

Sustainable development

INTRODUCTION

Metorex has a new focus on sustainability through having established the Safety, Health, Environmental and Communities ("SHEC") Board sub-committee in May 2009. This committee has the following role:

- To develop the framework, policies and guidelines for SHEC management;
- To review the policies and performance of the Group, and the ongoing implementation of such policies;
- To encourage independently managed subsidiaries, associates and significant investments to develop guidelines and practices congruent with the Company's SHEC policies;
- To receive reports covering matters relating to SHEC risks and liabilities at:
 - the head office and divisions of the Company
 - managed subsidiaries, and
 - independently managed subsidiaries and significant investments where appropriate.
- To monitor key indicators on accidents and incidents and ensure such information is communicated to other companies managed by or associated with the Company;
- To approve the SHEC content of the Company's annual report;
- To consider substantive national and international regulatory and technical developments in the SHEC fields; and
- To facilitate participation, co-operation and consultation on SHEC matters with relevant stakeholders, including but not limited to, governments, national and international organisations, other companies and other SHEC bodies.

In light of the committee's role and based upon a review of all policies in place at the various Metorex operations it was necessary to completely revamp SHEC related policies and commence with a repositioning in this regard. To this end the new policies have been ratified for implementation at the various operations throughout the Group.

Metorex occupational health and safety policy

Metorex Limited is a diversified mining company that strives towards world-class health and safety performance. The Company aims to prevent all incidents and accidents at its operations in a reasonably practicable manner and strives to minimise hazards inherent in the working environment.

Metorex is committed to:

- Continually improving occupational health and safety performance through the setting and achievement of goals and taking into account evolving stakeholder expectations, best practices, scientific knowledge and new technology;
- Providing a working environment that is conducive to good health and safety;
- Managing risks in the workplace and ensuring that there is adequate surveillance of workplaces and employees;
- Complying with applicable legal requirements and with other requirements to which the organisation subscribes. In the absence of relevant occupational health and safety laws the Company will apply best practice standards and procedures;
- Ensuring that appropriate resources, training and personal protective equipment are provided to improve occupational health and safety;
- Ensuring that employees and contractors have the relevant skills to perform work-related tasks in a safe manner and that they are aware of their individual health and safety obligations and rights; and
- Following a consultative, transparent and constructive approach in interactions with stakeholders.

Employees and contractors working on Metorex operations play a fundamental role in achieving occupational health and safety objectives through:

- Taking ownership of, and participating in, occupational health and safety management programmes and initiatives and complying with standards and procedures; and
- Exercising their right to work in a healthy and safe environment and their duty to withdraw from an unhealthy or dangerous situation.

Metorex environmental policy

Metorex Limited is a diversified mining company that undertakes its activities in a manner that strives to minimise or eliminate negative impacts and maximise positive impacts of an environmental or socio-economic nature. The Company is committed to responsible stewardship of natural resources and the ecological environment.

Metorex is committed to:

- Continually improving the assessment and improvement of environmental performance and the prevention of pollution through the implementation of processes, practices and techniques to avoid, reduce or control the creation, emission or discharge of any type of pollutant or waste and to reduce adverse environmental impacts;
- The integration of environmental management into management practices throughout the Company;
- Minimising the use of consumptive resources and promoting the reduction and recycling of waste products where possible;
- Rehabilitating disturbed land and protecting environmental biodiversity;
- Exercising prudence with critical ecological resources, in particular where impacts are unknown or uncertain;
- Managing environmental risk in the workplace and surrounding areas;
- Complying with applicable legal requirements and with other requirements to which the organisation subscribes and which relate to its environmental aspects;
- Training and educating employees in environmental responsibilities; and
- Being transparent and constructive in interactions with stakeholders.

Employees and contractors working on Metorex operations play a fundamental role in achieving environmental objectives through:

- Taking ownership of, and participating in, environmental management programmes and initiatives; and
- Integrating environmental concerns into everyday practice.

Metorex communities policy

Metorex Limited is a diversified mining company that operates in different countries each with their own unique cultures. The Company strives to minimise potential negative social impacts while promoting opportunities and benefits for host communities. The Company engages in a range of sustainable development and community relations activities.

Metorex is committed to:

- Continually improving community development and community investment programmes through monitoring, measuring and managing our social and economic impacts;
- Developing programmes that ensure the sustainable welfare of communities;
- Upholding and promoting the human rights of our employees and contractors, our suppliers, and the communities in which we operate;
- Recognising and respecting indigenous people's culture, heritage and traditional rights and supporting the identification, recording, management and protection of indigenous cultural heritage;
- Building and maintaining stakeholder relationships with people who are directly affected or interested in our operations; and
- Managing the risk of public health threats amongst employees, contractors and local communities.

SHEC AUDIT

To assess the SHEC state of play at Metorex an assessment was conducted over a three-week period during the last quarter of F2009 covering four Metorex operations, i.e. Vergenoeg Mining Company, Barberton Mines, Ruashi Mining (DRC), and Chibuluma Mines (Zambia). The focus was placed on safety, health, environmental management as well as community development. In addition, an organisational culture and leadership assessment was also conducted at the said operations.

Sustainable development continued

Recommendations of the audit

Based upon the recommendations of the audit Metorex is now advancing an all inclusive process with the most critical activity being the review of, or creation of, baseline risk assessments for all operations covering all SHEC related aspects. The outcome is considered critical for the development of SHEC management systems and related actions. To advance the base line risk assessments a risk management framework for Metorex is being instituted and all personnel are being trained to understand hazard identification and risk management. The whole process is being facilitated and progress will be monitored to ensure quality and the meeting of timelines.

The audit further identified that there was a need to develop and implement a Metorex SHEC management system at the operating units as no systems were found that could fully stand the test of reasonability. In the development of subsequent policies, structures, systems and operating procedures leading practice is being considered. The most cost-effective approach is to develop the Metorex SHEC management system on a centralised basis as similar systems and policies will be enforced. The teams at an operational level will be developed to resume full responsibility and accountability once the SHEC management system has been designed and implemented. The implementation includes training and overseeing of compliance with the systems. Crucial leadership training that will assist in building more effective organisational cultures and accelerate consequential thinking is also being introduced.

SAFETY

It is pleasing to report that the Group had no fatal accidents during the year. The Metorex Safe Production Rules were introduced in March 2009 and have been developed to provide a basis for eliminating fatal and serious accidents. These rules were formulated through undertaking an historical review of the fatal and serious incidents in other mining groups. In addition new consistent safety definitions were implemented in the Group and are reflected in the various operational reports. The Group is committed to meeting South Africa's Mine Health and Safety Council ("MHSC") 2013 milestones as they relate to occupational safety and hygiene.

OCCUPATIONAL HYGIENE

Metorex is committed to providing a healthy workplace for our employees. The major challenge is the mitigation, reduction or elimination of occupational health exposures. Where Metorex operations are unable to eliminate such exposures, the strict use of personal protective equipment is enforced to avoid adverse health effects. Occupational medical examinations are in place at all operations. Malaria and HIV/Aids remain a significant health issue for operations on the central African copper belt and Metorex continues to find the most effective ways to help address them. HIV/Aids voluntary counselling and testing and various malaria mitigation measures are in place.

ENVIRONMENT

The operations at Metorex are in need of environmental management systems that are, at the very least, aligned with international best practice. To this end a decision was made to employ a Group Environmental Consultant and this post will be filled in November 2009. The operations comply with legislative requirements and environmental management programmes are in place at the various sites. In addition to the new environmental policy an environmental incident classification system has been introduced to highlight incidents and remedial measures as well as ensure consistency of reporting.

COMMUNITIES

Metorex operations are intent on meeting their social licence to operate and all operations contribute to the community via their corporate social responsibility programmes. In South Africa, the operations have completed their social and labour plans and submitted these to the authorities for approval. These plans are comprehensive and cover the South African Mining Charter requirements. Statutory employment equity reports are submitted to the South African Department of Labour.

Corporate social responsibility

| Project focus area | Locality of the project | Target groups (beneficiaries) |
|---|---|---|
| Ruashi Mining, DRC | | |
| Education | | |
| The complete rehabilitation of the Katuba School, this is a secondary school for 10,000 students | The school is in the suburb of Katuba, one of the largest in Lubumbashi | Children of Lubumbashi, and eventually the economy of the DRC. |
| Regular planting of trees together with environmental awareness for the children continues | Mostly in the Ruashi town, although all areas in Lubumbashi are affected | The population of Lubumbashi The population of Ruashi residents, with particular emphasis on the youth |
| Social upliftment | | |
| Water and power supply, a transformer for the local power distribution has been installed in the Ruashi suburb of Kalukuluku | The Ruashi town, which is a suburb of Lubumbashi | The population of Lubumbashi |
| The repairing of roads | The Ruashi town | The population of Ruashi, and the surrounding areas The population of Lubumbashi |
| Participating in and sponsoring numerous clean-up campaigns | The Ruashi town | The population of Lubumbashi |
| Promoting of sport, by arranging an annual marathon and an annual soccer schools tournament | Primarily in Ruashi town, but does extend on occasions across the entire Lubumbashi | The population of Ruashi, although the marathon is open to all residents of Lubumbashi |
| Enterprise development | | |
| Utilising local entrepreneurs and artists, for various construction activities on the mine, such as wall construction, small buildings, etc | The Ruashi town | The population of Lubumbashi |
| We have a policy of utilising and purchasing from local business | The whole of Katanga | The population of Katanga |
| Chibuluma Mines plc, Zambia | | |
| Roads | | |
| Chief Nkana Road – pothole mending/levelling | Ex-mine through Chief Nkana village | Concentrate haulers and community |
| Airport access road – re-surfacing | Ex-mine to airport road junction | Employees and the community |
| Empowerment | | |
| Job opportunities – recruitment of locals full-time/casual posts | Chief Nkana's surrounding villages | Local community |
| Local contractors and suppliers | Mine | Local business people |
| Gender equality – female recruitment | Mine | Females with requisite qualifications |
| Sports and recreation | | |
| Soccer and rugby clubs – financial/monetary assistance | Kalulushi | Community |
| School sports sponsorship | Kalulushi | Kalulushi Trust School |
| Security | | |
| State police assistance | Kalulushi/Lufwanyama | Local community |
| Donations – material and monetary | | |
| Schools, churches, chiefs | Kalulushi/Lufwanyama | Pupils, congregants and chiefdoms |
| National events | Kalulushi/Lufwanyama | Community |
| – Independence Day | | |
| – Youth Day | | |
| – Women's Day | | |
| – Labour Day | | |

Sustainable development continued

| Project focus area | Locality of the project | Target groups (beneficiaries) |
|---|-------------------------------------|---|
| Sable Zinc, Kabwe | | |
| Schools | | |
| Entrepreneur of the Year Award – donation | Kabwe Schools | Students |
| Social | | |
| Donation to Catholic Women's League – Fund-raising luncheon | Kabwe | The local community |
| Health | | |
| Donation of diesel for Cholera clean-up campaign | Kabwe | The local community |
| Kabwe Municipal Council | | |
| Installation of new clock in Municipal Council Clock Tower | Kabwe | The local community |
| Culture | | |
| Complete renovation and painting of St Margaret's Anglican Church | Kabwe | The local community |
| Women | | |
| Donation towards the commemoration of International Women's Day celebrations | Kabwe | The local community |
| Vergenoeg Mining Company (VMC) | | |
| Education and training | VMC | Two females and one male from the community on electrical and millwright learnerships |
| | Bethesda Outreach Ministries | Aids orphans |
| Social, health and arts and culture | | |
| Donations and support HIV/Aids awareness | Witlaagte | Community |
| Donations for celebrating Heritage Day | Pankop | Community |
| Erection of community hall | Witlaagte | Community |
| Job creation | | |
| Metspar production project | VMC | Community – Steve Bikoville |
| Enterprise development | | |
| Scrap removals and sales | VMC | Various local entrepreneurs |
| Transportation of staff – Moloto | VMC | Various local entrepreneurs |
| Transportation of staff – Hammanskraal | VMC | Various local entrepreneurs |
| VMC canteen | VMC | Various local entrepreneurs |
| Consolidated Murchison Mine division | | |
| Khamelelani community project: (hostel kitchen) | | |
| Job creation – five women operate their own business providing food to our employees. | Consolidated Murchison Mine village | Mine employees (770) |
| Lifeskills training | | |
| Education Brick-laying Welding Cooking classes and bread-making | Training centre | Employees as well as the greater community |
| Busy-bodies Pre-school | | |
| Maintenance of the building and supply of water and electricity Set monthly donation | Consolidated Murchison Mine village | Mine employee children and surrounding community <ul style="list-style-type: none"> • 52 children in total • 46 from the mine; and • 6 from Gravelotte |

| Project focus area | Locality of the project | Target groups (beneficiaries) |
|---|--|---|
| Consolidated Murchison Mine division continued | | |
| Leseding Primary School | | |
| Maintenance of the building, supply cleaning material, water and electricity | Consolidated Murchison Mine village | Mine employee children and surrounding community <ul style="list-style-type: none"> • 126 children in total • 50 from Gravelotte • 6 from the farms • 70 from the mine |
| Gravelotte Primary School | | |
| Maintenance of the buildings Supply water to the school Pay 50 per cent of the bus transport cost to and from the mine to Gravelotte | Gravelotte | Mine employee children and surrounding community |
| Mine school bus to schools in Phalaborwa | | |
| Transport cost and driver's salary cost | Gravelotte/Consolidated Murch Mine Village/Phalaborwa | Mine employees |
| Water supply to Ba-Phalaborwa Municipality | | |
| | Supply approximately 12,660kℓ water to Gravelotte reservoir @ R2.96 (VAT inclusive) Maintenance of pump, pipes and meters | Farmers along the pipeline from Letaba pump station Gravelotte residents All Consolidated Murchison residents |
| Mathoma Stores (sell clothes and electrical appliances) | | |
| Service and job creation Maintain buildings and equipment Provide deduction facilities for employees at payroll department | Consolidated Murchison Mine village | Mine employee children |
| Formal training | | |
| Seven teachers tutor N2 adult basic education training ("ABET") | Training Centre Consolidated Murchison Mine | Mine employees and surrounding community <ul style="list-style-type: none"> - N6 engineering fields - 37 students Tutor N2 - N6 mining fields - 39 students Computer training (Word, Excel and PowerPoint) - 12 students Grade 12 classes - 33 learners |
| Churches | | |
| Progress Victory Centre, Old Apostle, Anglican, Apostolic Faith Mission, Dutch Reformed Supply and maintain buildings (including electricity and water supply) | Consolidated Murchison Mine village and Gravelotte | Mine employees and surrounding communities |
| BBR Nyati health care | | |
| 24-hour clinic, medical surveillance and primary health care | Consolidated Murchison Mine village | Mine employees and the greater community |
| Meisie se winkel | | |
| Mariaan se winkel | | |
| Wisani Café J C I Hostel bar | | |
| Job creation and service | | Mine employees and surrounding communities |

Overview

Management review

Operational review

Sustainable development

Financial statements

Supplementary information