

PROGRESS AGAINST SCORECARD FOR THE BROAD-BASED SOCIO-ECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING INDUSTRY

REQUIREMENTS	PROGRESS	SECTION
<p>Human resources development</p> <ul style="list-style-type: none"> Has the company offered the opportunity to be functionally literate and numerate by the year 2005 and are employees being trained? 	<ul style="list-style-type: none"> Fully company-sponsored, voluntary ABET programmes running at all mines (except where employees are 100% literate – Ticon SA, Leeuwpan and corporate office) Screening and counselling undertaken of all ABET candidates for informed decisions about participation Incentive scheme to make ABET more attractive implemented 	<p>Social summary – workplace issues</p>
<ul style="list-style-type: none"> Has the company implemented career paths for HDSA employees including skills development plans? Has the company developed systems through which empowerment groups can be mentored? 	<ul style="list-style-type: none"> Human resources development (HRD) policy in place dealing with accelerated development Formal succession planning and individual development plans rigorously used for all management and professional categories HDSA employees receive special career planning consideration and mentor support A 50% joint venture with Eyesizwe Coal for development of Inyanda coal reserves includes skills transfer through mentorship and service level agreement Kumba trains 26% of all apprentices in the South African mining industry, mostly HDSA 	<p>Social summary – workplace issues</p>
<p>Employment equity</p> <ul style="list-style-type: none"> Has the company published its employment equity plan and reported on its annual progress in meeting that plan? 	<ul style="list-style-type: none"> Plans submitted to Department of Labour. Policy published in annual report 	<p>Social summary – workplace issues</p>
<ul style="list-style-type: none"> Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan? 	<ul style="list-style-type: none"> Employment equity plans in place, supported by strategies in HRD policy Measured and monitored quarterly up to board level Plans monitored per division HDSA overall: 31,5% HDSA senior management: 33% HDSA middle management: 27% HDSA first-line management: 33% HDSA board: 26% 	<p>Social summary – workplace issues</p>
<ul style="list-style-type: none"> Has the company identified a talent pool and is it fast-tracking it? 	<ul style="list-style-type: none"> Formal performance management and succession-planning processes facilitate fast-tracking all management levels HDSA talent pool catered for in succession-planning process 	<p>Social summary – workplace issues</p>
<ul style="list-style-type: none"> Has the company established a plan to achieve the target for women participation in mining of 10% within five years and is it implementing the plan? 	<ul style="list-style-type: none"> Current recruitment plans achieving results Women currently 13% of workforce <ul style="list-style-type: none"> – board: 0% – senior management: 13% – middle management: 20,7% – first-line management: 12,8% 	<p>Social summary – workplace issues</p>

Ahead of compliance targets in several instances

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REQUIREMENTS	PROGRESS	SECTION
Migrant labour <ul style="list-style-type: none"> Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour? 	<ul style="list-style-type: none"> Recruitment policy is non-discriminatory Few if any foreign migrant workers employed Emphasis on local recruitment 	N/A
Mine community and rural development <ul style="list-style-type: none"> Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour-sending areas? Has there been effort on the side of the company to engage the local mine community and major labour-sending area communities? 	<ul style="list-style-type: none"> Collaborated on integrated development plans for Thabazimbi, Mutale and Vhembe councils and Kgalagadi Development Node Range of interventions are all aligned with integrated development plans and register of community needs Participating in local economic development forums at business units Stakeholder engagement forums established at all business units Skills and ABET provided for unemployed, skills training for government institutions, training-of-trainers-programmes, capacity building Partnership with MQA in Kgalagadi and Newcastle to train ex-mineworkers Company spent R15 million during the financial year on local economic development programmes 	<p>Social summary</p> <p>Social summary</p> <p>Social summary</p> <p>Social summary</p>
Housing and living conditions <ul style="list-style-type: none"> For company-provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including upgrading hostels, conversion of hostels to family units and promoted home ownership options for mine employees? 	<ul style="list-style-type: none"> Company housing policy in place, focusing on home ownership 1 351 employees (22%) live in affordable rental units More than R10 million will be spent to upgrade hostels to family units and single quarters over four years 763 employees assisted to become owners of company housing 1 895 housing units to be made available for home ownership over four years 	Social summary – workplace issues
<ul style="list-style-type: none"> For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees? 	<ul style="list-style-type: none"> Mechanisms exist for employees to engage management and suppliers Quality of food contractually regulated – human resources policy stipulates quality requirements 	N/A

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REQUIREMENTS	PROGRESS	SECTION
Procurement <ul style="list-style-type: none"> Has the company given HDSAs preferred supplier status? 	<ul style="list-style-type: none"> Policy, guidelines and systems in place to promote procurement from HDSA companies Preference given to black-owned and black-empowered suppliers 	Social summary – supply chain management
<ul style="list-style-type: none"> Has the company identified current level of procurement from HDSA companies in terms of capital goods, consumables and services? 	<ul style="list-style-type: none"> An auditable system in place and performance tracked 	Social summary, p101
<ul style="list-style-type: none"> Has the company indicated a commitment to a progression of procurement from HDSA companies over a three- to five-year time frame in terms of capital goods, consumables, and to what extent has the commitment been implemented? 	<ul style="list-style-type: none"> Kumba has had policies in place since 2001 and is committed to a progression over time Co-founder of South African Mining Preferential Procurement Forum Supports facilitation of regional and provincial collaboration as initiated by Department of Minerals and Energy 24% discretionary procurement from HDSA companies (black-owned and black-empowered) during the year (target of 18% and 30% by 2008) 	Social summary – Supply chain management, p101
Ownership and joint venture <ul style="list-style-type: none"> Has the mining company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% in HDSA hands within five years and 26% in ten years? 	<ul style="list-style-type: none"> Empowerment objectives will be exceeded following the implementation in 2006 of Kumba's empowerment transaction (announced in October 2005) with 58% black ownership of coal/heavy minerals/zinc assets and 26% of iron ore assets 50% joint venture development of Inyanda coal mine with Eyesizwe Coal 	Chairman's report, CE's review, Empowerment transaction
Beneficiation <ul style="list-style-type: none"> Has the mining company identified its current level of beneficiation? Has the mining company established its baseline level of beneficiation and indicated the extent that this will have to be grown to qualify for an offset? 	<ul style="list-style-type: none"> Baseline level established for various commodities New beneficiation projects identified and evaluation of potential ongoing Kumba has a specific case to make for beneficiation credits based on its unique supply agreements with the steel industry, covering iron ore, coal, zinc and dolomite 	N/A
Reporting <ul style="list-style-type: none"> Has the company reported on an annual basis its progress towards achieving its commitments in its annual report? 	<ul style="list-style-type: none"> Extensive reporting on progress through the scorecard, internet site, annual report 	Business objectives, CE's review, SHE summary, social summary