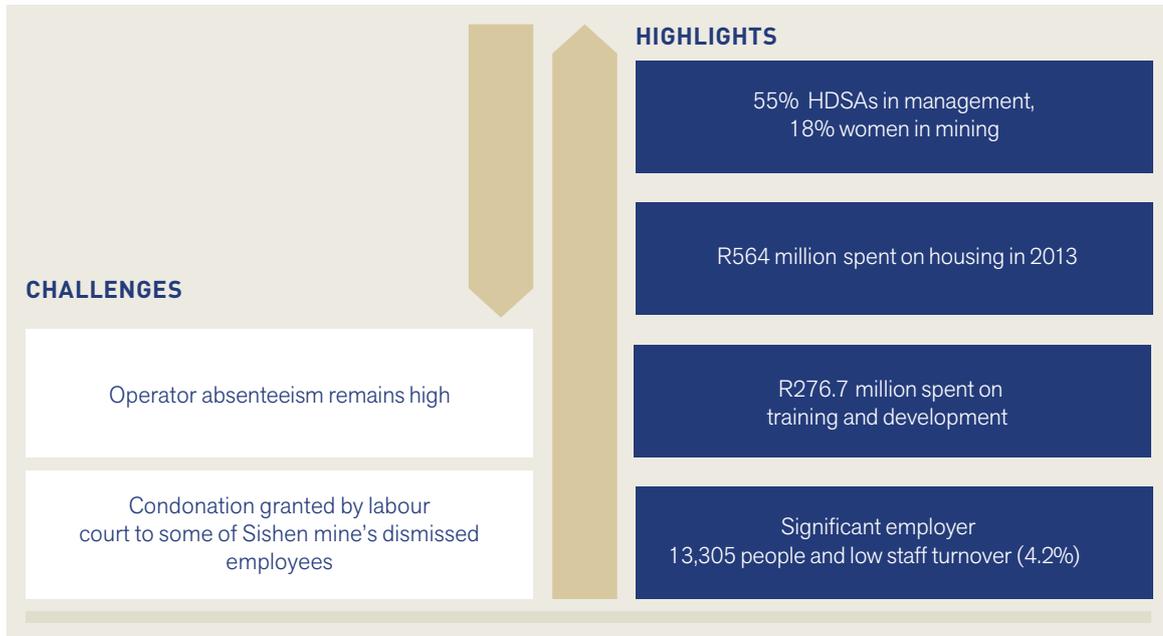


SEEKING TO BE THE EMPLOYER OF CHOICE

Our employment practices prioritise the attraction, retention and development of our people



In 2013 Kumba employed 13,305 people, slightly more than in 2012 (11,773). In addition 3,492 fixed-term project contractors were employed on Kumba's construction projects.

While the number of people employed may not be large in comparison with other labour-intensive mining operations, in the regions in which we operate the company is a significant employer, both directly and indirectly.

Kumba's HR strategy centres around employee relations. We believe our employees are at the heart of our success and, as such, our employment practices prioritise the attraction, retention and development of our people. These priorities determine our approach to ensuring competitive remuneration, providing accommodation, offering accredited training and development opportunities, and to fairness in our dealings with each other. In 2013 we also refined our competency approach with a focus on having the right people in the right jobs.

We recognise that, where we operate, we have become a central part of the lives of community members and these communities play an important role in our success. It is this understanding of our interdependence that motivated, by way of example, our decision at Kolomela mine to integrate employees' housing into the local community rather than creating separate mine villages.

2013 saw Kumba operating under challenging conditions, externally in our marketplace and in the regulatory environment, and internally in the fields of labour relations and safety.

There were no significant changes in the benefits for full-time employees.

Kumba's labour practices are based on fundamental human rights and sound labour relations. Accordingly, a thorough investigation was carried out to establish the root causes of the 2012 strike so that appropriate corrective measures could be identified.

Formal grievance procedures for labour practices are in place at Kumba. Employees are encouraged to report any grievances to their immediate line managers or, if necessary, to the next highest managerial level.

In 2013 one labour-practice grievance was registered. Three earlier grievances were also addressed during the year, and two of them have been resolved.

RECRUITMENT AND EMPLOYMENT

Our workforce is relatively stable and our employee turnover is low. Kumba's labour turnover decreased slightly in 2013 to 4.2% (2012: 4.4%), well below the industry benchmark of 8.2%, as reported by the widely recognised benchmarking publication, PwC Remchannel. We operate in regions where unemployment is relatively high – according to Statistics South Africa, in the first quarter of 2013, Northern Cape unemployment among working-age people was estimated to be 29.6%.

In total the company recruited 962 new permanent employees during 2013. We seek to be the employer of choice in the regions in which we operate, and focus on employing local people rather than migrant employees.

Employees and contractors in 2013

	Full-time, permanent		Full-time, contractor	
	Total	Women	Total	Women
Corporate office	146	98	1	–
Sishen mine	5,104	771	3,099	164
Kolomela mine	1,065	263	1,649	88
Thabazimbi mine	791	123	269	5
Technical services	115	37	10	1
Projects	113	55	9	2
Saldanha Bay and other	99	12	–	–
Group	7,433	1,359	5,037	260

New employees recruited in 2013

	Full-time, permanent		Full-time, contractor	
	Total	Women	Total	Women
Corporate office	107	43	7	–
Sishen mine	708	92	1,075	79
Kolomela mine	123	38	901	61
Thabazimbi mine	24	12	37	2
Technical services	–	–	–	–
Projects	–	–	–	–
Saldanha Bay and other	–	–	–	–
Group	962	185	2,020	142

Age profile of employees (%)

	Sishen mine	Kolomela mine	Thabazimbi mine	Corporate office	Group
< 30	19.2	6.4	1.1	1.4	28.1
30 to 50	37.3	7.3	4.6	4.3	53.4
>50	12.0	0.6	5.0	1.0	18.6

New employees recruited in 2013 by age

	%
< 30	50
30 to 50	47
> 50	3

New employees recruited in 2013 by location

	%
Corporate office	11
Sishen mine	74
Kolomela mine	13
Thabazimbi mine	2

SEEKING TO BE THE EMPLOYER OF CHOICE

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Staff turnover by operation (%)

	All employees	Women
Corporate office	6.3	1.3
Sishen mine	4.2	1.1
Kolomela mine	3.8	0.4
Thabazimbi mine	3.8	0.7
Group	4.2	0.6

Staff turnover across the group (%)

	All employees	Women
2010	3.1	0.3
2011	3.1	0.3
2012	4.4	0.8
2013	4.2	0.6

EMPLOYEE RELATIONS AND COLLECTIVE BARGAINING

We recognise and uphold the right to freedom of association and collective bargaining. Collective bargaining with representatives of recognised unions regulates conditions of employment for most employees. Recognition agreements with certain unions govern relations with employees and organised labour.

In 2013 84% of our employees were represented by a recognised trade union (2012: 85%). This includes all employees catered for by an agency shop agreement. An agency shop agreement is a type of collective agreement that requires employers to deduct an agreed agency fee from the wages of workers who are not members of the trade union.

The aim of an agency shop is to ensure that non-union workers who, nevertheless, benefit from the union's bargaining efforts, make a contribution towards those efforts.

Family responsibility leave applications

	Male	Female
2012	1,803	471
2013	1,828	487

Union membership (%)*

2009	74
2010	74
2011	86
2012	85
2013	84

* Includes all employees catered for by an agency shop agreement.

Union membership in 2013 (%)

	NUM	Solidarity	Agency shop	BAMCWU	Non-unionised
Corporate office	2	7	–	–	91
Sishen mine	49	23	13	9	6
Kolomela mine	50	19	–	–	31
Thabazimbi mine	63	23	4	–	10
Group	47	21	10	6	16

There were no changes to the agreements governing the company's relations with employee unions during 2013, although management was approached by AMCU for recognition at Sishen mine. However, in terms of existing recognition agreements, AMCU has not yet achieved the requisite level of representation to be recognised for bargaining rights.

Wage agreements are negotiated with representative unions once every two years and the agreement reached in 2012 governed wages and increases during 2013. The 2012 agreement awarded a total cost-to-company increase of 8.5% for the period 1 July 2012 to 30 June 2013 and a 9% increase for the 12 months beginning 1 July 2013. This agreement runs until 30 June 2014.

The effects on operations of the October 2012 unprotected strike at Sishen mine persisted into 2013. The strike report indicated that employee morale had suffered greatly while productivity and safety standards had fallen. Action plans to remedy the situation were introduced in 2013 and, while some were completed by the end of the year, other programmes are scheduled to continue to the end of 2015. The action plans included motivational interventions; team building; reinforcements of safety standards; the initiation of business training to assist employees to better understand business imperatives; and the investigation of employees' grievances.

Absenteeism

Absenteeism is defined as both approved and unapproved absences that have an impact on productivity. Benchmarks are normally done per industry segment due to the specific working conditions in each industry sector. Kumba's absenteeism rate was 11% for the year. A study was carried out during 2013 to determine why absenteeism was significantly higher at Sishen and Kolomela mines than at Thabazimbi mine, and to help provide guidance on formulating ways of reducing it. Absenteeism tends to peak in the months of July and August when people are more affected by winter illnesses such as colds and influenza. The study identified that high absenteeism is experienced in areas where the working conditions are difficult (that is, with excessive heat, dust and noise), such as loading, hauling and mining. A number of specific interventions were identified to mitigate this risk which included better supervision and discipline and training on wellness.

Absenteeism (%)	2013
Corporate office	6
Sishen mine	12
Kolomela mine	12
Thabazimbi mine	10
Group	11

A significant year-round factor was reported to be alcohol and substance abuse. Intoxicated employees tend not to report for work for fear of detection and sanction. Another reason for some cases of absenteeism was a shortage of doctors around Kathu, thus people who needed to travel relatively long distances for medical care took more time off work. There are on-going engagements with private medical care providers in the Northern Cape to ensure that adequate services are provided.

EMPLOYMENT EQUITY AND TRANSFORMATION

Kumba is a company of equal opportunity and has a non-negotiable, non-discriminatory employment policy, which encourages racial and gender diversity and which is aligned with the employment requirements of the Mining Charter.

Though occasional mentions of discrimination incidents arose in 2013, no official complaints were received and investigations to verify these incidents did not establish any evidence to substantiate them. Diversity workshops continued during 2013 and we also initiated a sexual harassment awareness campaign.

As part of the 2013 post-strike action plan, an intervention to address allegations of racism was introduced. These were new allegations that arose when employees reported their grievances as part of the investigations into the 2012 strike, resulting in the strike report. A contract is to be awarded for a study to measure the incidence of racism and to define the scope and methodology of a pilot plan to deal with the issue.

Kumba also supports the implementation of affirmative action and focuses on recruiting above the Mining Charter minimum requirements of 40% for HDSAs in management positions and 10% for women in mining. In 2013 HDSAs made up 84% of our workforce and 55% of management (2012: 52%). Women made up 18% of all employees, and 13% of core mining positions. Women made up 20% of management in 2013 (2012: 19%).

We purposefully recruit only locals unless a specific skill is not available in the area. We have committed to ensuring at least 84% of our employees are local to the Northern Cape (2012: 75%). As the Northern Cape is sparsely populated and communities widely scattered, we define local as areas within a 50km radius of our mines. Of the new employees recruited in 2013, 55% were local.

A comprehensive women-in-mining strategy has been developed and is currently being executed. The strategy focuses on critical areas supporting integration of women working in core mining operations. Core aspects of the strategy are:

- Looking at conducive facilities
- Provision of safe and secure working environments
- Development and mentoring opportunities for women

SEEKING TO BE THE EMPLOYER OF CHOICE

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Employment of locals (%)

	2013	2012
Sishen mine	92	88
Kolomela mine	65	56
Thabazimbi mine	67	82
Group*	84	75

* Includes corporate office

HDSAs and women in management in 2013

	Total management		% HDSAs in management		% Women in management		% Management who are local	
	2013	2012	2013	2012	2013	2012	2013	2012
Corporate office	327	246	60	54	35	36	81	98
Sishen mine	875	692	53	50	15	14	97	100
Kolomela mine	208	146	63	49	17	17	93	99
Thabazimbi mine	159	145	50	61	18	16	84	100
Group	1,569	1,229	55	52	20	19	89	99

Women in mining in 2013 (%)

	Women employed	Women in core mining
Corporate office	44	29
Sishen mine	15	11
Kolomela mine	23	21
Thabazimbi mine	16	13
Group	18	13

Full-time employees by gender 2013

	%
Female	13
Male	87

In 2013 each Kumba employee received an average of 72 hours of training (2012: 81 hours) at a total cost of R276.7 million (2012: R224.2 million), which is equivalent to 8.1% of the total wage bill (2012: 5.8%). Of this training expenditure 86% was for historically disadvantaged South Africans (HDSAs) (2012: 89%) and 29% for women (2012: 33.5%).

In 2013 a total of 317 employees (2012: 299) nearing the end of their careers through normal or medical retirement also received portable skills training.

Adult basic education and training (ABET)

A prevalent obstacle to employment and, once employed, to skills development and career progression in South Africa is illiteracy. Assessments have estimated that 95% of Kumba employees are functionally literate. ABET continues to be made available to all employees as well as to some community members on a part-time, voluntary basis with the aim of improving literacy and numeracy. In 2013, 44 employees participated in ABET (2012: 72), 31 at Sishen mine and 13 at Thabazimbi mine; an additional 52 contractors or community members were trained (2012: 21).

TRAINING AND DEVELOPING OUR EMPLOYEES AND PROSPECTIVE EMPLOYEES

The Mining Charter, together with our own programmes, informs Kumba's wide variety of training initiatives. These include legislative training such as health and safety; learnerships; leadership development; youth development; mentorships; portable skills; career progression plans, especially for HDSAs; bursaries; study assistance; adult basic education and training (ABET); and our professionals in training (PIT) programme.

Professionals in training (PIT)

PIT participants comprise technical graduates, technicians, technologists and non-technical graduates. There were 46 participants in PIT in 2013 (2012: 48). The programme length varies from 24 to 36 months.

Non-technical skills are also developed, such as training on report writing, personal development, MS Excel, safety and management skills.

Learnerships

Kumba's learnerships can lead to qualifications recognised by the SETA and the Department of Labour. They also give employees an opportunity to develop their skills through studying and the practical training offered. Kumba spent R83.1 million on learnerships in 2013 (2012: R53 million). The following learners trained in engineering disciplines: 194 in mechanical; 123 in electrical; 41 in civil; and 199 in mining metallurgy. A total of 557 participants (2012: 450) were acknowledged as proficient in the skills acquired and 114 artisans (2012: 138) were trained in 2013.

Bridging school

In 2013 Kumba sponsored 10 learners (2012: 12) from the community to attend bridging school. These were students who had completed secondary school and were offered an opportunity to improve their maths and science marks in preparation for entry into tertiary institutions.

Bursaries and scholarships

Promising employees and learners from labour-sending areas are able to study core mining disciplines at tertiary

institutions through our bursaries and scholarships. These programmes are in line with our employment equity plan and have been running for eight years.

In 2013, 65 students (2012: 69) were sponsored at a cost of R9.8 million (2012: R9.4 million). Each year the achievements of these students are recognised at an annual function.

Community training and development

The Kathu and Thabazimbi training centres, both run by Kumba, offer various short courses to community members and in 2013, 427 community members (2012: 299) attended these courses as follows: 132 in welding; 89 in bricklaying; 68 in plumbing; 72 in carpentry, 52 in sewing; and 10 in upholstery.

Youth development programme

Unemployed graduates from the John Taolo Gaetsewe (JTG) and Gamagara districts in the Northern Cape province were given the opportunity to improve their skills to increase employability after gaps were identified in their skill-set that may preclude them from potential employment opportunities. Forty graduates were selected who, on 1 May 2013, began their 18-month internship at various departments of Sishen mine as well as other participating employers, including Sishen Intermediate Mine School, Family and Marriage Society of South Africa, UGM Wellness Clinic and Kalahari Country Club, where they are currently receiving on-the-job training and experience.

Training and development statistics

Programme	Number of participants		HDSA (%)		Women (%)		Expenditure (R million)	
	2013	2012	2013	2012	2013	2012	2013	2012
ABET	52	72	100	100	48	43	5.7	1.0
PIT	46	48	76	72	32	35	37.7	31.5
Engineering learnerships	358	261	84	76	15	21	40.9	32.6
Other learnerships	244	189	96	96	30	24	42.2	21.1
Bridging school	10	12	100	100	60	25	0.8	0.9
Bursaries and scholarships	65	69	80	78	57	49	9.8	9.4
Community training and development	427	299	100	100	44	24	5.5	4.6
Total	1,202	950	91	89	41	32	142.7	101.1

SEEKING TO BE THE EMPLOYER OF CHOICE CONTINUED

HOUSING AND LIVING CONDITIONS

Kumba's housing strategy is based on three pillars:

- Promotion of home ownership
- Provision of company housing to facilitate recruitment and retention
- Facilitation of access to accommodation for all employees.

From 2014 we plan to accelerate home ownership using all available resources including government programmes. We hope this will help us achieve our goal of making all Kumba employees home owners by 2019.

In 2013 Kumba built 413 additional employee housing units, bringing the total numbers of houses built by the company since listing to 3,401.

The Dingleton relocation

We continue to engage with the Dingleton community on the subject of relocation due to the planned expansion of Sishen mine.

The company will help move the residents to modern houses in the Kathu urban area which offers better public amenities, such as schools, churches, clinics, sewerage, and water reticulation. The company will pay for the difference in municipal rates for 25 years as well as all capital gains tax that home owners might incur as a result of the relocation.

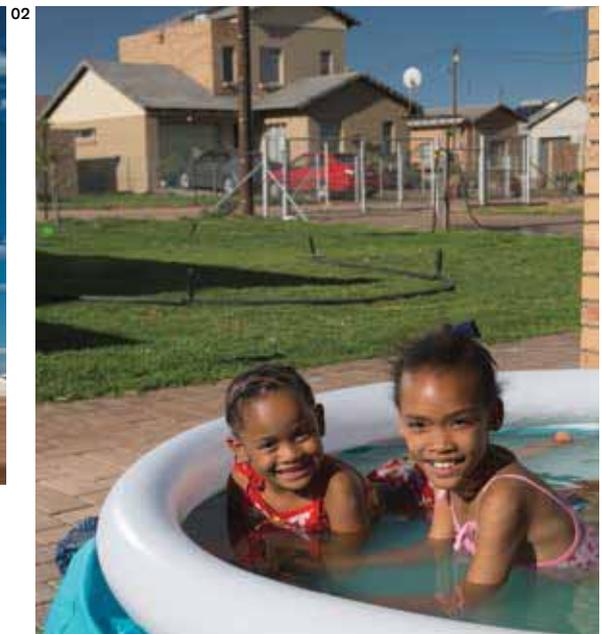
86% of Dingleton's households have agreed to the move.

Kumba has followed International Finance Corporation guidance in its dealings with the community, which requires that no-one should be worse off as a result of the relocation. In addition to this we engaged extensively with the community and will continue to seek solutions that would be to the mutual benefit of the company and all residents, in a suitable and sensitive manner.

Dingleton also received special attention in terms of our portable skills training and assistance to small- and medium-enterprise initiatives.

01 More than 400 new houses were built for employees in 2013.

02 Kumba is not only providing employees with quality housing, but is striving to establish healthy communities that are representative of the country in all its diversity.



Opposite

One of Kumba's many women in core mining positions – Neo Seele, a drill assistant working in the drill and blast section at Sishen mine.