

NORTHAM IN THE COMMUNITY



Critical issues:

- **Development of community engagement policy and strategy at Booysendal**
- **Agreement on local economic development projects by communities and the DMR, as part of the submission and approval of Northam's SLPs, and the implementation of these projects**

Management approach

Northam understands that the company needs to play a responsible and co-operative role in the area where its operations are located. This takes the form of meaningful and relevant contributions to the sustainability of the surrounding community and environment. A stakeholder engagement policy is currently being finalised for board approval, while strategies for each mine are being developed. These include stakeholder mapping, a review of expectations and immediate risks, and constructive engagement with government and related stakeholders to ensure a co-ordinated approach to community development.

At the Zondereinde mine, these relationships are long-standing and include the temporary mine-related community, neighbouring farmers, informal settlements (such as the Smashblock community) and the towns of Northam and Thabazimbi, as well as other mining company communities.

The situation is more complex at Booysendal, with a number of communities vying for position in the area. However, at the inception of the project management embarked on a proactive stakeholder engagement programme which identified seven recognised families/communities, who are now represented in a community forum. The constituents of this forum (which includes members of management) have regular access to the site, and are provided the opportunity to discuss training and job opportunities with management. The original constituency of the forum needs to agree on any new members to the forum.

Northam recognises that there may be communities in the area who have some historical affiliation with the land it has under management. For this reason the company has undertaken extensive surveys to identify any historical artifacts or archeological and grave sites which may have significance for certain communities. Such sites are fenced off and carefully preserved.

To ensure alignment with the MPRDA, the Mining Charter requirements related to mine, community and rural development and to ensure a focussed approach to the company's contribution to its local communities, Northam has paid a great deal of attention to local economic development (LED) projects identified in its SLPs. These SLPs have aligned with local municipalities' integrated development plans (IDPs) so as to avoid duplication of effort and to address real, identified community needs.

In F2011, Zondereinde's SLP was approved by the DMR and work is now underway to achieve the targets set therein. The SLP for the Booysendal project has been developed and local economic development projects have been identified. This is currently being considered by the DMR.

Local economic development issues and compliance with these aspects of the Mining Charter are the responsibility of senior management. Compliance with the Mining Charter is a priority for the company and compliance is reviewed by the board.

In addition to local economic development, Northam supports a number of projects that do not necessarily fall within the SLP parameters but are considered by the company to be worthy causes.

Addressing community needs

Northam's community development programme has as its focus the contribution to the social upliftment of communities directly surrounding its operations and communities within major labour-sending areas. The primary objectives of Northam's programme are the sustainable upliftment and development, and the economic empowerment of stakeholders. During F2011, R4.1 million was spent on corporate social investment and local economic development across the group (F2010: R12.1 million).

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Zondereinde:

Zondereinde mine is located in a region that is relatively sparsely populated, in a province with low levels of economic activity. Agriculture, mining and tourism are the primary economic activities in the province and region. Disbursement priorities have been guided by the Zondereinde SLP and the corporate social investment (CSI) committee, tasked with identifying development priorities in the area.

The committee, comprising three members of management together with one representative from each of the organised employee representative bodies, convenes on a monthly basis to identify, prioritise and allocate resources towards sustainable projects. Priorities for F2011 included:

- education;
- health and welfare; and
- local economic development, comprising sustainable upliftment, poverty alleviation and employment creation projects.

At Booyseendal

Booyseendal is located in a region with little existing economic activity. Agriculture and forestry, mining and tourism are the primary economic activities in the region. Stakeholder identification and engagement at Booyseendal is a far more complex undertaking than at Zondereinde, complicated by the scale, proximity and needs of local communities, and historic interests in landholdings.

Community engagement falls under the human resources discipline headed by the human resources manager. A stakeholder engagement strategy is currently being developed and various forums have been set up to facilitate the flow of meaningful benefits to communities and to address their concerns. This is in addition to the needs identified in local municipal IDPs. There appears to be a widespread expectation amongst community members that mining operations will create jobs for all. Given the nature of the orebodies and the type of mining (trackless mining) to be undertaken in the area, these operations are not very labour-intensive and will never be able to meet the direct expectations and needs of everyone in the local communities.

Communities have become more vocal and have staged protests against mining companies in the area. These protests are specifically related to the creation of jobs.

The key priorities of Booyseendal's community activities include:

- local employment;
- education;
- infrastructure development;
- health;
- environmental management;
- poverty alleviation;
- enterprise development; and
- capacity building.

Local employment

A particular issue of concern at Booyseendal has been, and in the short term will continue to be, the allocation of jobs in an area where employment levels are low. This issue is expected to intensify. Booyseendal's SLP seeks to address some of the needs in this area, but it will be difficult for a single mining company to have a significant impact. Booyseendal management has developed a dynamic database to be used for future sourcing and recruitment of source employees with the skills and qualifications appropriate for Booyseendal. For more information on employment practices at Booyseendal, see the employment and human rights section of this report.

Local procurement

In line with the company's commitment to the Mining Charter, Booyseendal is fully committed to distributing wealth and skills to the communities which surround its operations. Northam's procurement policy therefore gives local BEE companies preferred supplier status.

During the year, Booyseendal hosted open days to inform local suppliers about Northam's requirements, policies and the opportunities offered. These open days were held in Mashishing, Roossenekal and Steelpoort and were advertised in local newspapers. Companies which comply with the necessary criteria are placed on the vendor list, provided they are commercially competitive.