Ours is a process founded on consensus and honest, transparent interactions





Kumba believes that it needs to be a developmental partner for the communities in which we operate, and our social licence to operate depends on fostering and enhancing these partnerships. It is an interaction that takes full account of the needs, priorities and aspirations of the people in our communities, an interaction that depends on regular meetings where we listen to stakeholders and take on board suggestions and criticisms. We seek to understand and be sensitive to our communities' cultural heritages and their traditional rights.

Our aim is not only to strive to be an employer of choice, but also to minimise and mitigate any adverse social impacts of our activities by collaborating with our communities to create a positive legacy that will last well after our mines have closed. Ours is a process founded on consensus and honest, transparent interactions.

Kumba's CED activity was built on the following five pillars in 2013:

- Contributing to enterprise development at local levels
- Creating and growing educational projects from early childhood development to tertiary level by ensuring young people are taught by competent, qualified teachers with suitable facilities
- Offering portable and technical skills development programmes to young people and people leaving our employ
- Ensuring our communities, our employees and their dependants have access to well-run and equipped health and welfare facilities

 Helping to build and maintain the infrastructure that makes our communities healthy and welcoming places in which to live and to ensure those charged with managing this infrastructure are adequately skilled and have access to the equipment needed to do their jobs

Every year, and in compliance with the Mining Charter, each of our operations prepares and submits an SLP report that clearly indicates ours has been a collaborative enterprise, carried out with open discussions with our communities' representatives. We collaborate with the various municipalities' integrated development plans (IDPs) ensuring that our SLP initiatives mesh seamlessly with theirs and that, in the process, the communities benefit from skills and capacity building. By extension, our SLPs integrate with the country's national imperatives, especially the National Development Plan. In this way our SLPs support our social licences to operate, as well as our official individual mining licences.

Our community engagements align with Anglo American plc's SEAT leadership which offers processes and guidance that ensure our mines effectively manage our environmental and social impacts for the delivery of a comprehensive range of positive outcomes. Our mines' SEAT processes are reviewed every three years – the Sishen and Kolomela SEATs will next be reviewed in 2014 and Thabazimbi's in 2015 – with reviews carried out by our own representatives and those of our employees, local governments and their employees to ensure they are comprehensive. Our social engagement plan, generated by SEAT, is updated annually. Complaints, grievances and issues are reported and feedback given to relevant stakeholders.

The municipalities in which we operate submit project proposals to us in the middle of each year, a system which ensures we prioritise our interventions and that they are aligned with our communities' own objectives. Our aim is straightforward: to deliver what our communities need. R84.5 million was committed to SLP projects in 2013.

Our approach to CED aims to foster partnerships and create a meaningful and sustainable legacy through development of infrastructure, as well as health, social, enterprise, and educational and skills initiatives.

Community engagement and development expenditure

R million	2013	2012	2011	2010
Corporate office	87.8	110.5	71.2	6.2
Sishen mine	105.3	72.3	73.6	72.1
Kolomela mine	51.7	77.9	30.9	38.9
Thabazimbi mine	8.9	14.9	9.2	16.8
Group	253.7 [*]	275.6	184.9	134.0

 $^{^{\}star}$ Includes R46.0 million spent on institutional capacity development, staff time donations and other related expenditure

Areas of expenditure in 2013

	Amount (R million)	%
Education and skills development	40	16
Health and welfare	33	13
Enterprise development and poverty alleviation	10	4
Infrastructure	88	34
Other	37	15
Institutional capacity development, staff time and donations	46	18
Total	254	100

01 The healthcare centre operated by Kumba in Thabazimbi does not only service employees and their families, but the broader community as well.



CONTINUED

Kumba embarked on numerous CED initiatives under the five pillars during 2013, some of which are mentioned below.

ENTERPRISE DEVELOPMENT AND POVERTY ALLEVIATION

Contributing to the economic development of our communities forms part of our commitment to ensuring their sustainability and viability long after our mines have closed. Our approach is multi-pronged: assisting in the creation of viable, sustainable businesses; training and mentoring community members on their emerging enterprises to enable them to manage their businesses in a sustainable manner; and equipping individuals with portable skills. The local community businesses are assisted and encouraged to provide various goods and services to our mines, although the training we provide also includes skills that can be employed within and beyond those communities.

SOCIO-ECONOMIC DEVELOPMENT

Heuningpot Beekeeping Co-operative

Sishen mine budgeted R1.4 million for the organic honey venture in Dibeng which was spent in 2013, mostly to fund the relocation of the bee farm to an area more appropriate to organic operations. For further information on the honeybee case study see page 82 of this report.

Manyeding cultivation programme

Sishen mine also continued to support the Manyeding cultivation programme spending a total of R1.2 million during 2013 of the budgeted R1.4 million to complete the venture's development in the final quarter of the year. These funds were used for technical support, training and project management. This was done in partnership with the National Development Agency (NDA) and the Department of Agriculture, Land Reform and Rural Development. The project has 159 beneficiaries from surrounding villages under the Ga-Jatjie Traditional Authority.

Thabazimbi mine bamboo plantation and vegetable farm

Thabazimbi mine budgeted R4.8 million for the bamboo plantation and vegetable farm established in 2012 in conjunction with Renewable Energy Solutions and Food and Trees for Africa – a social enterprise that addresses sustainable development by providing extensive training, marketing and business support to rural communities. The bamboo project not only supports the local community in its farming enterprise, but offers Kumba the opportunity to earn carbon credits for carbon offset as, by the time it is three years old, a single clump of bamboo can sequester approximately 950kg of CO_2 the highest rate for any soil-grown plant.

The bamboo plantation and organic farm project is funded by Kumba. R1.9 million was spent in 2013. This included completion of the establishment of a 2ha bamboo farm





02 Abraham Nakana one of the beneficiaries of the Thabazimbi organic farming co-operative inspects the tomato crop. and the simultaneous development of a 4ha organic vegetable farm. The project will help create employment and boost the local economy in the Limpopo province where there is widespread poverty. This project will therefore provide a sustainable livelihood for members of the local community, particularly women, as its main focus is on their empowerment and employment.

Site clearing of the 2ha plot began in October 2012, followed by planting in 2013. Approximately 4,000 Indian *Bambusa balcooa* trees, a non-invasive species approved by the South African National Biodiversity Institute, were planted.

Construction of infrastructure for the vegetable project, which included irrigation systems and the building of 15 tunnels, was completed in 2013. The first crops harvested from the tunnels were sold to local grocery stores in Thabazimbi. A certification audit is scheduled for 2014, so that the project's produce may attain certified organic status.

The project aims to develop a commercial organic vegetable farm for a newly constituted co-operative. To date, the new co-operative has been registered and the farm has been well established with sophisticated infrastructure, including tunnels and a packing area.

Currently the farm is supplying various major retailers and wholesalers such as Pick n Pay, Spar and Cladfresh.

Rekgarathile hydroponic vegetable farm

As part of its SLP commitments, Kolomela mine and the Tsantsabane local municipality identified the hydroponic vegetable farm as an activity that will benefit the community of Skeyfontein in a sustainable manner. The purpose of the project was to create a sustainable development enterprise to create employment in the community. SIOC has agreed to make R2.3 million available to create the infrastructure and to train beneficiaries on the skills required to conduct the enterprise. It was also registered as a co-operative. Kolomela mine fulfilled its obligation in accordance with its 2012 SLP and during 2013 the mine invested R166,625 towards the repair of dilapidated infrastructure and installation of an automated borehole due to limited water access in Skeyfontein. Ownership of the enterprise will be formally handed over to the co-operative members - who are all women - during 2014. The Rekgarathile co-operative received a water award from the Department of Water Affairs and Forestry in 2011.

Produce business simulation hub

At the start of 2013 Sishen mine budgeted to match the 2012 R4.1 million expenditure on the Kuruman business stimulation hub, because of the increasing number of new applications from small businesses for loans. Thirty small businesses were funded in Kathu and Kuruman where 323 people benefited. Seven business developers, a marketing specialist, a financial specialist, a manager and support staff were appointed in 2010 for a period of five years to provide mentoring and support services to these small businesses. All entrepreneurs have access to

professional business development and mentoring free of charge. In total 601 small-, medium- and micro-enterprises received training in 2013, with topics ranging from financial management, managing a start-up, marketing, and HR matters to project management.

EDUCATION AND SKILLS DEVELOPMENT

Education and skills development are focal points of our CED and this is not simply based on training individuals in the skills required at our mines, but as part of a holistic approach designed to ensure that young people in the communities surrounding our mines are assisted throughout their entire educational career, from the foundation level of pre-primary schooling through secondary to colleges of further education and tertiary education for those students who qualify.

Our educational spend targets the communities with the greatest needs – those with the weakest facilities for the populations they serve.

At the start of 2013 we set an overall education and training budget of R34.8 million for the year of which just less than half was directed towards primary and pre-primary schools, ensuring these institutions had adequate facilities and could attract skilled and committed teachers.

Kolomela mine's total educational spend across all levels was budgeted at R11.3 million, Thabazimbi's at R8.5 million and Sishen's at R11.8 million. A further R3.2 million was budgeted for expenditure at Sishen mine, principally to finance students at tertiary institutions.

Kumba and SIOC-CDT have committed to contributing R46 million and R20 million respectively towards the establishment of the Sol Plaatjie University for:

- Funding a feasibility study for the establishment of a business and mining school of excellence
- A pledge to donate an administration block or hall
- A bursary scheme (with the R20 million from SIOC-CDT)

Kumba hopes that the business and mining centre of excellence will help the university to assist mines in further developing their expertise, while also addressing other new skills requirements necessitated by the establishment of renewable energy projects and the Square Kilometre Array project in the Northern Cape.

Youth graduate development programme

While we are convinced that funding education is essential, there are extraneous factors that also need to be taken into consideration. A study we carried out in 2009 indicated that there is a significant number of unemployed young people in Sishen mine's surrounds whose qualifications were insufficient to enable them to enter the job market. They face the challenge of having insufficient resources to enable them to become economically productive. Our youth graduate development programme is aimed at redressing this challenge in the JTG district.

CONTINUED

Sishen mine funds a multi-year, on-going programme to increase the skills of these young people to enable them to find positions in the mine's various departments as well as with other local employers. An amount of R0.96 million was spent on this initiative in 2013. For further information on youth graduate development see the case study on page 83 of this report.

Postmasburg High School teacher accommodation project

The purpose of this project is to address challenges faced by Postmasburg High School in attracting and retaining skilled teachers by funding a housing development project for its teachers. Kolomela mine and Postmasburg High School entered into a two-year donation agreement in 2012 to improve the school infrastructure in the first year and to establish a technical section in the second year, based on a feasibility study conducted. However the school's governing body (SGB) and the Department of Education could not agree on how the technical section model is to be implemented. This new project came about after the SGB assessed and identified that housing in Postmasburg is unaffordable for most teachers due to mining activities in the area leading to an increased demand on housing which in turn leads to escalated property and accommodation rental costs. This project

also responds to key findings within the Kolomela mine SEAT report, which identified similar problems with accommodation costs in that area. Kolomela mine funded R6 million towards the teacher's housing development in 2013.

This project also presented a business case for Kolomela mine as it can be an indirect retention strategy for employees who have concerns about the quality of education in the area. Therefore, the provision of accommodation for educators will help the school retain and attract qualified teachers and Kolomela mine will benefit by being able to attract employees because of quality education in the area.

The Postmasburg High School SGB is managing the funds and a steering committee has been established to manage the project. Kolomela mine's public affairs project manager forms part of the steering committee to ensure good governance according to the signed donations agreement.

Early childhood development centres

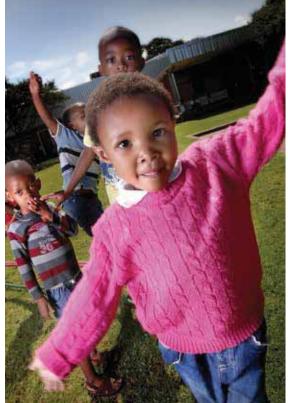
Sishen mine spent R37 million building nine ECD centres in partnership with the Northern Cape Education Department in 2013. There is still a huge need for more ECD centres and Sishen mine is funding the Gamagara municipality with R4.5 million for a project to build additional centres.

01 The Batho Pele mobile health clinic that provides primary healthcare to rural communities is just one way in which Kumba meets the needs of the people of the Northern Cape province.

02 Early childhood development is a priority for Kumba. The company is establishing and equipping ECD centres in host communities around its mines to provide in the educational needs of preschoolers.

01





Tsantsabane teacher training project

A parallel R2.5 million three-year CED project funded by Kolomela mine that will run through 2014 in the Tsantsabane municipality is aimed at improving teachers' skills and equipping them with teaching tools. In 2013, 20 ECD practitioners received the National Qualifications Framework (NQF) Level 4 training to improve their capacity, while learning resources were distributed to 16 ECD centres in line with the training the ECD practitioners received. The practitioners are also receiving first-aid training, as well as training to participate in ECD management committees. An advocacy programme to persuade parents of the benefits of ECD is being rolled out in the community with completion due in 2014.

HEALTH AND WELFARE PROJECTS

Our commitment to helping provide communal health services is founded partly on the concept that community health provision helps ensure fit and well employees, who are, in turn, more productive and motivated. Our commitment continued by tackling a range of non-occupational diseases and maladies affecting our communities.

The comparative remoteness of our mines makes attracting doctors and clinicians to communities that face significant

financial challenges difficult. We counter this by providing salary subventions when necessary.

Kumba's spend on community healthcare projects amounted to R33 million in 2013.

Batho Pele health project

Among our innovative interventions is the Batho Pele health project that utilises fully equipped mobile clinics to take healthcare to people in remote rural areas where transport to larger centres is difficult and expensive. In conjunction with the JTG municipal district, people using the mobile facilities can be screened for diseases and receive dental, ophthalmic and surgical interventions. Sishen mine spent R7.2 million on the project in 2013 and 22,348 members of the community benefited from the service.

Ulysses Gogi Modise (UGM) wellness clinic

At the Sishen mine, the UGM wellness clinic assists employees and community members affected by lifestyle and other diseases ranging from HIV/AIDS, hypertension and diabetes to TB and cancer. The mine spent R5.7 million on the project in 2013.

Other healthcare projects

Kolomela mine spent R8.8 million to build a wellness clinic and purchased medical equipment, furnished the clinic and fenced the facility in 2013.

Ulysses Gogi Modise wellness clinic visits

Operation	Employees	Contractors	Community
Sishen mine	5,671	4,570	1,423
Kolomela mine	1,121	1,766	65
Thabazimbi mine	812	1,145	80
Head office	150	0	0
Value-in-use	0	0	0
Total	7,754	7,481	1,568

The Batho Pele health project statistics for 2013

Gender classification	Dental unit	Eye-care	General practitioner	HCT unit	Mobile unit	Total visits
Gender classification	Dental unit	unit	unit	HC1 unit	iviodile unit	Total visits
Female: younger than 5 years	51	31	354	18	1,549	2,003
Male: younger than 5 years	58	43	354	8	1,423	1,886
Female: ages 5 to 60 years	1,289	747	1,870	881	5,774	10,561
Male: ages 5 to 60 years	916	362	930	312	1,707	4,227
Female: older than 60 years	169	335	493	40	1,301	2,338
Male: older than 60 years	93	244	281	49	666	1,333
All patients	2,576	1,762	4,282	1,308	12,420	22,348

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INFRASTRUCTURE PROJECTS

Among the more serious challenges faced by our communities is the availability of resources to develop municipal infrastructure as well as to maintain and manage infrastructure already in place. Many municipalities either have poor revenue collection and management capacity and, often, municipal managers are ill-equipped to handle the daily challenges they face. In addition to providing the funding necessary for various projects we also provide skills and management training to local municipal officials.

Sishen spent a total of R57.2 million in 2013 on constructing and repairing roads. This included R18.9 million for roads and storm water drainage at Mapoteng and Olifantshoek, and R38.3 million for building and upgrading rural and other roads serving our communities in the JTG district.

Thabazimbi mine funded similar projects, including R24 million for water infrastructure in the Thabazimbi municipality – a project scheduled for completion in the first quarter of 2014 – and R0.25 million for upgrading the town's roads.

At Kolomela mine R17 million was spent on infrastructure, municipal support and recreation projects in 2013. This included repairing roads, upgrading recreational facilities, supporting town managers, supporting cultural and sports activities, and extending safety infrastructure to the entire municipality. The national emphasis is on the provision of basic services such as water, sanitation and electricity, but in reality the rural communities place more emphasis on youth

unemployment and better road conditions. Poor capacities at municipalities are not helping the mines, who are forced to assist by delivering core services such as water, better roads and housing.

Kumba and the Development Bank of South Africa entered into a partnership to collaborate on the municipal capacity building and support programme. The aim of the programme is to identify and prioritise critical capacity and service delivery gaps through the assessment process and to prioritise intervention strategies to strengthen the targeted municipalities where Kumba operates. The project builds the requisite capabilities to enhance the ability of these municipalities to provide the required basic services and combat the growing poverty in South Africa. This initiative was motivated by the general lack of capacity within municipalities which results in major impediments to service delivery. The key driver of this partnership consists of the following strategic elements:

- Build technical capacity and transfer skills for municipal officials to implement operations and maintenance of municipal infrastructure
- Build technical capacity to implement poverty alleviation projects within selected municipalities
- Identify and strengthen revenue-enhancement projects

Kumba has provided R16 million to kick-start this programme and expects to spend approximately R10 million of this amount in 2014.

01 Susan Mashimbye, a student plumber, learns valuable new skills at the Thabazimbi mine skills development centre. With her is instructor Motlhoki Manyee.

02 Itumeleng Tshekedi, a millwright at Kolomela mine and his cousin Lapologo Tshekedi at their Kumba-built house in Boichoko, Postmasburg.





HARNESSING THE POTENTIAL OF SOUTH AFRICA'S CHILDREN AT SISHEN MINE



Kumba's investment in ECD centres in the Northern Cape is creating valuable learning opportunities for pre-school children.

South Africa remains challenged by educational shortfalls – both as a result of legacy issues and the scarcity of resources. Many children are often ill-prepared for formal schooling and would benefit from being enrolled in school readiness programmes, of which there are too few. At Sishen mine, we recognised the role ECD could play in underpinning the education of our children and, in 2011, widened the focus of our community development initiatives to include provision of ECD centres at a pilot group among our communities' schools. Prior to this initiative our emphasis tended to be on matric-level education, where general outcomes are far from favourable. However, we realised that if we did not intervene at the foundation phase of education the problem of poor outcomes would persist.

Government declared ECD a national priority in 2004 and published its ECD plan in 2005. Since then it has put directives in place for municipalities to include ECD planning in their IDPs.

Together with the provincial educational departments, government has prepared five-year plans to fulfil the educational needs of the country. However, in many cases, these plans do not cover ECD. In the Northern Cape, budgetary constraints precluded the introduction of ECD facilities. The sustainable development department at Sishen mine had intended to simply fund the programme, but not the bricks and mortar of school premises.

However, it quickly became clear that the province's education department could not afford to build the facilities, so we chose to step in directly. For this reason the building and enhancement of ECD centres has become one of Sishen mine's foremost community initiatives.

During 2013 Sishen mine contributed R37 million to educational infrastructure development by funding the building of ECD centres. Having been approached by several local school principals, we liaised with the provincial government to ensure that any intervention by the mine would not overlap with or duplicate government's own plans. The province gave the mine a list of 60 schools that would benefit from ECD centres. The mine identified nine primary schools of the 42 within our district for development in 2013. At each school two classrooms, a sheltered play area and a playground were built to date for Grade R pupils (children in reception classes). Sishen mine also equipped the classrooms with the necessary educational equipment and toys. By the end of 2013 approximately 720 children had been enrolled.

Sishen mine's ECD initiatives will continue into 2014 with an additional centre being planned at the Omang primary school in the Dithakong Township, as Kumba continues to contribute to the cognitive development of pre-school children.



CONTINUED

SWEET SUCCESS - HONEYBEE FARMING AT SISHEN MINE



Die Heuningpot organic honey bee co-operative outside Dibeng manages a certified organic honey farm supported by Kumba.

Honey is among the oldest sustainable natural products used by man. Bees are industrious and comparatively easily managed while the sweet product of their labour finds ready markets. It was with this in mind that, in 2009, a beekeeping enterprise, the Heuningpot Beekeeping Co-operative was initiated in Dibeng, one of the most deprived communities within the Sishen mining district, in the Northern Cape.

The project's objective is to stimulate the community's economy as well as help address youth unemployment. Kumba partnered with the NDA to initiate this project. Back in 2009, 12 people were selected to receive training from AgriSETA and Skills for Africa. All of the participants completed the course, received a certificate in animal production (an NQF level 1 qualification) and were ready to embark on their careers as organic bee farmers to produce raw honey. The farmers have developed valuable skills while the co-operative has given them renewed purpose and a sense of accomplishment as they strive to make a success of the venture and improve their ability to contribute to their families' financial support.

The enterprise is, however, not without its challenges. Bees are very sensitive to irritants and would prefer to abandon their hives, relocating to more pleasant conditions. During 2013 the co-operative's hives needed to be relocated as water pipeline was run through the co-operative's farm with the expansion of Sishen mine, and the movement of the railway line interfered with the bees' habitat. The level of noise and increased people traffic would have also disturbed the bees, and they may either have abandoned their hives or become a

danger to the beekeepers and construction workers. The 177 hives were moved onto a larger farm, though this called for extensive renovation work at a cost of R0.9 million that was paid by Kumba. The new farm is larger than the old one with the potential to house a further 600 hives.

Heuningpot Raw Organic Honey is a certified organic product. The bees collect nectar from indigenous plants and their harvest area is free from artificial impurities. The honey is extracted cold to preserve its natural goodness and no bees are killed during harvesting – all of which helps ensure that the farmers receive a premium price for their honey. During the past year the farmers produced 1,000kg of raw, organic honey but have the capacity to bottle six-million jars or 3,000kg.

To date Kumba has spent R5.2 million on the project, with R1.3 million being spent in 2013. The co-operative is not yet breaking even, but this is expected within the next five years. The farmers received help with the development of a business plan as well as with the marketing by developing ethical supply chains between the farmers and their retailers.

Unquestionably the Heuningpot Beekeeping Co-operative has the potential to develop into a sustainable, profitable venture with the support it receives from Kumba as well as the dedication and unremitting effort of the beekeepers.



YOUTH DEVELOPMENT PROGRAMME



Metalwork trainees Mossma Jacob and Dineo Mphela are being skilled for a better future.

Kumba is committed to the development of young talent, especially in the field of mining, and to this end initiated the youth development programme. Unemployed graduates from the JTG district municipality were given the opportunity to improve their skills and their employability.

Employers and the youths themselves identified gaps in their skill-set that may preclude them from potential employment opportunities, such as lack of self-confidence, lack of drivers' licences and poor computer literacy.

Sixty young people were chosen from the community to embark on the programme at a cost of R0.96 million to Kumba in 2013. The following stakeholders were engaged during the project implementation to ensure they were aware of and supported the project:

- National Youth Development Agency Northern Cape
- Joe Morolong Local Municipality
- Gamagara Local Municipality
- Ga-Segonyana Local Municipality
- Gamagara Development Forum
- Department of Social Development
- Department of Labour
- Kurara FM
- Eskom

Some of these stakeholders also provided lists of unemployed graduates from their databases. Other unemployed graduates applied by responding to the advertisements in local newspapers, on radio stations and posters distributed throughout the district. All applicants were evaluated through a rigorous interview processes to obtain the initial 60 individuals to be enrolled in the programme.

The initial phase was completed at the end of April 2013 when these youths were given the opportunity to present themselves to an audience of possible employers. This ensured they received maximum exposure to prospective employment opportunities and other business prospects.

Forty graduates were further shortlisted and on 1 May 2013, began their 18-month internship at various sections of Sishen mine and other participating employers including Sishen Intermediate Mine School, Family And Marriage Society of South Africa, UGM Wellness Clinic, Kalahari Country Club and Trioplus, where they are receiving on-the-job training and experience.

By the end of their internship it is expected that these youths will have acquired the skills and experience necessary to make them permanently employable. Interns are given various tasks at their sections to fully expose them to as much practical work as possible. On completion of the programme the interns may be offered employment at Sishen mine or at the other employers depending on the requirements at the time. The proposed budget for 2014 for the continuation of the programme to completion at the end of October 2014, including the interns' stipends, is R1.2 million.

According to the surveys carried out in 2013 most of the interns have indicated that since the internship their personal skills, such as communication, punctuality and ability to tackle challenges, have significantly improved. A significant improvement has also been noted with regards to capacity building on their technical and career-related skills. This positively correlates to the professional work environment and support from other colleagues when interns carry out their respective duties.

So far two interns have been offered full-time employment at Sishen mine and at Kalahari Country Club respectively. Only one intern resigned from the internship programme for personal reasons.

The success of the youth development programme will be reviewed in October 2014 and a decision made on its continuation.

The youth development programme fits strategically into the Kumba, and specifically Sishen mine's, focus area of delivering high-quality, positive youth development.

