluntary retrenchment.

At the Company's sole discretion affected employees over the age of 60 may be offered early retirement with benefits projected to normal retirement age, i.e. 63 years. However, the Company reserves the right not to agree to early retirement on such terms, *inter alia* where the skills and services of the employee are still required.

In order to enhance the possibility of vacancies for affected employees, the following steps may be taken by the Company:

- the recruitment of new employees for vacant posts will only take place once the Company has taken reasonable steps in an attempt to fill the vacant position by re-deploying affected employees, who, in the opinion of the Company, are suitably qualified to fill such positions;
- the Company may terminate or not renew the contract of a temporary employee on a fixed term, and require of an affected employee to perform such duties as a permanent employee, subject to such affected employee being suitably qualified and the Company having the legal right to terminate the fixed term contract or not renew it;
- at the sole discretion of the Company employees, other than the affected employees, over the age of 60 may be offered the opportunity to apply for early retirement with benefits projected to normal retirement age. However, the Company reserves the right not to agree to early retirement on such terms, *inter alia*, where the skills and services of the employee are still required, or where the early retirement, of such employee will not lead to the creation of a vacancy that can be filled by an affected employee; and
- employees in such categories as designated by the Company may be permitted to apply for voluntary retrenchment. However, the Company reserves the right not to retrench an employee or employees within such categories or positions if this is deemed in the interest of the Company. This will, *inter alia*, be the case where the employee qualifies for early retirement or where there is a need to retain the skills and experience of the employee concerned.

Where it is necessary to select employees to be retrenched, the Company will be guided by the requirements for appropriate skills, qualifications, and experience and performance levels. In cases where the above is irrelevant, the principle of last in first out (LIFO) will be applied in each particular section or category. Once the selection has been made by the Company, but before the employees concerned are notified, details of selection will be sent to the Secretary of the Union Branch Committee. The dates of engagement of employees' selected, as well as other information, on which the Company based its selection, shall also be supplied. In determining length of service, absences of less than 6 (six) months shall be disregarded.

When the mine is to be scaled down (with the possible effect of job losses) or when mining is to cease, the following processes will be followed:

- Consultations – the consultation process in terms of Section 52 (1) of the Labour Relations Act,
- Implementing measures of downscaling and retrenchment contained in Section 189 of the Labour Relations Act, 1995,
- Notification to the Minerals and Mining Development Board – the notification process to the Board in terms of Section 52 (1) (a) of MPRDA,
- Complying with ministerial directive – compliance with the Minister's directive and confirming how corrective measures will be taken, and

- Communicating possible retrenchments – an effective communication strategy will be followed:
- Informing employees of possible retrenchments,
- Informing other affected parties (sending areas, municipalities, etc.) of the possible retrenchments at the operation, and
- Informing outside parties (media, etc.) of the possible retrenchments at the operation.

4.6 Mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of the mine is certain

Regulation 46 (d) (iv)

Appendix 4: Supporting Downscaling and Retrenchment Working Plan

A **Social Closure Plan** will be **formulated six (6) years before planned closure**, including the undertaking of a BSETS, a community survey and SIA, as described in section 3.3, which will focus on the following:

- Integrating the results from the BSETS and the community survey to determine the social dynamics between Palabora and the affected regions, the workforce, the BPLM, the MDM and Limpopo,
- Predicting the likely Socio-Economic impact on employee households, communities and the region,
- Identifying critical issues affecting the ongoing sustainability of employees and communities during closure, by means of a detailed consultation process,
- Identification of alternative livelihood and Socio-Economic development opportunities and projects, which may become sustainable over the long term,
- Mitigating and managing the adverse impacts of closure,
- Providing alternative livelihood options, and
- Implementing socio-economic development projects in the surrounding and affected communities through the Palabora Foundation, which will continue with activities, after the closure of the Mine.

Palabora will take the necessary measures to ameliorate the social and economic impact on individuals, regions and economies where retrenchment and closure of the Mine are certain.

Should downscaling and retrenchment take place, Palabora will assist affected employees in finding alternative employment or livelihood opportunities. This will be done where employees cannot be integrated or redeployed to any of the other mining operations, and where they are not of retirement age.

The Mine, in partnership with the Department of Provincial and Local Government, will jointly manage any process of this nature. The integration of the workforce into various LED projects,

if required, will be done in collaboration with the district and local municipalities, and other stakeholders serving on the LED Forum. Where workers cannot be absorbed into LED initiatives, they will be furnished with skills training opportunities which will enable them to find alternative employment after decommissioning or retrenchment. Other initiatives will focus on assessment and counselling services for affected individuals.

In order to assist retrenched employees to find alternative employment, the Company agrees to pay the cost of approved vocational training programmes provided at the Palabora Foundation in Phalaborwa subject to the terms below:

The courses must be approved by the Company.

- The course must be of a maximum duration of 5 months.
- Employees must apply to the Company for such training within 4 (four) weeks of being retrenched.
- The Company will only pay the fees for the training, including the costs of prescribed books, and not additional costs relating to aspects such as accommodation and equipment, etc.
- Employees will qualify for one course only at Company expense.
- The number of retrenched employees accepted at any one time will depend on the Foundation's commitments.
- The Company agrees to consider alternate training centres which can provide similar/applicable training.

The following practical courses are run at Palabora Foundation Training Centre:

- Carpentry
- Bricklaying
- Welding
- Motor Mechanic
- Motor Body Repair
- Electrician
- Basic computer course

The welding, carpentry and bricklaying programmes provide the student with the ability to work independently. The motor mechanic, motor body repair and electrician courses train students to work as an assistant in these trades.

The courses will last for 13 weeks and commence in January, May and August. Each course will accommodate 10 – 12 students with a maximum of two courses per trimester, dependent upon the availability of lecturers, workshops and the requirements of the other classes.

According to the BSETS, majority of employees are aware of the fact that the mine will close at some point, and most of them indicated that they have plans in place that will sustain their livelihood. However, a very small number of employees (5) would want to start their own business, especially in light of the lack of employment opportunities in the local area. The small

number of employees who would like to start their own businesses implies that most employees lack the confidence to embark on such an enterprise. It reflects the workforce's dependency on the income from the mine for survival. Therefore, Palabora needs to encourage employees to change their mindsets from a dependency tendency into becoming entrepreneurs, in order create employment for themselves and other members of the surrounding communities. Palabora could expand the activities of the Enterprise Development Centre to include mentoring of employees showing initiative and capacity to start their own projects.

SECTION 5

IMPLEMENTING MECHANISM

5 IMPLEMENTING MECHANISM

Palabora will implement the SLP in consultation with key stakeholders in consultative forums and committees as described below. Palabora will establish and implement the following forums:

- *HR Team.* The primary implementing mechanism for the Palabora SLP HRDP will be the Palabora HR team. This team will report to Palabora Managing Director,
- *Palabora Foundation.* The Palabora Foundation will be the primary implementing mechanism for the Palabora LEDP. The management team will report to the Palabora Managing Director,
- *Future Forum.* A FF will be established for Palabora and will provide an opportunity for management and selected employee representatives to meet and discuss issues related to the SLP. The Forum will attempt to formulate solutions to challenges and issues that may arise, and
- *LED Forum.* Representatives from Palabora will interact on the BPLM LED Forum. The purpose of this Forum will be to integrate all the SLPs into the IDP and promote the attainment of development objectives for the region. It will also attempt to diversify the regional economy in a manner that is independent of mining.

The Managing Director of Palabora will be held accountable to the DME for the implementation of the Palabora SLP.

SECTION 6

FINANCIAL PROVISION FOR IMPLEMENTING THE SOCIAL AND LABOUR PLAN

Regulation 46 (e)

6 FINANCIAL PROVISION FOR IMPLEMENTING THE SLP

Palabora will provide adequate finances for the implementation of its SLP programmes and projects. Palabora will commit the amounts described in the **Cash Flow Forecast in Table 55** for funding its HRDP and the LEDP over a five (5) year period. Funding for Downscaling and Retrenchment has been included in the operational cost of the mine, which falls under the funding arrangements and policies of Palabora. **A total budget estimate of R 197,580,066 (R129,066.161 excluding D&R) will be spent on funding the Palabora SLP from 1 January 2009 – 31 December 2013.** Please refer to **Table 55**. The following assumptions apply to the financial mechanism:

- The financial year end is December, and as such the SLP Cost Schedule has been structured from 1 January (month beginning after financial year end) until 31 December of each year, which will be initiated from 1 January,
- The SLP amount will be increased every financial year to reflect increases in inflation as well as growth in the mine's size and economic sustainability, i.e. SLP funds have been escalated at an average of 8 - 10% per annum, varying for various projects.
- Any SLP funds that are not spent during the financial year will be added to the ensuing year's SLP budget, i.e. the funds not spent will be accumulated,
- Funds that are claimed back from the MQA in terms of the Skills Development Levy Claim Backs, will be added to the Palabora SLP funding mechanism and used for the implementation of the HRDP,
- Due to the capital investment nature of establishing LEDP projects and the costs involved in their initial sustainability period, Palabora may elect to spend funds budgeted for future annual periods within an earlier, or later, annual period, e.g. SLP funds that may be allocated for the 2010 period of the mine may need to be spent in the 2009 period of the mine,
- Palabora reserves the right to exercise full decision making and discretionary powers for SLP spending, or amendment, as contemplated in this SLP according to the financial viability of its activities, and
- At the end of the five (5) year forecast period (31 December 2013), a new SLP financial provision will be calculated.

HRDP funds have been based on 1.5 - 2% of annual payroll and added to any monies received from skills development levy claim backs.

In addition to funding from Palabora for the LEDP, Palabora's Palabora Foundation will also source funding from other donor entities in South Africa and the world. Therefore, the SLP funds for LEDP may increase during any given timeframe. (The Palabora Foundation has already raised a substantial amount of funding in this manner to date. The Palabora Foundation is a self-sustaining entity created by Palabora.)

The Management of Downscaling and Retrenchment (D&R) funds will only be spent by Palabora on management of UNFORESEEN downscaling, closure and retrenchment, should this occur. Therefore, although an estimated cost appears, it has not been included in the total annual SLP budget. D&R costs are excluded from the overall SLP total, which comprises funds

for the LEDP + HRDP only. Provision for D&R costs are allowed for in the Mining Works Programme (operational costs) for Palabora. D&R costs are based on R 5,000 per employee (2100 employees) in current terms, with a 10% annual escalation. These costs are for portable re-skilling, life-skilling, and assistance in finding another job. These costs do not include retrenchment packages.

Table 3505666 : Breakdown of the SLP financial provision from 1 January 2009 – 31 December 2013

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COMPONENT OF THE SLP	TIMEFRAMES					TOTAL
	1 Jan 2009 - 31 Dec 2009	1 Jan 2010 - 31 Dec 2010	1 Jan 2011 - 31 Dec 2011	1 Jan 2012 - 31 Dec 2012	1 Jan 2013 - 31 Dec 2013	
* Human Resource Development Programme						
Education training (ABET, NQF and other)	R 4,000,000	R 4,600,000	R 6,300,000	R 7,100,000	R 8,000,000	R 30,000,000
Skills development programmes	R 0	R 5,665,600	R 6,800,000	R 7,500,000	R 8,600,000	R 28,365,600
Career Progression programmes	R 0	R 0	R 2,500,000	R 1,500,000	R 1,620,000	R 5,620,000
Mentorship programmes	R 0	R 0	R 1,700,000	R 1,700,000	R 1,836,000	R 5,236,000
Internship and bursary programmes	R 0	R 0	R 3,500,000	R 4,000,000	R 4,320,000	R 11,820,000
Employment equity programmes	R 4,000,000	R 3,500,000	R 3,780,000	R 2,000,000	R 1,000,000	R 14,280,000
Sub-total	R 8,000,000	R 13,765,600	R 24,380,000	R 23,800,000	R 25,376,000	R 95,321,600
Local Economic Development Programme						
Infrastructure and LED Projects						
Extension 1 Electrical upgrade project	R 3,500,000	R 0	R 0	R 0	R 0	R 3,500,000
Selwane Crop Farming Project	R 2,000,000	R 750,000	R 750,000	R 750,000	R 750,000	R 5,000,000
Marula Oil from Seed Project	R 2,000,000	R 750,000	R 750,000	R 750,000	R 750,000	R 5,000,000
Palabora Foundation CSR Projects						
Thusong Multi purpose Community Center	R 1,250,000	R 1,250,000	R 0	R 0	R 0	R 2,500,000
Mashishimale Clinic	R 5,000,000	R 0	R 0	R 0	R 0	R 5,000,000
Skills & community development programme	R 2,850,322	R 3,135,354	R 3,448,890	R 3,793,779	R 4,173,156	R 17,401,501
Whole school education development programme	R 1,632,323	R 1,795,555	R 1,975,111	R 2,172,622	R 2,389,884	R 9,965,495
Community SMME and income project development	R 1,561,094	R 1,717,203	R 1,888,924	R 2,077,816	R 2,285,598	R 9,530,635
LED and Tourism job creation projects	R 1,561,094	R 1,717,203	R 1,888,924	R 2,077,816	R 2,285,598	R 9,530,635
PROTEC science & technology community programme	R 1,273,800	R 1,401,180	R 1,541,298	R 1,695,428	R 1,864,971	R 7,776,676
Community master maths education programme	R 1,250,552	R 1,375,607	R 1,513,168	R 1,664,485	R 1,830,933	R 7,634,745
Technokidz programme	R 1,216,207	R 1,337,828	R 1,471,610	R 1,618,772	R 1,780,649	R 7,425,065
Small scale community job creation projects	R 1,074,800	R 1,182,280	R 1,300,508	R 1,430,559	R 1,573,615	R 6,561,761
Hi-Kurile Craft Cooperative	R 639,740	R 703,714	R 774,085	R 851,494	R 936,643	R 3,905,677

COMPONENT OF THE SLP	TIMEFRAMES					TOTAL
	1 Jan 2009 - 31 Dec 2009	1 Jan 2010 - 31 Dec 2010	1 Jan 2011 - 31 Dec 2011	1 Jan 2012 - 31 Dec 2012	1 Jan 2013 - 31 Dec 2013	
<i>Housing & living conditions, health care, nutrition, and procurement programmes</i>	R 250,000	R 275,000	R 302,500	R 332,750	R 366,025	R 1,526,275
<i>Sub-total</i>	R 27,059,932	R 17,390,925	R 17,605,018	R 19,215,519	R 20,987,071	R 102,258,466
*** Provision for unforeseen management of downscaling and retrenchment (D&R)	R 11,550,000	R 12,705,000	R 13,975,500	R 15,373,050	R 16,910,355	
ANNUAL TOTAL SLP (excluding D&R)	R 35,059,932	R 31,156,525	R 41,985,018	R 43,015,519	R 46,363,071	R 197,580,066

NOTES:

General: SLP funds have been escalated at an average of 8 - 10% per annum, varying for various projects.

* HRDP funds based on 1.5 - 2% of annual payroll and skills development claim backs.

*** These are funds that will be spent by PMC on management of UNFORESEEN downscaling, closure and retrenchment, should this occur. Therefore, although an estimated cost appears, it has not been included in the total annual SLP budget. D&R costs are excluded from the overall SLP total, which comprises funds for the LEDP + HRDP only. Provision for D&R costs are allowed for in the Mining Works Programme (operational costs) for PMC. D&R costs are based on R 5,000 per employee (2100 employees) in current terms, with a 10% annual escalation. These costs are for portable re-skilling, life-skilling, assistance in finding another job. These costs do not include retrenchment packages.

SECTION 7

UNDERTAKING

Regulation 46 (f)

7 UNDERTAKING

Regulation 46 (f)

This represents an undertaking by the holder of the mining right to ensure compliance with the SLP and to make it known to employees.

I, _____ (Managing Director) the undersigned and duly authorised thereto by

Palabora Mining Company Limited, undertakes to adhere to the information, requirements, commitments, and conditions as set out in the Palabora SLP.

Signed at _____ on this _____ day of _____ 2009

Signature of responsible person _____

Designation (Chairman of the Board of Palabora) _____

APPENDIX 1

COMPANY ANNUAL AND SUSTAINABILITY REPORTS

APPENDIX 1.2

BASELINE SOCIO-ECONOMIC TRENDS SURVEY

APPENDIX 1.3

MINUTES OF MEETINGS FROM SLP CONSULTATION PROCESS WITH STAKEHOLDERS

APPENDIX 2

SUPPORTING HRDP WORKING PLANS

APPENDIX 3

SUPPORTING LED WORKING PLANS

APPENDIX 4

MANAGEMENT OF DOWNSCALING AND RETRENCHMENT SUPPORTING WORKING PLAN
