

# VOORSPOED MINE

—— *Socio-Economic Assessment  
Report 2013*



DE BEERS  
GROUP OF COMPANIES

## ABOUT THE DE BEERS GROUP OF COMPANIES:

De Beers is a member of the Anglo American plc group. Established in 1888, De Beers is the world's leading diamond company with unrivalled expertise in the exploration, mining and marketing of diamonds. Together with its joint venture partners, De Beers employs more than 23,000 people (directly and as contractors) across the diamond pipeline, and is the world's largest diamond producer by value, with mining operations in Botswana, Canada, Namibia and South Africa. As part of the company's operating philosophy, the people of De Beers are committed to Living up to Diamonds by making a lasting contribution to the communities in which they live and work, and transforming natural resources into shared national wealth.

## OUR VALUES



### BE PASSIONATE

We are exhilarated by the product we sell, the challenges we face and the opportunities we create.



### PULL TOGETHER

Being united in purpose and action, we will turn the diversity of our people, skills and experience into an unparalleled source of strength.



### BUILD TRUST

We will always listen first, then act with openness, honesty and integrity so that our relationships flourish.



### SHOW WE CARE

The people whose lives we touch, their communities, nations and the environment we share, all matter deeply to us. We will always think through the consequences of what we do so that our contribution to the world is real, lasting and makes us proud.



### SHAPE THE FUTURE

We will find new ways. We will set demanding targets and take both tough decisions and considered risks to achieve them. We will insist on excellent execution and reward those who deliver.

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# 1 INTRODUCTION

*“Operating responsibly and sustainably sits at the heart of De Beers’ business strategy. It is our ability to create shared value – financial, social and environmental – with our partner governments, our employees, our customers and the communities in which we operate, that will ultimately deliver long-term success for our company.”*

De Beers CEO – Philippe Mellier



## 1.1 BACKGROUND ON THE ASSESSMENT

Voorspoed Mine forms part of De Beers Consolidated Mines’ (DBCM) operations in the Free State Province of South Africa. DBCM is part of the De Beers Group of Companies which is majority owned by Anglo American. As such it is required to conduct a socio-economic assessment (SEA) every three years. The assessment is guided by the Anglo American Socio-Economic Assessment Toolbox (SEAT) guidelines.

The SEAT is the cornerstone of Anglo American’s framework to manage mining impacts, socio-economic issues, community engagement and sustainable development. It guides the assessment by requiring mapping of the operation’s stakeholder landscape, and consultation and/or research to determine the operation’s impact on stakeholders, as well as stakeholder issues that influence the relationship with the operation.

This information is used to inform the development of the mine’s Social Management Plan (SMP) containing management measures and engagement initiatives to address the identified impacts and issues in a community. Voorspoed Mine is a relatively new mine, having begun operating only in 2008. As this is its first assessment, it covers the period 2008 to 2013.

## 1.2 STRUCTURE OF THE REPORT

Section 1	Introduction
Section 2	Objectives and approach
Section 3	Profile of Voorspoed Mine
Section 4	Social performance management activities and socio-economic benefit delivery activities
Section 5	Profile of mine’s local area
Section 6	Key issues and impacts affecting local stakeholders and their relationship with the mine
Section 7	Social Management Plan
Section 8	Next steps
Section 9	Glossary, acronyms and contact details

This report outlines the outcomes of the assessment which was conducted during the period September to December 2013.

It begins with an introduction (Section 1) and discussion of the socio-economic assessment process objectives (Section 2). This is followed by profiles of Voorspoed Mine (Section 3) and of the local area of influence (Section 5) as well as a look at the current socio-economic activities undertaken by the mine (Section 4).

Section 6 looks at the impacts and stakeholder issues identified through research and consultation with stakeholders, and this is followed by Voorspoed Mine’s SMP (Section 7) – which outlines the mine’s response to the impacts and issues identified. Finally, the report closes with a listing of next steps (Section 8) and a glossary and list of acronyms (Section 9).

## 1.3 ACKNOWLEDGEMENTS

Voorspoed Mine would like to thank each and every one who participated in this assessment. Your input was invaluable to us to understand your concerns and issues and how the mine impacts on your lives.

The Moqhaka Local Municipality, Ngwathe Local Municipality and Fezile Dabi District Municipality, in particular, provided valuable insight on issues impacting on basic service delivery and ways to partner to find solutions to challenges.

The special interest groups which participated in this assessment – farmers, business owners, trade unions, non-governmental organisations, community-based organisations, educators and health workers – provided us with views that helped to shape our understanding of the issues you are confronted with.



↑ VOORSPOED MINE EMPLOYEES TAKE PART IN MANDELA DAY 2013.



↑ VOORSPOED MINE PROCESSING PLANT AT NIGHT.

# 2 OBJECTIVES AND APPROACH

*The Socio-Economic Assessment Toolbox is the cornerstone of Anglo American's framework to manage mining impacts, socio-economic issues, community engagement and sustainable development.*

## 2.1 OBJECTIVES

Voorspoed Mine undertook this assessment with the following objectives in mind:

1. Increase the mine's understanding of the needs and realities of local communities.
2. Identify key social and economic impacts and issues that need to be managed.
3. Inform future planning and the mine leadership's response to the issues and impacts in the form of a SMP.
4. Assess existing sustainable community development initiatives and identify where improvements could be made.
5. Provide a platform to share the contents of the report with stakeholders to stimulate meaningful ongoing discussion and increase trust and goodwill between the mine and local stakeholders.

## 2.2 APPROACH

Voorspoed Mine contracted an external service provider specialising in stakeholder management and socio-economic assessments, to conduct the assessment on the operation's behalf.

The assessment was based on consultation with a wide range of Voorspoed Mine's stakeholders, analysis of key mine documentation, work sessions with the Voorspoed Mine Corporate Affairs department, and with the Voorspoed Mine Operational Committee (OpCo).

### SECONDARY SOURCES

In conducting the socio-economic assessment, Voorspoed Mine consulted a wide array of secondary sources to obtain its information. In addition, it undertook consultation with a broad base of its stakeholders by means of focus groups and in-depth interviews.

The following documents were consulted as part of the desk-research process:

- Social and Labour Plan 2012 – 2017 Version 02
- Moqhaka LED Strategy Sector Plan 2012
- Moqhaka IDP 2013
- Ngwathe LED Strategy 2012
- Fezile Dabi LED Strategy 2012
- 2012 LAC report
- SLP Annual reports: 2009 - 2011
- Media clippings
- Hub clients 2013 – approved vs disbursed spend
- Hub clients 17 September 2013
- Voorspoed surrounding business environment – for the SEAT report
- Voorspoed Stakeholder Engagement Plan as of 29 July 2013
- Community Development Plan 13 May 2013 (Voorspoed Mine)
- Voorspoed vendors with expenditure 2010 to H1 2013

- Voorspoed Mine Closure Plan
- Voorspoed Mine Environmental Management Plan
- Stats SA Census 2011 Municipal Fact Sheet
- Stats SA Census 2011 Municipal Report: Free State
- Stats SA Census 2011 App for IOS, Roambi Analytics, MeLLmo Inc.:
  - o Statistical release
  - o My ward, my councillor
  - o My village, my suburb



↑ CENSUS 2011 REPORTS CONSULTED.

### MOQHAKA AND NGWATHE LOCAL MUNICIPALITIES AND FEZILE DABI DISTRICT MUNICIPALITY

In-depth interviews were conducted with various political leadership figures of the local and district municipalities falling within the area of influence. The District Director of Education was also engaged through an in-depth interview.

- Mayor Councillor Jihad Mohapi: Moqhaka Local Municipality
- Mayor Councillor Joey Mochela: Ngwathe Local Municipality
- Mayor Councillor Max Moshodi: Fezile Dabi District Municipality
- Education Director Vusi Chuta: Fezile Dabi District

### STAKEHOLDER CONSULTATION: SPECIAL INTEREST GROUPS

The stakeholder consultation process was designed to give representatives of all identified key interest groups an opportunity to participate in the assessment. Specific invitations were extended, but the sessions were open for any other stakeholder representatives to participate.

Structured and facilitated focus group sessions were held with stakeholders representing diverse groups within the Moqhaka and Ngwathe local municipal areas:

- Educators
- Farmers
- Voorspoed Mine suppliers/contractors
- De Beers Zimele Hub beneficiaries
- Non-governmental organisations (NGOs) and community-based organisations (CBOs)
- National Union of Mine Workers (NUM)

# 3 PROFILE OF VOORSPOED MINE

*Voorspoed is the first of a new generation of 21st century De Beers operations and as such strives to meet the highest standards in environmental and social performance.*

## 3.1 ABOUT THE OPERATION

TABLE 1: OPERATIONAL PROFILE OF THE MINE

COMPANY DETAILS	
Anglo American Division	De Beers Group of Companies
Name of site/operation	DBCM Voorspoed Mine
Location	Ngwathe and Moqhaka Municipalities
Neighbouring DBCM operations	None
SEA IMPLEMENTATION TEAM	
SEAT Champion	Lydia Radebe
SEA STEERING COMMITTEE MEMBERS	
General Manager	Benford Mokoatle
Senior Mining Manager	Russel Horak
Ore Processing Manager	Richard Craig
CBI Manager	Tshepo Gabe
Engineering Manager	Gustav van der Linde
MRM Manager	Petrus Jordaan
Commercial Manager	Dinesh Bhana
Corporate Affairs Manager	Lydia Radebe
Human Resources (HR) Manager	Elgie Blignaut
Audit Manager	Nobuhle Mayeza
Security Manager	Johan Botha
BASIC INFORMATION ABOUT THE MINE	
Product mined	Diamond (in Kimberlite)
Total kimberlite tons mined	2012: 2,778,657 2013 (YTD): 3,062,881
Carats recovered	2012: 610,537 2013 (YTD): 716,592



↑ PANORAMIC VIEW OF VOORSPOED MINE.

“  
The socio-economic assessment implementation team has overall accountability to ensure that the assessment is completed in a timely manner [and] to a good standard...  
”

*Socio Economic Assessment Toolbox, Version 3.*

**BASIC INFORMATION ABOUT THE MINE**

Full time employees	2008: 277
	2009: 304
	2010: 342
	2011: 392
	2012: 433
	2013: 449
2013 Employment statistics	Women in core mining functions: 26%
	Female employees: 30%
	People with disabilities: 1.81%
Core contractor employees	2013: 500
Total spent on social and community development	2008: R3,243,465
	2009: R2,500,000
	2011: R635,966
	2012: R6,200,000
	2013: R9,439,364

DBCMM officially opened Voorspoed Mine on 4 November 2008. It was the first new diamond mine to be opened in South Africa in two decades.

The mine is located on the farm Voorspoed 401, Voorspoed 2480, Geldenhuis 1477 and Morgenster 772 and lies approximately 30km north east of Kroonstad in the Fezile Dabi District Municipality within the Free State Province.

Voorspoed Mine is located between the Ngwathe and Moqhaka Local Municipalities – these being the areas of immediate relevance to the operation and its zone of influence. The town of Kroonstad (in the Moqhaka Local Municipality) is the nearest major urban centre and a significant source of labour and support services to the mine. The mine sources its water from the Koppies Dam, in the Ngwathe Municipality, which brings close ties to that region as well.

Being a new generation mine, Voorspoed Mine has pioneered many new approaches to how De Beers traditionally runs mines, the employment model being at the centre of this new approach. It is an open pit operation which produces approximately 600,000 to 700,000 carats per annum.

Diamonds are mined using an open cut mining method to a depth of 360 - 420 metres. The current depth of the pit is 150 metres, with a surface expression of 63 hectares.

At Voorspoed Mine a “concentric” open pit mining method is used with standard drill and blast techniques. The blasted material is loaded onto haul trucks and transported to the primary crusher system where it is crushed to 200 mm. From here, the ore is transferred to another crusher where it is further crushed to 60mm.



↑ PANORAMIC VIEW OF VOORSPOED MINE.

**3.2 MANAGEMENT TEAM**



Senior Mining Manager  
RUSSEL HORAK



Ore Processing Manager  
RICHARD GREIG



Continuous Business Improvement  
Manager TSHEPO GABE



Engineering Manager  
GUSTAV VAN DER LINDE



Mineral Resources Manager  
PETRUS JORDAAN



Commercial Manager  
DINESH BHANA



Corporate Affairs Manager  
LYDIA RADEBE



Human Resources Manager  
ELGIE BLIGNAUT



Audit Manager  
NOBUHLE MAYEZA



Security Manager  
JOHAN BOTHA



General Manager  
BENFORD MOKOATLE

**VOORSPOED MINE OPCO**

General Manager	Benford Mokoatle
Senior Mining Manager	Russel Horak
Ore Processing Manager	Richard Craig
Continuous Business Improvement Manager	Tshepo Gabe
Engineering Manager	Gustav van der Linde
Mineral Resources Manager	Petrus Jordaan
Commercial Manager	Dinesh Bhana
Corporate Affairs Manager	Lydia Radebe
Human Resources Manager	Elgie Blignaut
Audit Manager	Nobuhle Mayeza
Security Manager	Johan Botha

“  
**Being a new generation Mine, Voorspoed Mine has pioneered many new approaches to how De Beers traditionally runs mines.**  
 ”

### 3.3 MEDIUM/LONG-TERM PLANS

Voorspoed Mine became fully operational in 2008 and the current planning indicates life of mine will run until 2021.

The operation's timeline is as follows:

Feasibility study:	July 2004 – April 2005
Detailed design:	May 2005 – August 2005
Site construction:	August 2005 – July 2007
Cold and hot commissioning:	August 2007 – December 2007
Operational commissioning:	January 2008 – July 2008
Mining:	August 2008 – 2021
Decommissioning:	2021 - 2022

It is Voorspoed Mine's intention to ensure that stakeholders are fully aware of its planned life of mine. With this in mind, life of mine planning is shared regularly with NUM which represents employees at the operation. In addition, information regarding the life of mine is being shared with stakeholders.



↑ VIEW OF VOORSPOED MINE CONVEYOR BELT.

### 3.4 EXISTING CLOSURE PLANS

Voorspoed Mine's closure is still relatively far off. However, the operation is fully aware of the importance to plan properly and responsibly for closure in order to leave a sustainable environment behind. The mine itself was designed with closure in mind, with all of its structures semi-permanent to facilitate rehabilitation.

↓ VOORSPOED MINE UNDER CONSTRUCTION.



As part of the development of the Mine Closure Plan, a Level 1 and Level 2 Risk Assessment were performed. The Level 1 Risk Assessment criteria were based on a qualification of the potential and actual risks perceived.

The ratings used were:

- Potential significant risk
- Uncertain risk
- Insignificant risk, and
- Not applicable

Based on the criteria, the outcome of the Level 1 Risk Assessment was used to conduct a more quantified risk assessment (Level 2 Risk Assessment). In this case the potential significant and uncertain risks were used as the inputs into the Level 2 Risk Assessment.

To minimise the risks and cost at closure, actions are implemented during the operational phase of the mining operations to minimise these risks.

The high and significant risks can be managed through action plans (project plans) as per the ISO 14001 Management System. A detailed Rehabilitation Plan has been developed which links to the annual financial provision calculations and life of mine planning.

This Rehabilitation Plan provides information on which areas will be rehabilitated in which year to achieve the mine's closure objectives. The Rehabilitation Plan is also aligned with a number of rehabilitation procedures as described in the mine's approved Environmental Management Plan (EMP). Annual assessments are conducted on compliance to the Rehabilitation Plan and budget. Based on the compliance assessment the budget and schedules are amended if required.

### 3.5 SURROUNDING BUSINESS ENVIRONMENT

The Free State Province represents 10.6% of South Africa's land area, 6.4% of the national population and 4.9% of the country's gross domestic product (GDP). It is thus relatively large in physical area but small in population size and GDP contribution. The economy of the province generates slightly less towards the South African economy than the relative size of the provincial population. This suggests that the provincial economy is currently under the national average.

Within the Fezile Dabi District Municipality, the economic sectors which have the strongest presence in the area are farming/agriculture, mining, public and community services, finance and manufacturing. Mining's share has definitely increased most in the last 10 years. This said Public and community services and Manufacturing contributed most to economic development in the district since 1996.

“  
It is Voorspoed Mine's intention to ensure that stakeholders are fully aware of its planned life of mine.  
”



↑ VOORSPOED MINE REGULARLY ASSESSES ITS ENVIRONMENTAL IMPACT.

# 4 SOCIAL PERFORMANCE MANAGEMENT AND SOCIO-ECONOMIC BENEFIT DELIVERY

*The aim of Voorspoed Mine is to become fully integrated within the local community and to be seen as a partner in poverty alleviation and job creation.*

## 4.1 STAKEHOLDER RELATIONS AND APPROACH TO DEVELOPMENT

Voorspoed Mine has built a sound working relationship with the Moqhaka and the Ngwathe Local Municipalities as well as the Fezile Dabi District Municipality and Free State Provincial Government through partnerships in community based initiatives, and more specifically in the area of education and enterprise development.

## 4.2 STAKEHOLDERS

Voorspoed Mine is aware that it does not exist in a vacuum, but instead forms part of a landscape that contains a complex network of stakeholders – all with a valid and material stake in its operation. As a responsible corporate citizen, DBCM and Voorspoed Mine consider it critical to have an understanding of who its stakeholders are.

Stakeholder identification serves as a management tool to assist the mine to plan stakeholder engagement and manage relationships more effectively. The stakeholder list below represents a categorisation of stakeholders regarded as material to Voorspoed Mine.



VOORSPOED MINE WORKING IN CLOSE PARTNERSHIP WITH STAKEHOLDERS.

TABLE 2: STAKEHOLDER LIST

STAKEHOLDER CATEGORIES	STAKEHOLDERS
Internal stakeholders	Voorspoed Mine employees Opco DBCM Executive Committee (EXCO) De Beers Group Services (DBGS) Anglo American
National government	Department of Water Affairs Department of Mineral Resources Department of Environmental Affairs Department of Labour
Provincial government	Free State Premier Free State Department of Economic Development, Tourism and Environmental Affairs Free State Department of Education Free State Department of Social Development
District Municipality	Fezile Dabe District Municipality
Local municipalities	Ngwathe Local Municipality Moqhaka Local Municipality
Government agencies and institutions	South Africa Social Security Agency Small Enterprise Development Agency (Seda) Independent Development Trust Industrial Development Corporation National Empowerment Fund National Youth Development Agency Small Enterprise Development Agency Free State Development Corporation Small Enterprise Finance Agency

STAKEHOLDER CATEGORIES	STAKEHOLDERS
Farming community	Neighbouring farmers Heuningspruit Environmental Protection Society
Organised civil society	CBOs NGOs Youth Organisations
Law enforcement entities	South African Police Services (SAPS) Kroonstad Parys CPF SAPS Viljoenskroon Heilbron CPF SAPS Steynsrus Vredefort CPF SAPS Parys Koppies CPF SAPS Heilbron Edenville CPF SAPS Vredefort SAPS Koppies SAPS Edenville Kroonstad Community Policing Forum (CPF) Viljoenskroon CPF Steynsrus CPF
Neighbouring communities	Residents of Kroonstad Residents of Viljoenskroon Residents of Steynsrus Residents of Parys Residents of Heilbron Residents of Vredefort Residents of Koppies Residents of Edenville
Community development beneficiaries	School Governing Bodies Educators Learners
Labour unions	NUM
Business organisations	Kroonstad Chamber of Commerce
Critical suppliers	Barloworld (Earth moving equipment) Masana Petroleum (Diesel supplier) Sandvik (Supplier of drilling machines) AEL (Blasting equipment) B&E (Supplier of drilling machines) Octa Engineering (Maintenance of the plant)
Key contractors	Ponelopele buses (Transportation of employees) Tina Catering Ivos (Building maintenance) Re a Ipopa (LDV maintenance) Mosebi (Waste separation) Dalleu (Electrical production) Maki Diva (Cleaning services) G4S Security (Security) Rolic (Pumps) Motse – Aqua (Mining contractor) B&E (Supplier of drilling machines) Barloworld (Earth moving equipment) Sandvik (Supplier of drilling machines) Octa Engineering (Maintenance of the plant)

### 4.3 PARTICIPATION IN STAKEHOLDER ENGAGEMENT PLATFORMS

The aim of Voorspoed Mine is to become fully integrated within the local community and to be seen as a partner in poverty alleviation and job creation. It is envisaged that

the legacy for Voorspoed Mine will stretch over and above the direct economic benefits that the mine will bring to the region. With the aim of achieving this integration, Voorspoed Mine makes a concerted effort to take part in a significant number of existing stakeholder engagement platforms, including the following:

TABLE 3: PARTICIPATION IN STAKEHOLDER ENGAGEMENT PLATFORMS

ENGAGEMENT PLATFORM	DESCRIPTION	FREQUENCY	LEAD DE BEERS REPRESENTATIVE (CHAMPION)
Local Area Committee (LAC)	Responsible for fund allocation, work in partnership with the key community stakeholders (in line with the principles of the De Beers Fund).	Weekly	Corporate Affairs Manager
Provincial Government meetings	Engage with the Department of Education and the Department of Cooperative Governance and Traditional Affairs (CoGTA) to determine initiatives to support the province on issues of importance.	Quarterly	General Manager
District Committee meetings	Engagement with the Fezile Dabi District Municipality through district Integrated Development Programme (IDP) forums.	Quarterly	Corporate Affairs Manager
Local Committee meetings	Engagement with officials from the Moqhaka Local Municipality and the Ngwathe Local Municipality.	Quarterly	Corporate Affairs Manager
Inspector of Mines	Engagement with the regional office of the Department of Mineral Resources.	Quarterly	General Manager
SECURITY ENGAGEMENT FORUMS			
Mine Crime Combating Forum (MCCF)	Mine management and union representation meeting with SAPS.	Monthly	Security Manager
CPF	Meet local community and SAPS.	Monthly	Security Manager
SAPS	Engagement with SAPS.	Weekly	Security Manager
Chamber of Business	Meet business representatives of Kroonstad.	Monthly	Corporate Affairs Manager
HR ENGAGEMENT FORUMS			
Central Negotiations	Substantive negotiations Central Headquarters (CHQ) based.	Annually	Human Resources Manager
Central Forum	Matters of central interest (CHQ based).	Quarterly	Human Resources Manager
Divisional Negotiating Committee	Operational meeting (Mine based).	Once every six weeks	Human Resources Manager
Departmental Meetings (Ore-Processing and Mining)	Matters of production/Employee relations (ER) /Union interest.	Monthly	Human Resources Manager
Medical Incapacity Forum	Matters of medical interest.	Monthly	Human Resources Manager
ER/Union meetings	Current matters of interest.	Weekly	Human Resources Manager
ER Educational Processes	Education/training.	When Required	Human Resources Manager

Of the above, one of the most important platforms is the LAC which has been instituted by Voorspoed Mine. The LAC has been operational since June 2009, contributing towards the social upliftment in the communities of the Moqhaka Local Municipality and the Ngwathe Local Municipality.

The LAC's short term focus will be on these two municipalities and will include the following towns: Kroonstad, Steynsrus, Viljoenskroon, Vredefort, Parys, Koppies, Heilbron and Edenville.

The LAC has identified the following four focus areas for its social investment:

- Skills Development and Income Generation Projects
- Education
- Welfare – with specific focus on elderly, disabled, youth and homeless e.g. food and care giving programmes
- HIV/AIDS (Home-based Care and Orphanages)

#### 4.4 EXISTING INVESTMENT IN COMMUNITY DEVELOPMENT PROJECTS

Voorspoed Mine is committed to invest in community development projects and has developed a revised Social and Labour Plan (SLP) for the period 2012 to 2017. One of the objectives of Voorspoed Mine’s SLP is to consider the mine’s social development programmes in the context of generally recognised standards of sustainable development by integrating the social, economic and environmental factors in the mine’s planning throughout the life of mine.

This is accomplished by:

- Promoting employment and contributing to the economic welfare of the people of the Fezile Dabi District Municipality and South Africans in general.
- Contributing to the transformation of the mining industry.
- Extending Voorspoed Mine’s contribution to the socio-economic development of the Fezile Dabi District Municipality, and more specifically the Moqhaka Local Municipality and the Ngwathe Local Municipality.

In addition, Voorspoed Mine has its own Local Economic Development (LED) Plan which is fully aligned with the IDPs of the Moqhaka Local Municipality, Ngwathe Local Municipality as well as the Free State Province Growth and Development Strategy, demonstrating the mine’s commitment to the sustainable upliftment of communities.

The above-mentioned planning documents guide Voorspoed Mine’s involvement in community development projects in the area.

These project initiatives include the following past and current projects (see table on p17):



↑ EDUCATION IS ONE OF VOORSPOED MINE’S KEY FOCUS AREAS.



↑ FIELD BAND CHILDREN WHO HAVE RECEIVED FINANCIAL SUPPORT FOR INSTRUMENTS AND UNIFORMS FROM VOORSPOED MINE.

TABLE 4: COMMUNITY DEVELOPMENT PROGRAMMES

PROJECT	BENEFICIARIES	LOCATION	BUDGET	ACTUAL	TIMELINES		
					START	END	DURATION
<b>HEALTH AND WELFARE</b>							
MCCF in conjunction with the SAPS	Employees; Contractor employees; Community members	Ngwathe Local Municipality; Moqhaka Local Municipality	N/A	N/A	Ongoing partnership between the Security Unit of the mine and the law enforcement agencies in the Fezile Dabi District Municipality.		
Casual day donations	People with disabilities in the Kroonstad area	Kroonstad	R10,000 per annum	R50,000	2009	Ongoing	Ongoing project
Schonkenville Orphanage, School and Ratanag Old Age Home	Elderly people and orphans	Ngwathe Local Municipality (Parys)	R38,000	R37,531	2013	2013	Once-off
Donation of food parcels to child-headed families	Child-headed families and people living with disabilities	Ngwathe Local Municipality (Parys)	R39,000	R39,000	2013	2016	Ongoing project
<b>EDUCATION</b>							
Financial Assistance Scheme	School leaving learners and employees’ children from the community	Ngwathe Local Municipality; Moqhaka Local Municipality	R10,000 - R25,000 per learner	R 2,400,000	2009	2016	8 years
Educational Support and Upliftment	Grade 10 - 12 learners	Ngwathe Local Municipality; Moqhaka Local Municipality	R300,000	R50,000	2008	2011	3 years
Promotion of Maths and Science (School Support Programme)	Grade 12 learners	Ngwathe Local Municipality; Moqhaka Local Municipality	R1,200,000	R310,000	2013	2016	6 years
Little Saints Day Care Centre – Steel House Construction	Babies and Children	Moqhaka Local Municipality (Brent Park)	R20,000	R,20,000	2012	2012	3 months
Babbelbekkie Crèche – Renovations	Children from 1 - 6	Moqhaka Local Municipality (Kroonstad)	R20,000	R2,418	2012	2012	3 months
Maranatha Day Care Centre – Steel house construction	Babies and pre-school children	Moqhaka Local Municipality (Marabastad township)	R20,000	R23,288	2012	2012	3 months
Bodibeng donation for Maths and Science mobile labs	Grade 10 - 12 learners at Bodibeng	Moqhaka Local Municipality (Maokeng township in Kroonstad)	R50,000	R50,000	2013	2013	Once-off
Toddlers Day Care (Renovations, construction of a fence and donation of a jungle gym)	Children from 1 - 6 years	Moqhaka Local Municipality (Brentpark township in Kroonstad)	R50,000	R50,000	2013	2013	Once-off

PROJECT	BENEFICIARIES	LOCATION	BUDGET	ACTUAL	TIMELINES		
					START	END	DURATION
<b>EDUCATION</b>							
Dorrington Matsepe Intermediary School – Computer donations	Grade R - 8 learners	Moqhaka Local Municipality (Maokeng township)	R20,000	R25,990	2012	2012	3 months
Mmabatho Intermediate School – Computer donations	Grade 1 - 9 learners	Ngwathe Local Municipality (Tumahole township)	R20,000	R25,990	2012	2012	3 months
Kroonstad Public Library – Computer donations	Kroonstad community	Kroonstad	R20,000	R25,990	2012	2012	3 months
Tshepang Day Care Centre – Mandela Day Initiative	Babies and pre-school children	Ngwathe Local Municipality (Maokeng township)	R20,000	R7,000	2012	2012	3 months
Barnard Molokoane Secondary School - Painting the school science lab	Grade 8 – 12 learners	Ngwathe Local Municipality (Parys)	R10,000	R10,000	2013	2013	Once-off
Boiteko Primary School - Donation of books for the media centre	Grade 1 - 7 learners	Moqhaka Local Municipality (Maokeng township)	R20,000	R20,000	2013	2013	Once-off
<b>COMMUNITY SKILLS DEVELOPMENT</b>							
Vacation work	Unemployed students	Ngwathe Local Municipality; Moqhaka Local Municipality	N/A	R60,400 (on average, per year)	2009	-	Ongoing
Internship Plan	Unemployed graduates	Ngwathe Local Municipality; Moqhaka Local Municipality	N/A	R724,900 (on average, per year)	2009	-	Ongoing
<b>POVERTY ERADICATION</b>							
Enterprise development through the De Beers Zimele Voorspoed Business Hub	Small business owners in Kroonstad, Viljoenskroon, Steynsrus, Parys, Heilbron, Vredefort, Koppies, Edenville	Ngwathe Local Municipality; Moqhaka Local Municipality	R14,400,000	R15,140,555 to date	2012	2017	Ongoing
Maokeng Business Support Centre	Moqhaka community	Moqhaka Local Municipality	R1,200,000	R1,195,984	2008	2011	4 years
<b>INFRASTRUCTURE</b>							
De Beers, Ngwathe and Moqhaka Rural Schools Development Programme	Learners from Kroonstad, Viljoenskroon, Steynsrus, Parys, Heilbron, Vredefort, Koppies, Edenville	Ngwathe Local Municipality; Moqhaka Local Municipality	R3,000,000	R150,000 (R450,000 committed)	2013	2016	5 Years
Koppies High Mast Lighting	Community in Koppies	Ngwathe Local Municipality	R3,243,465	R3,693,600	2008	2008	1 year

PROJECT	BENEFICIARIES	LOCATION	BUDGET	ACTUAL	TIMELINES		
					START	END	DURATION
<b>INFRASTRUCTURE</b>							
Maokeng Road Upgrade	Community in Moqhaka	Moqhaka Local Municipality (Maokeng township)	R2,500,000	R2,026,568	2009	2009	1 year
<b>ARTS AND CULTURE</b>							
Field Band Foundation	Learners with disabilities from Parys, Vredefort	Ngwathe Local Municipality	R50,000 per annum	R50,000	2013	2016	Ongoing
<b>ENVIRONMENT</b>							
Donation of trees and bins to the Moqhaka Local Municipality	Kroonstad residents	Moqhaka Local Municipality	R21,000	R21,700	2013	2013	Once-off

#### 4.5 OTHER SOCIO-ECONOMIC BENEFIT DELIVERY ACTIVITIES

In addition to being involved in the above projects, De Beers runs its Zimele Business Development Hub, which operates from Kroonstad, providing support for local business development by assisting entrepreneurs with start-up capital loans as well as mentoring and advice for successful business management.

Since 2011 the Business Hub has funded 43 companies, created job opportunities for 687 individuals, with a total of R15,140,555 being invested in the project. The range of services provided by these companies include retail and catering, manufacturing, driving schools, cleaning services, construction, mechanical work and general trading in the surrounding community. Where possible, every effort is made to assist the beneficiary entrepreneurs to become a part of the mine's supply chain.





↑ VOORSPOED MINE SUPPLIER DAY 2012.

**PREFERENTIAL PROCUREMENT**

Voorspoed Mine is committed to the preferential purchasing and procurement objectives of the Mining Charter. With this in mind the mine has in place a Preferential Procurement Plan.

The purpose of the Voorspoed Mine Procurement Progression Plan is to ensure the identification, procurement and subsequent management of suppliers categorised as BEE Entity -HDSA suppliers (i.e. Ownership greater than 25%). Voorspoed Mine is also committed to the establishment and growth of local SMMEs.

The broad objectives of the Procurement Progression Plan are to:

- Actively identify new BEE Entity - HDSA suppliers in the procurement environment of the Fezile Dabi region.
- Establish a comprehensive and accurate supplier and/or vendor database in order to ensure that future HDSA expenditure is reflected and reported correctly.
- Progressively align the levels of spend with BEE Entity - HDSA and other category suppliers by setting realistic targets over the next five years.
- Encourage suppliers who are not economically active in the Fezile Dabi region to form partnerships or to expand into sustainable entities within the region.

- Encourage existing DBCM suppliers who are anticipated to have capacity in the Fezile Dabi region, to embark on a transformation process whereby they create BEE Entity -HDSA shareholding in their ownership structures or enter into joint ventures in order to transfer skills, particularly in the case of multinational suppliers.

TABLE 5: VOORSPOED MINE BEE ENTITY VENDOR COUNT

HDSA OWNED AND HDSA EMPOWERED VENDORS	2010	2011	2012	2013
National	37	74	86	371
Free State	6	25	35	236

To date the plan has enabled over 100 businesses to become a part of the operation's value chain, including almost 30 businesses from the Free State Province.

**LOCAL EMPLOYMENT**

The mine draws 51% of its labour force from the two municipalities within which the mine's footprint communities are located, thus providing employment directly to residents, as well as indirect income to dependents.

MUNICIPAL AREA	CITY/TOWN/VILLAGE	NO OF EMPLOYEES	PERCENTAGE OF WORKFORCE
Moqhaka Local Municipality	Kroonstad, Steynsrus, Viljoenskroon	172	44%
Ngwathe Local Municipality	Parys, Heilbron, Koppies, Vredefort	28	7%
Mafube Local Municipality	Frankfort, Tweeling, Cornelia, Villiers	4	1%
Metsimaholo Local Municipality	Sasolburg, Deneysville, Oranjeville, Vaal	4	1%
Lejweleputswa Local Municipality	Bothaville, Welkom, Odendaalsrus	10	3%
Other areas in RSA	Johannesburg, Kimberley, Namaqualand, etc.	174	44%



“  
**Voorspoed Mine is committed to the preferential purchasing and procurement objectives of the Mining Charter.**  
 ”



# 5 PROFILE OF THE LOCAL AREA

*The Kroonstad, Steynsrus, Viljoenskroon, Parys, Edenville, Heilbron, Koppies and Vredefort communities fall within Voorspoed Mine's zone of influence and have been profiled using the South African Census 2011 data.*

Voorspoed Mine is located between the Ngwathe and Moqhaka Local Municipalities in the Free State Province District of Fezile Dabi. These two municipal areas therefore constitute its zone of influence. This section looks at the profile of the communities falling within this zone of influence.

MAP OF THE NORTHERN FREE STATE.



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The zone of influence is the radius which the Operation determines to be the area surrounding its presence and where the impacts of its presence are felt.

”

### 5.1 DEMOGRAPHICS

#### POPULATION FIGURES

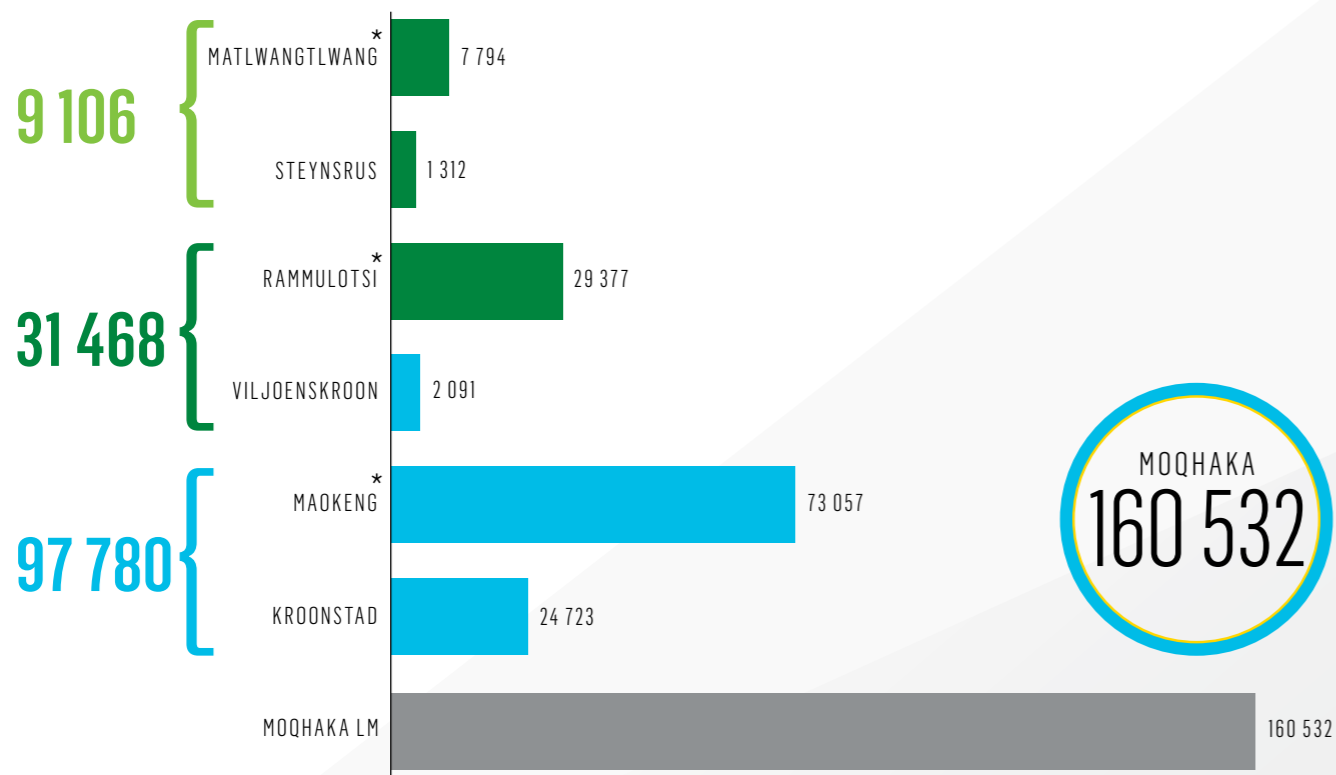
The Fezile Dabi District Municipality's population makes up 18% of the total population of the Free State Province. The majority (78%) of the district's population is situated in the Moqhaka Local Municipality and the Ngwathe Local Municipality.

The Moqhaka municipal area has a population of 160,532 which is mostly concentrated in Kroonstad and the neighbouring township of Maokeng. In terms of population growth, the population has decreased by -0.45% since 2001. In contrast, the population in the Ngwathe municipal area (120,520) has increased with 0.14% over the same period. The district's population growth over the same period was 0.16%.

The two graphs below show the breakdown of the towns in the mine's zone of influence and their associated townships. The population sizes in the graph exclude non-urban areas such as nature reserves and farms.



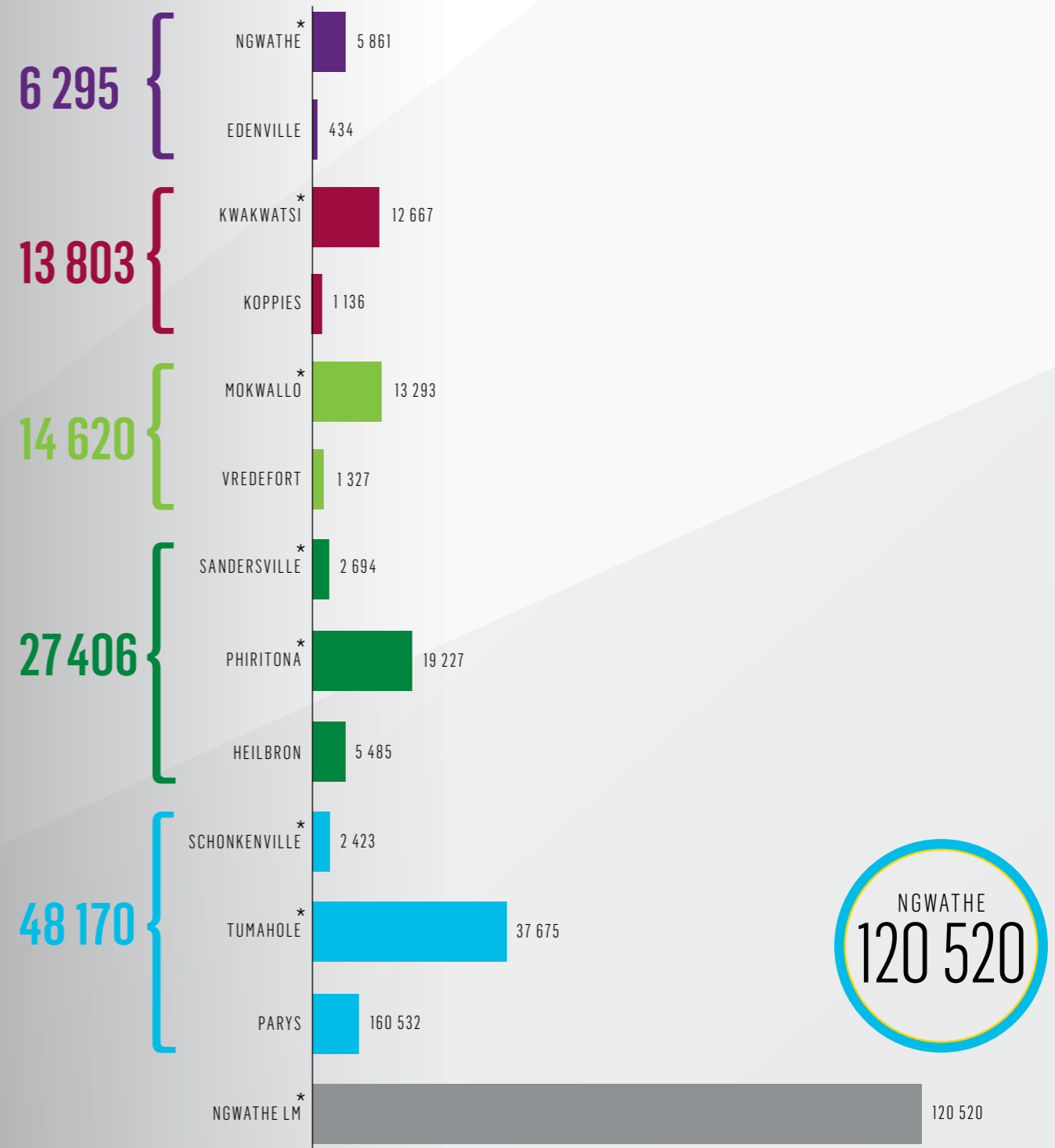
GRAPH 1: POPULATION SIZE – MOQHAKA LOCAL MUNICIPALITY



\* TOWNSHIP

Note: The graph above shows the resident numbers for towns and townships, as well as totals. In the subsequent graphs, statistics for the townships are integrated with the respective towns.

GRAPH2: POPULATION SIZE – NGWATHE LOCAL MUNICIPALITY



\* TOWNSHIP

Note: The graph above shows the resident numbers for towns and townships, as well as totals. In the subsequent graphs, statistics for the townships are integrated with the respective towns.

### ETHNIC COMPOSITION

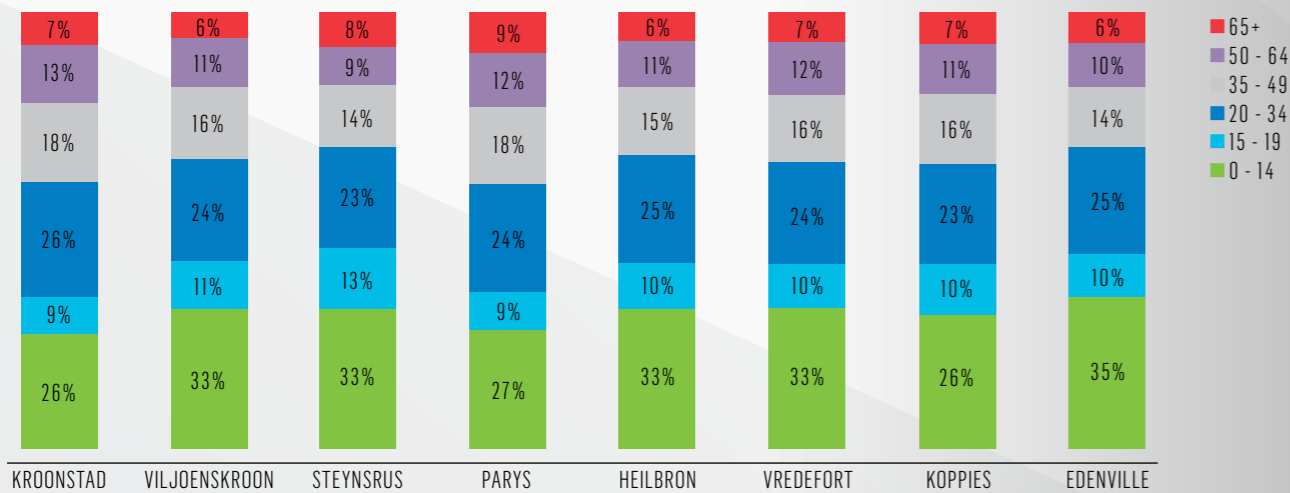
The Black African population group constitutes the majority in both municipalities – 87.2% in the Moqhaka municipal area and 86.5% in the Ngwathe municipal area. Sotho is the first language of the majority of the population.



### AGE

The population in both municipalities has a young profile. With the exception of the towns of Kroonstad and Parys, an average of 33% of the population of the towns in the mine's zone of influence is under the age of 15. Youth, representing the age group 15 – 34, constitutes 35% of the population in all areas.

GRAPH 3: AGE DISTRIBUTION



### HOUSEHOLD SIZE

Although the number of households in both municipal areas has increased since 2001, the average household size has decreased. The size of a household is an indication of the number of people living under one roof and sharing an income. The average household size in the Moqhaka municipal area has decreased from 3.8 in 2001 to 3.5 in 2011 and in the Ngwathe municipal area from 3.6 to 3.2.

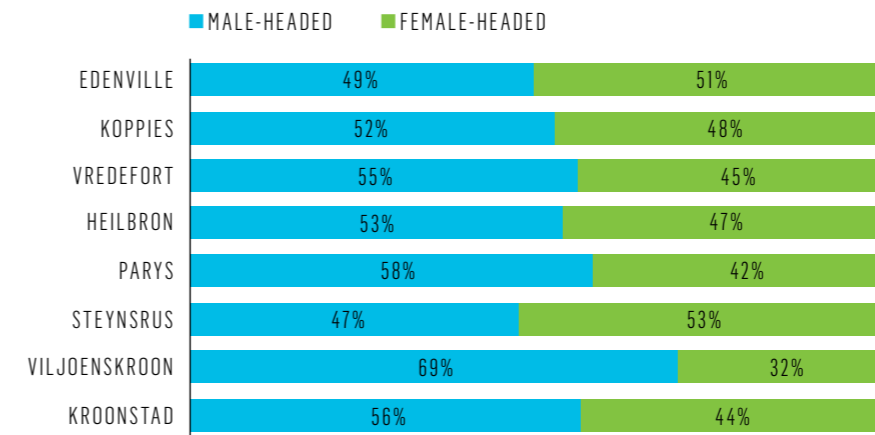
This mirrors the national trend of declining household sizes. While the gender split is 50:50 in the Moqhaka Local Municipality, it is slightly skewed in favour of women in the Ngwathe Local Municipality.

GRAPH 4: HOUSEHOLD DYNAMICS - GENDER SPLIT



In contrast to the overall picture of the two municipalities, the Kroonstad, Viljoenskroon, Parys and Vredefort gender split seems to be significantly skewed towards men.

GRAPH 5: HOUSEHOLD DYNAMICS – MALE VS. FEMALE-HEADED HOUSEHOLDS



### 5.2 ECONOMY, LIVELIHOODS AND LABOUR FORCE

#### HOUSEHOLD INCOME

The average monthly household income for the Fezile Dabi District Municipality and the Moqhaka and the Ngwathe local municipal areas is R6,369, R5,969 and R4,693 respectively.

These incomes have increased significantly from 2001. The table below provides the average annual household income for the municipal areas.

TABLE 6: HOUSEHOLD INCOME COMPARISON

MUNICIPAL AREAS	ANNUAL INCOME: 2001	ANNUAL INCOME: 2011	% INCREASE
Fezile Dabi District Municipality	31,517	76,423	142%
Moqhaka Local Municipality	31,535	71,627	127%
Ngwathe Local Municipality	22,179	56,316	154%

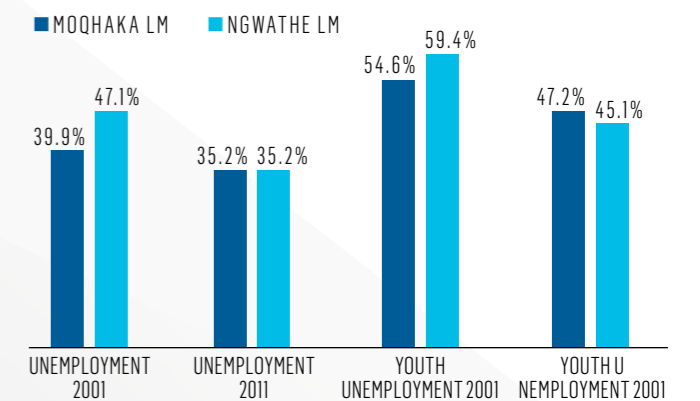
#### EMPLOYMENT PROFILE

##### Unemployment

The unemployment rate has dropped considerably in the Moqhaka municipal area (from 39.9% to 35.2%) and Ngwathe municipal area (from 47.1% to 35.2%). However, the unemployment rates for both municipalities are still much higher than the national rate which is 29.8%.

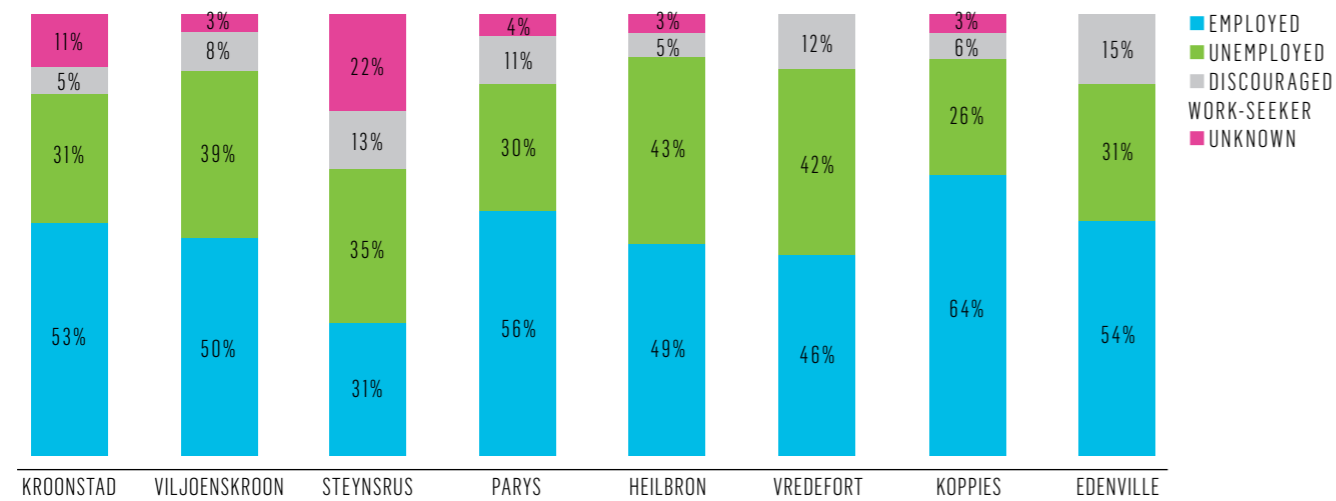
Focusing on the mine's footprint communities in the Moqhaka municipal area, it is clear that unemployment is significantly lower in Kroonstad (31%) and higher in Viljoenskroon (39%) compared to that of the municipality. The unemployment rate in Heilbron (43%) and Vredefort (42%) communities is notably higher than the rate for the Ngwathe municipal area as a whole.

GRAPH 6: UNEMPLOYMENT – MUNICIPAL COMPARISON



“  
The unemployment rate has dropped considerably in the Moqhaka and Ngwathe municipal areas, but still remains much higher than the national rate.  
”

GRAPH 7: EMPLOYMENT RATE PER SUB-AREA



Youth unemployment

Youth unemployment levels in both municipal areas are alarmingly high. The table below also highlights the disparity in terms of the levels of youth unemployment in South Africa.

TABLE 7: YOUTH UNEMPLOYMENT STATISTICS

SOUTH AFRICA	FREE STATE PROVINCE	FEZILE DABI DISTRICT MUNICIPALITY	MOQHAKA LOCAL MUNICIPALITY	NGWATHE LOCAL MUNICIPALITY
38.4%	43.0%	44.4%	47.2%	45.1%

5.3 EDUCATION

The percentage of adults with matric in the three municipal areas has increased on average, with 10% since 2001. 28% of the adult population in the district and the Moqhaka municipal area has matric and 26.1% in the Ngwathe local municipal area. The percentage of adults with higher education is also higher in the district (8.6%) and the Moqhaka municipal area (8.3%) compared with the Ngwathe Local Municipality (6.2%).

The communities in Kroonstad and Parys have generally higher levels of education, compared to the other smaller towns in the two municipal areas. The table below provides the percentage of the adult population with matric and higher education in the three municipal areas.

TABLE 8: ADULT EDUCATION LEVELS

MUNICIPAL AREAS	MATRIC		HIGHER EDUCATION	
	2001	2011	2001	2011
Fezile Dabi District Municipality	18.3%	28%	6.3%	8.6%
Moqhaka Local Municipality	18.8%	28%	6.1%	8.3%
Ngwathe Local Municipality	16.2%	26.1%	5.3%	6.2%

STUDENTS ATTENDING CLASS IN KROONSTAD.



5.4 UTILITIES, INFRASTRUCTURE AND SERVICES

ACCESS TO WATER FOR HOUSEHOLD USE

58% of households in the Moqhaka municipal area have access to piped (tap) water inside their dwelling/yard and 45% in the Ngwathe municipal area. This presents a significant improvement of 28% and 24% respectively since 2001.

ACCESS TO ELECTRICITY

93% of households in the Moqhaka municipal area have electricity and 92% in the Ngwathe municipal area. The percentage increase in the number of households having electricity from 2001 in the two municipal areas is 10% and 8% respectively.

ACCESS TO SANITATION AND REFUSE REMOVAL

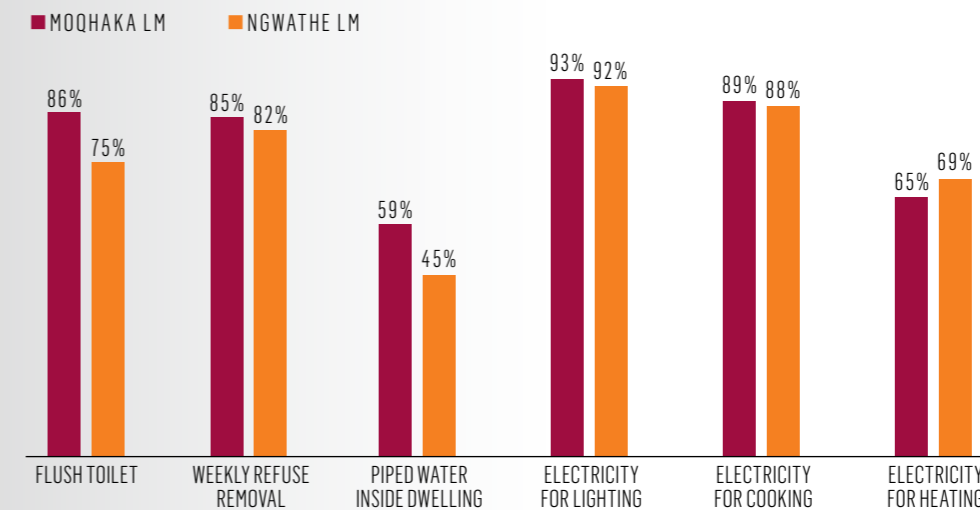
Significant progress has also been made in respect of access to sanitation where household access to flush toilets increased from 64% in 2001 to 86% in 2011 in the Moqhaka municipal area and from 51% to 75% in the Ngwathe municipal area.

85% households in the Moqhaka municipal area have their refuse removed once a week which is a 25% improvement from 2001. 82% of households in the Ngwathe municipal area have access to the same service which is an increase of 40% from 2001.

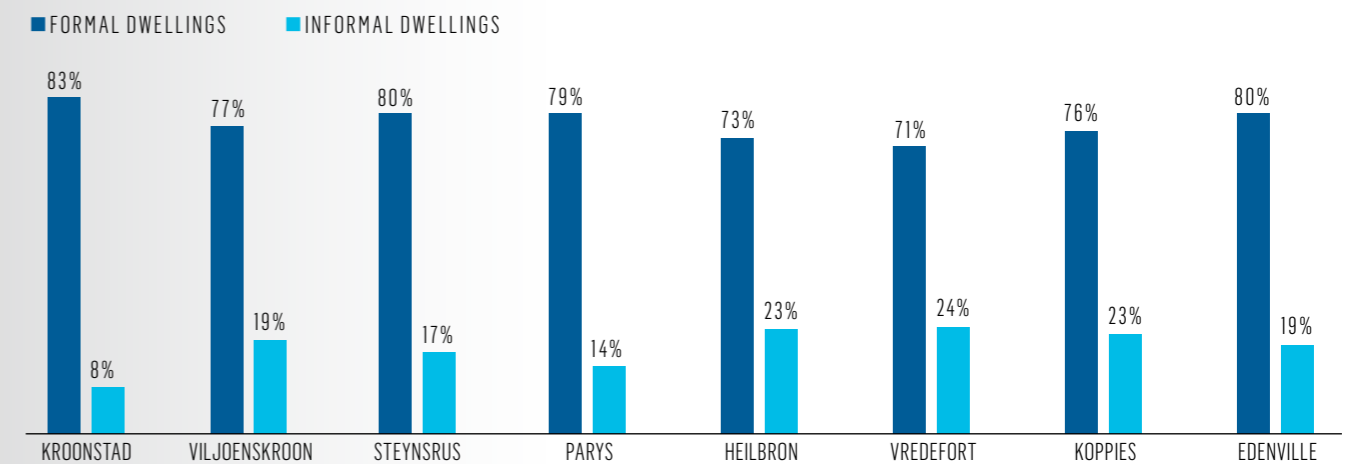
ACCESS TO HOUSING

The majority of the mine's footprint communities live in formal dwellings.

GRAPH 9: ACCESS TO SERVICES



GRAPH 10: FORMAL VS. INFORMAL DWELLINGS



# 6 IMPACT AND ISSUE IDENTIFICATION AND ASSESSMENT

*As part of the socio-economic assessment process outlined in the Socio-Economic Assessment Toolbox, insights are gathered with the aim to identify and understand key positive and negative impacts directly linked to Voorspoed Mine as well as issues that arise from the local communities' needs and material concerns.*

## 6.1 KEY IMPACTS AND ISSUES

This section addresses the most significant positive and negative mine impacts affecting the lives of local communities as well as issues impacting the relationship between the mine and local stakeholders. In essence this section is aimed at articulating insights raised during the socio-economic assessment. The articulated impacts and issues will be addressed and responded to by the mine by way of management measures and stakeholder engagement. Management's SMP to respond to these issues and impacts is contained in Section 7 of this report.

Key to understanding issues and impacts are the following SEAT definitions:

- IMPACTS are directly linked to the operation, and proven and/or agreed as either a positive or negative impact of the operation.
- ISSUES impact on the relationship between an operation and stakeholders, although these issues do not necessarily exist because of the operation, or a link with the operation has not been proven. Issues often arise from stakeholder needs in a socio economic context, and can be translated into EXPECTATIONS of the company to respond with appropriate measures.

Key issues and impacts originating from document analysis and consultation with stakeholders were examined and discussed with Voorspoed Mine's OpCo. These discussions included:

- Verification of identified issues and impacts.
- Risk assessment using the Anglo American Integrated Risk Management methodology.
- Evaluating the appropriateness of current management measures (including community development projects) to address these issues and impacts.
- Consideration of new or alternative management measures required to sufficiently respond to concerns and issues raised by stakeholders.



↑ SHIFT A VOORSPOED MINE EMPLOYEES.

**ISSUE/IMPACT 1****INCREASED TRAFFIC ON ACCESS ROADS TO MINE****ISSUE AND IMPACT**

There is a perception that the increased volumes of traffic generated by mining activities are impacting negatively on the quality of the roads in the surrounding area. This is a result of the heavy transport vehicles making use of the roads as well as the mine's employees.

There is a specific concern that the dirt roads leading up to the mine site were not designed for the high volumes of traffic and heavy transport vehicles which make the roads increasingly unsafe. There is also a concern that the natural flow of rainwater was not taken into consideration when the mine conducted road maintenance and that this is creating an increased risk of flooding when it rains.

Some stakeholders also believe that the road usage specified in the Environmental Impact Assessment (EIA) is not being adhered to.

**ISSUE/IMPACT 2****NEIGHBOURING FARMERS' LOW RELATIONSHIP SATISFACTION WITH THE MINE****ISSUE**

Farmers do not always experience Voorspoed Mine as a cordial neighbour and willing partner. The main points raised were the lack of direct communication and updates by the mine to neighbouring farmers.

The mine is perceived as behaving with a degree of entitlement and lack of respect for property owners. This includes gaining access to properties without due permission or consultation. There were instances in the past where property owners had been 'locked out' of their properties when the mine changed the locks on gates.

Farmers have indicated that they were willing and able to work with the mine on issues of mutual concern, but that regular engagement with them as stakeholders was necessary. It is also necessary that the mine has all their contact details on a database, and any new information or developments be shared with them directly.

**ISSUE/IMPACT 3****DUST FROM THE MINE CAUSES HEALTH CONCERNS****ISSUE AND IMPACT**

The mine dumps generate vast amounts of dust in the surrounding area which is a source of concern for both employees and those living near the mine. Dust caused by crushing equipment is also something stakeholders have indicated they would like more information on.

Farmers in the area are concerned that dust catcher readings are no longer regularly checked by the mine. In addition to nuisance dust, there are concerns about health hazards caused by dust. There is an expectation that dust catchers be set up on all the impacted properties and that residents receive training on taking and interpreting the readings.

Voorspoed Mine has invested heavily in dust suppressing technology, and is currently doing all it can to reduce the dust arising from its property. However, the area itself is dry and dusty, therefore dust may also originate from elsewhere.

**ISSUE/IMPACT 4****PERCEIVED STRUCTURAL DAMAGES FROM BLASTING****ISSUE**

Owners of neighbouring farming properties are concerned that the intensity and frequency of blasting has been increased over the past six months and that it may have an impact on the stability of their buildings and structures. Initially when the mine began its operations, regular vibration readings were taken which showed that vibrations levels were within the normal range. It would appear that no readings have been taken recently.

However, the expressed views are not factually correct as blasting has remained steady since the inception of the operation and blasting strength is constantly monitored by Voorspoed Mine.

**ISSUE/IMPACT 5****HIGH UNEMPLOYMENT****ISSUE**

Stakeholders are concerned about the high levels of unemployment in the area. A high percentage of residents have to rely on government grants to make ends meet and are unable to pay for basic services. This places a strain on the local municipalities as it decreases their income from levies and taxes.

The high unemployment level also has other negative knock-on effects. It has a negative impact on the local economy as local businesses cannot find sufficiently large markets within the area.\

The fact that a large percentage of the unemployed is youth aggravates the situation even more in the eyes of local government. There are high expectations for the private sector to invest in skills development and employ locally.

Stakeholders' views are supported by government statistics on unemployment. In addition, the 2012 Community Survey conducted by Statistics South Africa showed that 51% of households have no employed people in them, and rely on grants.

**ISSUE/IMPACT 6****NOTICEABLE IMPROVEMENT IN PERFORMANCES OF SCHOOLS****IMPACT**

There is great appreciation for De Beers and Voorspoed Mine's contribution to improve the quality of education and performance of schools in the local area.

In particular, the initiative which has seen teachers and university lecturers from Gauteng assisting teachers within the Mqohaka and Ngwathe local municipal areas in the run-up to exams, has been lauded for its positive impact on school performance. The fact that the Voorspoed cluster of schools is the best performing cluster in the district, has been directly linked to this initiative.

However, the district itself remains only the fourth best performing district in the province, and the hope was expressed that the current initiatives would be formalised into an ongoing programme and that both schools and the district be directly involved in its conceptualisation.

**ISSUE/IMPACT 7****LACK OF A FLAGSHIP DE BEERS DEVELOPMENT PROJECT****ISSUE**

Corporate Social Investment initiatives undertaken by Voorspoed Mine are greatly appreciated by stakeholders. There is particular appreciation from NGOs and CBOs who value contributions made by the mine including the Mandela Day interventions and donations of wood and blankets.

This said, while Sasol is by far the largest private sector organisation in the Fezile Dabi District Municipality, stakeholders and local government in particular, view Voorspoed Mine as the second largest. As a result, there is an expectation that Voorspoed Mine should have an impact that is worthy of that status. There is a feeling that although this is partially happening, the mine should explore ways to better align with government priorities. Suggestions have been made for a flagship initiative or project that is of a greater, more concentrated impact.

There seems to be a low level of awareness or visibility of the Parys Science Lab that is currently being constructed by Voorspoed Mine.

**ISSUE/IMPACT 8****LACK OF A REGULAR, STRUCTURED ENGAGEMENT WITH LOCAL AND DISTRICT GOVERNMENT****ISSUE**

The mayors of both local municipalities indicated the need for more structured and regular engagement with Voorspoed Mine and its leadership to ensure better alignment and mutual line of site of activities. Both feel that they are often out of the loop on what is happening.

**ISSUE/IMPACT 9 POOR AND AGING WATER AND SEWAGE INFRASTRUCTURE**

**ISSUE**  
 Water and sewage infrastructure in the Moqhaka municipal area is ageing and impacting negatively on the municipality's ability to deliver effective and efficient services. The ageing sewage infrastructure means that there are frequent floods of sewage and open sewage 'rivers' in several parts of Kroonstad and the surrounding townships, which constitute a health and safety hazard to resident communities. Despite the close proximity to the Renoster River, there is no sufficient clean water for the area – a fact that makes service delivery a major challenge for the local municipality. Poor service delivery has directly caused a number of large private sector organisations to either leave the area or decide against investing in the area. This hinders the economic development of the area.

The sentiment is that the local municipality simply cannot cope, and needs assistance. While there is currently not an expectation for the mine to intervene, this may become the case in the future.

**ISSUE/IMPACT 10 EXPECTATION OF HOUSING FOR EMPLOYEES**

**ISSUE**  
 Employees and other stakeholders are concerned that Voorspoed Mine does not provide accommodation or housing subsidies to its employees, even though this is stipulated in the Mining Charter. The Moqhaka Local Municipality has made land available for these purposes, but there is no service infrastructure available thus making it impossible to begin construction without services being delivered to the areas.

**6.2 ASSESSMENT OF KEY IMPACTS AND ISSUES**

The articulated key impacts and issues have been assessed to build an understanding of the inherent risks that issues and impacts may present to both the operation and to affected stakeholders. The Anglo American Integrated Risk Management methodology and the Risk Rating Matrix Guideline (refer to the end of this section) were applied to determine the risk rating of the key impacts and issues, taking into account the following:

- Mitigation measures at the time of the assessment
- Likelihood for the risk to materialise
- Potential consequence if the risk is not managed
- Prioritisation of risks

For positive impacts, no risk assessment is done. Instead, opportunities linked to positive impacts are defined.

TABLE 9: OVERVIEW OF PRIORITISED ISSUES AND IMPACTS

ISSUE OR IMPACT	WHO IS IMPACTED	RISK TO MINE IF NOT ADDRESSED	RISK LEVEL	MANAGEMENT MEASURES IN PLACE	
1	Increased traffic on access roads to mine	<ul style="list-style-type: none"> <li>• Neighbouring communities</li> <li>• Farming community</li> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> </ul>	Potential for safety incidents and accidents on the access roads, involving mine employees and vehicles, or those of other stakeholders.	Significant	<ul style="list-style-type: none"> <li>• Roads have actually improved since the mine arrived in the area and began operating.</li> <li>• Frequent grading and maintenance of the roads.</li> <li>• Clearly marked speed limits.</li> </ul>
2	Neighbouring farmers' low relationship satisfaction with the mine	<ul style="list-style-type: none"> <li>• Farming community</li> </ul>	Reputational damage and low levels of cooperation in areas where mutual assistance is required by all involved.	Significant	<ul style="list-style-type: none"> <li>• Access to mine's security expertise provided to farming community.</li> <li>• Open door policy by Mining Manager to farming community.</li> </ul>

ISSUE OR IMPACT	WHO IS IMPACTED	RISK TO MINE IF NOT ADDRESSED	RISK LEVEL	MANAGEMENT MEASURES IN PLACE	
3	Dust from mine causes health concerns	<ul style="list-style-type: none"> <li>• Voorspoed Mine employees</li> <li>• Farming community</li> <li>• Labour unions</li> </ul>	Health of employees or other stakeholders adversely affected by dust.	Medium	<ul style="list-style-type: none"> <li>• Dust suppression technology in use on mine's premises.</li> </ul>
4	Perceived structural damages from blasting	<ul style="list-style-type: none"> <li>• Farming community</li> <li>• Neighbouring communities</li> </ul>	Property damaged as a result of blasting, potentially causing risk to life and limb.	Medium	<ul style="list-style-type: none"> <li>• Blasting regularly monitored to ensure it is within licensed parameters.</li> </ul>
5	High unemployment	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Fezile Dabi District Municipality</li> <li>• Neighbouring communities</li> <li>• Organised civil society</li> </ul>	Social unrest in the area of influence, resulting in stakeholder activism which may disrupt operations at the mine.	Medium	<ul style="list-style-type: none"> <li>• The mine provides employment to 449 full-time employees and 500 contractors – most of whom reside in the local area.</li> <li>• The mine also includes several local businesses in its value chain, as suppliers or contractors.</li> </ul>
6	Noticeable improvement in performance of schools in area of influence	<ul style="list-style-type: none"> <li>• Educators</li> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Fezile Dabi District Municipality</li> <li>• Neighbouring communities</li> </ul>	Opportunity: <ul style="list-style-type: none"> <li>• Retaining skilled employees</li> <li>• Enlarge the limited local recruitment pool</li> </ul>		<ul style="list-style-type: none"> <li>• Various projects currently in place in the field of education.</li> </ul>
7	Lack of a flagship De Beers development project	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Fezile Dabi District Municipality</li> <li>• Neighbouring communities</li> <li>• Organised civil society</li> </ul>	Increased stakeholder antagonism and threatened social license to operate – making it difficult for the operation to continue with business as usual.	Significant	<ul style="list-style-type: none"> <li>• Development of a Science Centre in Parys which will assist students in their understanding of Maths and Science and facilitate education, while driving the appeal of natural sciences.</li> </ul>
8	Lack of a regular, structured engagement with local and district government	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Fezile Dabi District Municipality</li> </ul>	Misalignment which results in ineffective implementation of the mine's LED and the municipalities' IDP plans and programmes.	Significant	<ul style="list-style-type: none"> <li>• Ad hoc interactions between representatives of Voorspoed Mine and local government.</li> </ul>
9	Poor and aging water and sewage infrastructure	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Fezile Dabi District Municipality</li> <li>• Neighbouring communities</li> <li>• Organised business</li> <li>• Voorspoed Mine employees</li> </ul>	Being perceived as not a good corporate citizen by stakeholders, due to health risks stakeholders experience so close to its operations.	Medium	<ul style="list-style-type: none"> <li>• Interaction with the municipality to devise ways in which the mine may assist.</li> </ul>
10	Expectation of housing for employees	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Labour Unions</li> <li>• Voorspoed Mine employees</li> </ul>	Employee unrest or industrial action resulting in lost productivity for the mine.	Significant	<ul style="list-style-type: none"> <li>• Voorspoed Mine is supporting DBCM in the development and implementation of its long term Housing Plan in collaboration with national government.</li> </ul>

ANGLO AMERICAN'S INTEGRATED RISK MANAGEMENT MATRIX

LIKELIHOOD		RISK RATING				
		1 INSIGNIFICANT	2 MINOR	3 MODERATE	4 HIGH	5 MAJOR
5-Almost Certain > 90%	90% and higher likelihood of occurring	11 (Medium)	16 (Significant)	20 (Significant)	23 (High)	25 (High)
4-Likely 30%-90%	Between 30% and less than 90% likelihood of occurring	7 (Medium)	12 (Medium)	17 (Significant)	21 (High)	24 (High)
3-Possible 10%-30%	Between 10% and less than 30% likelihood of occurring	4 (Low)	8 (Medium)	13 (Significant)	18 (Significant)	22 (High)
2-Unlikely 3%-10%	Between 3% and less than 10% likelihood of occurring	2 (Low)	5 (Low)	9 (Medium)	14 (Significant)	19 (Significant)
1-Rare <3%	Less than 3% likelihood of occurring	1 (Low)	3 (Low)	6 (Medium)	10 (Medium)	15 (Significant)
RISK RATING	RISK LEVEL	GUIDELINES FOR RISK MATRIX				
21 to 25	High	A high risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised immediately.				
13 to 20	Significant	A significant risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as soon as possible.				
6 to 12	Medium	A moderate risk exists that management's objectives may not be achieved. Appropriate mitigation strategy to be devised as part of the normal management process.				
1 to 5	Low	A low risk exists that management's objectives may not be achieved. Monitor risk, no further mitigation required.				

**6.3 APPROPRIATENESS OF EXISTING SOCIO-ECONOMIC BENEFIT DELIVERY INITIATIVES TO ADDRESS IMPACTS AND ISSUES**

Socio-Economic Benefit Delivery (SEBD) initiatives refer to all the mechanisms the mine uses to contribute to socio-economic development, whether through core or non-core business activities. Current initiatives are assessed to determine whether they have the desired effect of long-term, sustainable benefits to stakeholders.

**EDUCATION PROJECTS**

Education is one of De Beers' and Voorspoed Mine's primary focus areas when it comes to development initiatives and SEBD. Some of the mine's leading educational projects are briefly discussed below.

*Educational support and upliftment*

This is the flagship initiative of Voorspoed Mine. The focus of the project is to improve the Mathematics and Science results of schools in the towns within the mine's zone of influence through Mathematics and Science intervention classes for identified Grades 10, 11 and 12. The mine is partnering with the Department of Education who identify the educators for the Saturday classes, provide the centres and coordinate initiatives e.g. Winter Schools and Spring Classes. The mine has committed a total amount of R1,800,000 for this project.

*De Beers, Ngwathe and Moqhaka Rural Schools Development Programme*

The aim of this programme is to upgrade the infrastructure at 18 rural schools at a total cost of R3,000,000. This includes assistance with adequate facilities at schools e.g. ablutions, science centre and classrooms.

This programme is in partnership with the Ngwathe Local Municipality, Moqhaka Local Municipality and the Department of Education.

*Science Centre*

The mine is driving ahead with the construction of a Science Centre near Parys. Once construction ends and the centre is completed, it will provide real value to the students in the community by improving the quality of education in Mathematics and Science.

*Other education related initiatives*

In addition to the above projects, Voorspoed Mine has several other smaller initiatives within its focus area of schools and education, all of which are achieving positive results.

*Appropriateness*

The initiatives in the education sphere are well received by stakeholders and seen as successful by them. The mine's broad focus in terms of educational initiatives has received much applause and support from stakeholders, and many of the initiatives are in the process of being expanded going forward.

**OTHER PROJECTS**

Voorspoed Mine has a number of other interventions and smaller projects in progress within its zone of influence. Of these, the Voorspoed Mine Zimele Hub which has already been mentioned, stands out as one with the greatest impact. The other initiatives are predominantly ad hoc and philanthropic in nature, including campaigns around events such as Mandela Day, donations to CBO's and NGO's as well as employee voluntarism campaigns.



SHIFT B VOORSPOED MINE EMPLOYEES.



SHIFT C VOORSPOED MINE EMPLOYEES.



SHIFT D VOORSPOED MINE EMPLOYEES.

# 7 SOCIAL MANAGEMENT PLAN

*Management measures are put in place to respond to stakeholders' issues and identified impacts of the mine. These measures are aimed at the next three years, or beyond, in order to give stakeholders a medium-term picture of the mine's initiatives.*

MANAGEMENT AND MONITORING MEASURES	
ISSUE/IMPACT 1	Increased traffic on access roads to the mine
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations
DURATION	Medium-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	<ul style="list-style-type: none"> <li>There is a perception that the quality of the roads surrounding the mine has deteriorated due to the large volume of traffic to the mine and the use of the roads by heavy mine vehicles. Some stakeholders also believe that the road usage specified in the EIA is not being adhered to.</li> </ul>
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Ensure appropriate levels of safety on roads around and leading to the mine</li> <li>Collaborate with stakeholders to maintain quality of roads</li> <li>Adhere to road usage stipulations of the EIA</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Neighbouring communities</li> <li>Farming community</li> <li>Moqhaka Local Municipality</li> <li>Ngwathe Local Municipality</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Revisit the content of the EIA and ensure that compliance to road usage specified is taking place.	N/A	Jan 2014 – Apr 2014	<ul style="list-style-type: none"> <li>Deviation from EIA stipulations/ commitments</li> </ul>	<ul style="list-style-type: none"> <li>100% alignment to stipulations of EIA for which roads are used</li> </ul>	<ul style="list-style-type: none"> <li>Management report</li> </ul>	<ul style="list-style-type: none"> <li>Engineering</li> </ul>
2. Update the mine's EMP to have added provisions for road safety.	N/A	Apr 2014 – Jun 2014	<ul style="list-style-type: none"> <li>Road safety incidents</li> <li>Road quality</li> </ul>	<ul style="list-style-type: none"> <li>Reduced road safety incidents</li> </ul>	<ul style="list-style-type: none"> <li>Database of road incidents</li> </ul>	<ul style="list-style-type: none"> <li>Engineering</li> <li>Safety, Health and Environment (SHE)</li> </ul>
3. Continue with grating of roads as often as possible.	N/A	Ongoing	<ul style="list-style-type: none"> <li>Road quality</li> <li>Number of interventions</li> </ul>	<ul style="list-style-type: none"> <li>Achieve acceptable road quality levels</li> </ul>	<ul style="list-style-type: none"> <li>Road quality evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Engineering</li> </ul>
4. Water roads as often as possible.	N/A	Ongoing	<ul style="list-style-type: none"> <li>Dust levels</li> <li>Number of interventions</li> </ul>	<ul style="list-style-type: none"> <li>Achieve acceptable dust levels</li> </ul>	<ul style="list-style-type: none"> <li>Road dust measurement taking</li> </ul>	<ul style="list-style-type: none"> <li>Engineering</li> </ul>
5. Engage with local and provincial government on road quality maintenance.	<ul style="list-style-type: none"> <li>Moqhaka Local Municipality</li> <li>Ngwathe Local Municipality</li> <li>Free State Provincial Government</li> </ul>	Apr 2014 - Jun 2014	<ul style="list-style-type: none"> <li>Number of engagements held</li> <li>Resolutions taken</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an understanding with local and provincial government on interventions to be made on road quality</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>OpcO</li> <li>DBCM Leadership</li> </ul>
6. Offer training to farming community on how to grate and maintain roads.	<ul style="list-style-type: none"> <li>Farming community</li> </ul>	Mar 2014 – Sep 2014	<ul style="list-style-type: none"> <li>Training interventions held</li> </ul>	<ul style="list-style-type: none"> <li>Ensure farmers are able to participate in road maintenance by being empowered with necessary skill sets</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation post training</li> <li>Road quality evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Engineering</li> </ul>

**MANAGEMENT AND MONITORING MEASURES**

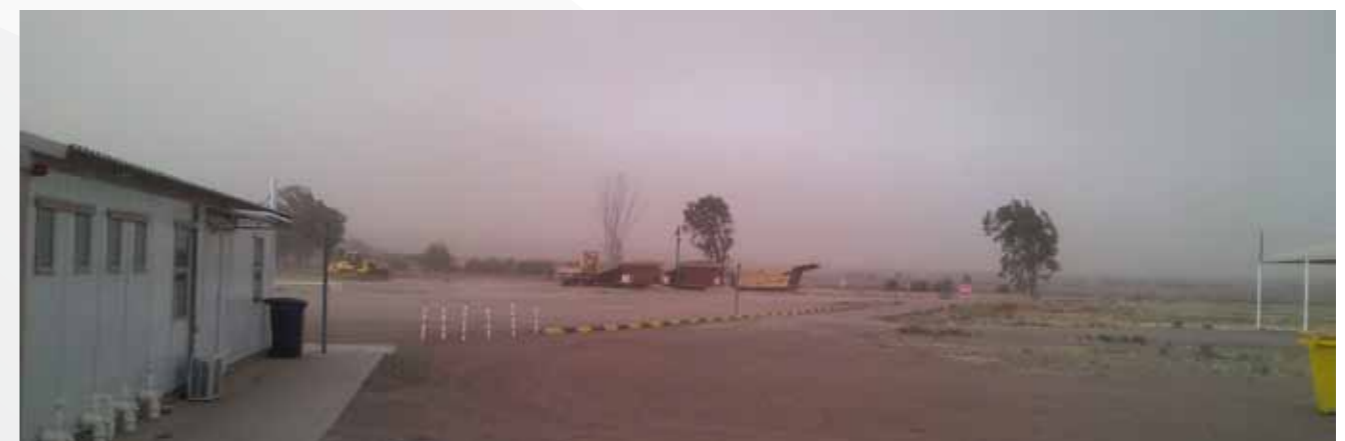
ISSUE/IMPACT 2	Neighbouring farmers' low relationship satisfaction with the mine
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations; Closure; Decommissioning
DURATION	Medium-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	<ul style="list-style-type: none"> <li>The farming community is unhappy with the manner in which engagement with the mine currently happens, feeling that there is insufficient alignment, communication and good neighbourly practices.</li> </ul>
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Improved relationship quality with farming community</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Farming community</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Re-start the quarterly structured engagement forum with farming community.	Farming community	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of meetings held</li> </ul>	<ul style="list-style-type: none"> <li>Hold four meetings in 2014 with farming community</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with stakeholders to determine if quarterly meetings are being of assistance</li> </ul>	<ul style="list-style-type: none"> <li>OpcO</li> </ul>
2. Communicate any developments related to the mine directly to farming community.	N/A	Jan 2014 – Jun 2014	<ul style="list-style-type: none"> <li>Creation of farming community contact database</li> <li>Number of entries and data integrity of database</li> <li>Number of direct communication messages sent out</li> </ul>	<ul style="list-style-type: none"> <li>Communicate every relevant major development at the mine directly to farming community by Short Message Service (SMS) or email, in addition to quarterly meetings</li> </ul>	<ul style="list-style-type: none"> <li>Assessment of database quality</li> </ul>	<ul style="list-style-type: none"> <li>OpcO</li> </ul>
3. A comprehensive Stakeholder Engagement Strategy to be developed which will incorporate specifics regarding the communication with this stakeholder.	N/A	Jan 2014 - Oct 2014	<ul style="list-style-type: none"> <li>Objectives and actions to build and improve relationship quality and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Improved relationship quality and satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Regular relationship reviews</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Affairs</li> </ul>
4. Continue to provide assistance to the farming community in matters of security.	N/A	Ongoing	<ul style="list-style-type: none"> <li>Number of interventions</li> </ul>	<ul style="list-style-type: none"> <li>Have a 80% response success</li> </ul>	<ul style="list-style-type: none"> <li>Consultation with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Security</li> </ul>

**MANAGEMENT AND MONITORING MEASURES**

ISSUE/IMPACT 3	Dust from the mine causes health concerns
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations
DURATION	Medium-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Internal and external stakeholders are concerned about the dust levels generated by the mine and are concerned that this may be over the licensed limits and negatively impacting their health.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Effectively communicate dust levels</li> <li>Build awareness</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Voorspoed Mine employees</li> <li>Farming community</li> <li>Labour unions</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Build awareness of targeted and actual dust levels produced by the mine, including dust suppression initiatives.	N/A	Ongoing	<ul style="list-style-type: none"> <li>Number of dust readings</li> <li>Levels of dust</li> </ul>	<ul style="list-style-type: none"> <li>70% awareness</li> </ul>	<ul style="list-style-type: none"> <li>Dipstick survey among impacted stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Environment Department</li> </ul>
2. Continue to monitor dust levels.	N/A	Ongoing	<ul style="list-style-type: none"> <li>Dust levels</li> <li>Number of dust readings</li> </ul>	<ul style="list-style-type: none"> <li>Have dust levels within safe parameters</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Dust Survey</li> </ul>	<ul style="list-style-type: none"> <li>SHE</li> </ul>
3. Make dust catchers available on the properties of farming community and empower them to take readings.	Farming community	Mar 2014 – Aug 2014	<ul style="list-style-type: none"> <li>Number of dust catchers set up</li> </ul>	<ul style="list-style-type: none"> <li>Dust catchers set up on a pilot number of properties and owners trained in their use</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Dust Survey</li> </ul>	<ul style="list-style-type: none"> <li>Environment</li> </ul>



↑ DUST CLOUD AS SEEN FROM VOORSPOED MINE.

MANAGEMENT AND MONITORING MEASURES	
ISSUE/IMPACT 4	Perceived structural damages from blasting
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations
DURATION	Long-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Stakeholders have the perception that blasting has increased in frequency and magnitude, and may now be exceeding what is permitted, and thus potentially damaging properties of those residing in the vicinity of the operation.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Communicate blasting and blasting intensity levels to stakeholders</li> <li>Ensure blasting remains within safe and agreed parameters</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Neighbouring communities</li> <li>Farming community</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Continue to monitor blasting frequency and intensity.	N/A	Ongoing	• Blast intensity	• Within licensed parameters	• Seismic and vibration testing	• Engineering
2. Communicate blasting related information to stakeholders, using newly created platforms.	N/A	Ongoing	• Direct communications sent to database members by SMS or email • Number of quarterly meetings held	• Awareness that blasting is within correct parameters • Awareness of when blasting will take place	• Stakeholder consultation • Dipstick surveys	• Engineering



FARMING IS AN IMPORTANT SECTOR IN THE FREE STATE ECONOMY AND THERE ARE SEVERAL FARMS IN THE VICINITY OF VOORSPOED MINE.

MANAGEMENT AND MONITORING MEASURES	
ISSUE/IMPACT 5	High unemployment
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations; Closure; Decommissioning
DURATION	Long-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Stakeholders are concerned about the high level of unemployment in the local area, which negatively impacts on the standards of living of people and the economic development of the area.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Cooperate with stakeholders to reduce unemployment and stimulate the local economy stimulation</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Moqhaka Local Municipality</li> <li>Ngwathe Local Municipality</li> <li>Fezile Dabi District Municipality</li> <li>Neighbouring communities</li> <li>Organised civil society</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Continue with the practice of employing people from the local area whenever possible.	N/A	Ongoing	• Local area residents currently employed	• 50% of employees	• Analysis of employment records	• HR
2. Continue favouring local suppliers through the Preferential Procurement Plan.	N/A	Ongoing	• Number of suppliers and contractors from local area	• Attaining at least 75% of local suppliers	• Analysis of supplier database	• Supply chain
3. Continue provision of internships and learnerships at the mine for local youth.	N/A	Ongoing	• Number of interns from local area	• 2 learners per year	• Analysis of learnerships database	• HR
4. Continue to support entrepreneurship through the Zimele Hub.	Seda	Ongoing	• Number of businesses funded • Partnerships with SEDA implemented	• 25 entrepreneurs included in the mentoring and coaching programme between Zimele and Seda	• Analysis of Zimele records • Consultation with beneficiaries	• Zimele Hub
5. Publicise job openings at the mine.	Moqhaka Local Municipality Ngwathe Local Municipality Ward councillors	Ongoing	• Number of new employees from local area	• 60% of employees are local	• Analysis of employee database	• HR • Corporate Affairs

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
6. Publicise tender opportunities at the mine.	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Ward councillors</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Number of new suppliers from local area</li> </ul>	<ul style="list-style-type: none"> <li>• 75% of procurement spend to be local</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of supplier database</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain</li> <li>• Corporate Affairs</li> </ul>
7. Continue to engage with Mayoral Committees of Ngwathe Local Municipality and the Moqhaka Local Municipality.	<ul style="list-style-type: none"> <li>• Political leadership of local municipalities</li> </ul>	Ongoing	<ul style="list-style-type: none"> <li>• Number of interactions and quality of discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve at least 4 interactions per year per municipality</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>

MANAGEMENT AND MONITORING MEASURES

ISSUE/IMPACT 6	Noticeable improvement in performance of schools					
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations; Closure; Decommissioning					
DURATION	Long-term					
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	As a result of a number of Voorspoed Mine interventions in partnership with local educators and the Free State Province Department of Education, the performance of schools in the local area has improved, especially in Mathematics and Science. Stakeholders would like the impact of the programme to be expanded and schools to be notified in advance to be able to prepare for sessions.					
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>• Continue trend of improvement</li> <li>• Spread the improvement from the local area to the district as a whole</li> </ul>					
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> <li>• Fezile Dabi District Municipality</li> <li>• Provincial government</li> <li>• Educators</li> </ul>					

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Continue with the capacity building programme for education.	<ul style="list-style-type: none"> <li>• Educators</li> <li>• Provincial Department of Education</li> </ul>	Jan 2014 - Dec 2016	<ul style="list-style-type: none"> <li>• Improved pass rate</li> </ul>	<ul style="list-style-type: none"> <li>• 75% of learners on the Voorspoed intervention programme passing maths and science</li> </ul>	<ul style="list-style-type: none"> <li>• Attaining 75% pass rate</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>
2. Communicate the current programme to educators in the area.	<ul style="list-style-type: none"> <li>• Provincial Department of Education</li> </ul>	Jan 2014 - Mar 2014	<ul style="list-style-type: none"> <li>• Awareness and participation</li> </ul>	<ul style="list-style-type: none"> <li>• 60% awareness among educators</li> <li>• 6 educators in both local municipalities capacitated to take over from Voorspoed educators.</li> </ul>	<ul style="list-style-type: none"> <li>• 6 educators trained as part of teacher development support programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>

MANAGEMENT AND MONITORING MEASURES

ISSUE/IMPACT 7	Lack of a flagship De Beers development project					
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations; Closure; Decommissioning					
DURATION	Long-term					
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Stakeholders view De Beers and Voorspoed Mine as major players in the private sector of the region, and as such expect it to be involved in large scale development projects. The expectation is larger than the size of the organisation and this leads to unmet expectations.					
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>• Communicate Voorspoed Mine's commitment to the development of the area</li> <li>• Build awareness of Voorspoed Mine's Parys Science Centre project</li> <li>• Build understanding of the capabilities of Voorspoed Mine in terms of what it can realistically achieve and contribute given that it is a small operation and where it is in its life stage.</li> </ul>					
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>• Local Municipalities</li> <li>• District Municipality</li> <li>• Neighbouring communities</li> </ul>					

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Conduct communication campaign outlining current Voorspoed Mine initiatives in the area to build awareness – with specific focus on Parys Science Centre.	N/A	Jan 2014 – Jun 2014	<ul style="list-style-type: none"> <li>• Awareness of projects</li> <li>• Understanding of focus on education</li> </ul>	<ul style="list-style-type: none"> <li>• 70% awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder perception survey</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>
2. Build awareness of other initiatives undertaken by DBCM as a whole within the province and South Africa.	N/A	Jan 2014 – Jun 2014	<ul style="list-style-type: none"> <li>• Awareness of DBCM projects</li> </ul>	<ul style="list-style-type: none"> <li>• 60% awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder perception survey</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>
3. Develop a Stakeholder Engagement Strategy that includes sensitisation of stakeholders to the realistic capabilities of Voorspoed Mine given its size and stage in the mine's life cycle.	N/A	Jan 2014 – Oct 2014	<ul style="list-style-type: none"> <li>• Awareness of projects</li> <li>• Understanding of focus areas</li> </ul>	<ul style="list-style-type: none"> <li>• 80% awareness of projects</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder consultation</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> </ul>

MANAGEMENT AND MONITORING MEASURES	
ISSUE/ IMPACT 8	Lack of a regular, structured engagement with local and district government
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations
DURATION	Medium-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Government at local and district level would like more formal and structured engagement with De Beers.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Formalise a regular engagement meeting with each local municipality</li> <li>Formalise regular engagement meeting with the district municipality</li> <li>Ensure regular participation in IDP forums</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Moqhaka Local Municipality</li> <li>Ngwathe Local Municipality</li> <li>Fezile Dabi District Municipality</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Set up quarterly alignment meetings between the Corporate Affairs (CA) Manager and the Moqhaka Local Municipality Mayor.	• Moqhaka Local Municipality	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of engagements conducted</li> <li>Awareness of current initiatives</li> <li>Mutual alignment</li> </ul>	<ul style="list-style-type: none"> <li>CA Manager is available for all engagements.</li> <li>All engagements conducted successfully</li> </ul>	• Stakeholder consultation	• Corporate Affairs
2. Set up quarterly alignment meetings between the CA Manager and the Ngwathe Local Municipality Mayor.	• Ngwathe Local Municipality	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of engagements conducted</li> <li>Awareness of current initiatives</li> <li>Mutual alignment</li> </ul>	<ul style="list-style-type: none"> <li>CA Manager is available for all engagements.</li> <li>All engagements conducted successfully</li> </ul>	• Stakeholder consultation	• Corporate Affairs
3. Set up semestral meetings between the Voorspoed Mine General Manager (GM) and the Moqhaka Local Municipality Mayor.	• Moqhaka Local Municipality	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of engagements conducted</li> <li>Awareness of current initiatives</li> <li>Mutual alignment</li> </ul>	<ul style="list-style-type: none"> <li>GM is available for all engagements.</li> <li>All engagements conducted successfully</li> </ul>	• Stakeholder consultation	• GM
4. Set up semestral meetings between the Voorspoed Mine GM and the Ngwathe Local Municipality Mayor.	• Ngwathe Local Municipality	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of engagements conducted</li> <li>Awareness of current initiatives</li> <li>Mutual alignment</li> </ul>	<ul style="list-style-type: none"> <li>GM Manager is available for all engagements.</li> <li>All engagements conducted successfully</li> </ul>	• Stakeholder consultation	• GM

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
5. Set up quarterly meetings between the CA Manager and Fezile Dabi District Municipality Mayor.	• Fezile Dabi District Municipality	Jan 2014 – Dec 2014	<ul style="list-style-type: none"> <li>Number of engagements conducted</li> <li>Awareness of current initiatives</li> <li>Mutual alignment</li> </ul>	<ul style="list-style-type: none"> <li>CA Manager is available for all engagements.</li> <li>All engagements conducted successfully</li> </ul>	• Stakeholder consultation	• Corporate Affairs

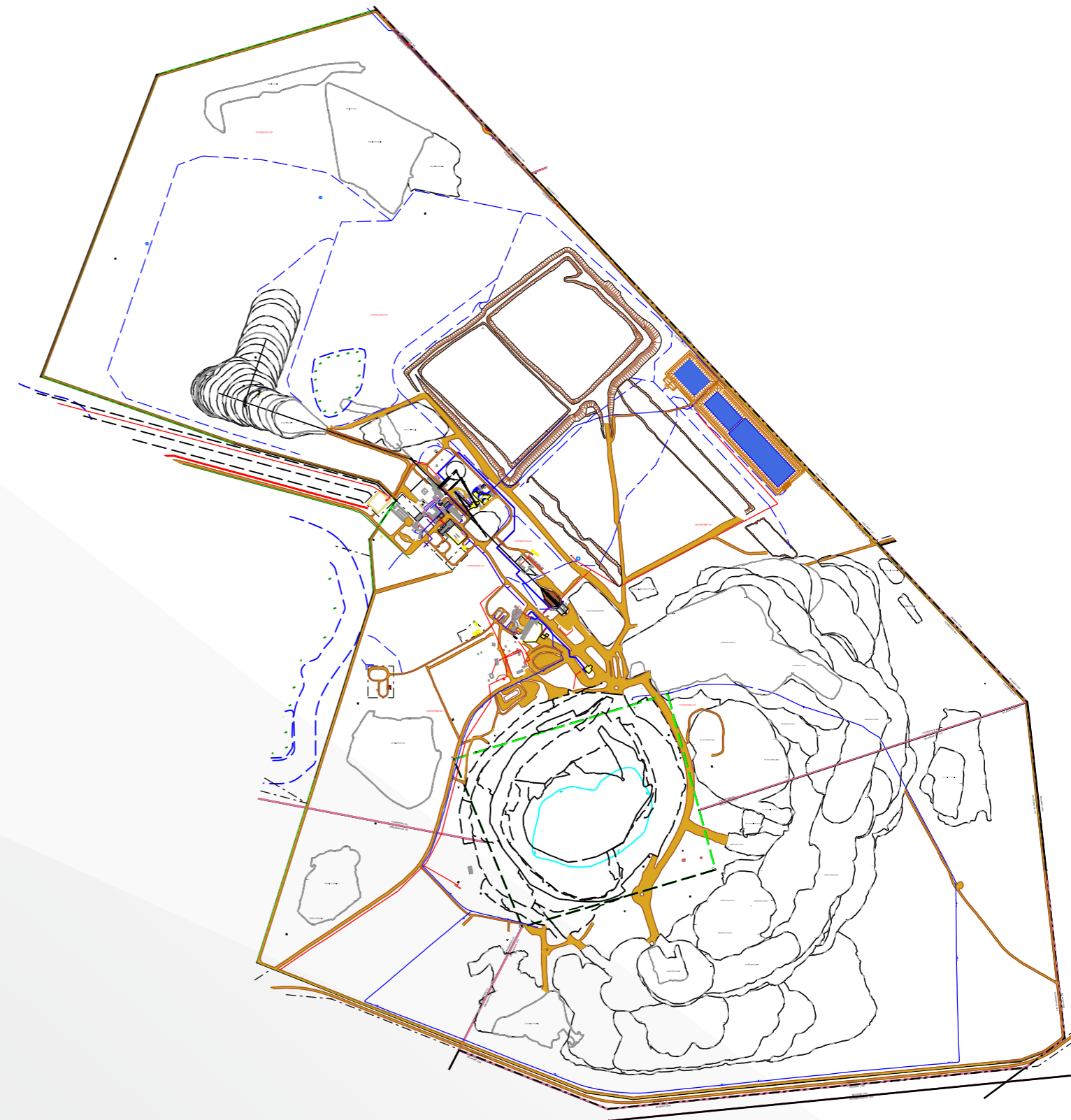
MANAGEMENT AND MONITORING MEASURES	
ISSUE/ IMPACT 9	Poor and aging water and sewage infrastructure
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations; Closure; Decommissioning
DURATION	Long-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	The water and sewage infrastructure within the local area and the surrounds of Kroonstad in particular, are in a serious state of disrepair. This results in frequent floods, sewage bursts and water that are unsafe for consumption. This provides a health and environmental risk to the area and also hampers local economic development.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>Explore issue in the context of DBCM as it's too large an issue for a single operation to address.</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>Moqhaka Local Municipality</li> <li>Fezile Dabi District Municipality</li> <li>Neighbouring communities</li> <li>Organised business</li> <li>Voorspoed Mine employees</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Raise the issue as a potential focus area for a DBCM initiative.	N/A	Feb 2014 – Mar 2014	• Meeting minutes	• Issue raised and response obtained	• Meeting minutes analysis	• GM
2. During engagements with local governments, share openness to engage on issue – but manage expectations due to its size.	N/A	Ongoing	• Understanding of potential costs of undertaking	• Meetings held	• Meeting minutes analysis	<ul style="list-style-type: none"> <li>Corporate Affairs</li> <li>Opco</li> <li>GM</li> </ul>
3. Investigate the possibility of supporting a business that supplies water purification chemicals to local community.	Organised business	Jun 2014 – Dec 2014	• Business case	• Understanding viability of such a venture	• Business case assessment conducted	• Zimele Hub

**MANAGEMENT AND MONITORING MEASURES**

ISSUE/IMPACT 10	Expectation of housing for employees
MINING PHASE IMPACTED IF NOT ADDRESSED	Operations
DURATION	Long-term
BRIEF DESCRIPTION OF THE ISSUE/IMPACT	Employees and other stakeholders are concerned that Voorspoed Mine does not provide accommodation or housing subsidies to its employees even though this is stipulated in the Mining charter. The Moqhaka Local Municipality has made land available for these purposes, but there is no service infrastructure available from their side for this purpose.
OBJECTIVES OF MANAGEMENT AND MONITORING MEASURES	<ul style="list-style-type: none"> <li>• Communicate Voorspoed Mine's approach to employee housing and its long term plans for the matter</li> </ul>
KEY AFFECTED STAKEHOLDERS	<ul style="list-style-type: none"> <li>• Voorspoed Mine employees</li> <li>• Labour Unions</li> <li>• Moqhaka Local Municipality</li> <li>• Ngwathe Local Municipality</li> </ul>

MANAGEMENT RESPONSE	EXTERNAL STAKEHOLDERS INVOLVED IN IMPLEMENTATION	TIMELINES	KPIs USED FOR MONITORING AND EVALUATION	PERFORMANCE TARGET	MONITORING AND EVALUATION	RESPONSIBLE TEAM
1. Communicate current activities happening on a national level between DBCM, NUM and the Department of Human Settlements Department in terms of DBCM's Housing Plan to local stakeholders.	N/A	Ongoing	<ul style="list-style-type: none"> <li>• Awareness and understanding of implications (no housing subsidies, but rather facilitated home ownership)</li> </ul>	<ul style="list-style-type: none"> <li>• 80% awareness by employees</li> <li>• Development communicated to local municipalities</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder consultation</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Affairs</li> <li>• HR</li> <li>• Opco</li> </ul>



⬆ PLAN OF VOORSPOED MINE.

# 8 NEXT STEPS

*An important step going forward is for the mine to make the undertakings in the SMP a reality by following through on our commitments.*

In the previous sections we indicated who our stakeholders are, how our operation impacts the lives of our stakeholders and what the issues are that influence our relationship with them. In developing the measures to address those impacts and issues, we were guided by our genuine concern for the welfare of our local community, our wish to become fully integrated within the community and to be seen as a partner in finding solutions to our shared challenges. The purpose of this section is to provide our stakeholders with an understanding of how we intend to implement these measures.

We see the publication of this report as the first step in sharing the findings of the socio-economic assessment and the intended measures to address the key impacts and issues with our stakeholders. It also provides us with the opportunity to demonstrate to our stakeholders that we care about their views and concerns.

An important step going forward is for the mine to make the undertakings in the SMP a reality by following through on our commitments. We believe that honouring our commitments is essential to demonstrate that we are acting in good faith and to maintain a relationship with our stakeholders which is built on trust.

We understand the need for regular, structured engagement and intend to use appropriate communication channels to keep our stakeholders informed of activities undertaken by the mine to reduce the impact of mining activities and to provide stakeholders with the opportunity to share their concerns relating to our operation.

We share our stakeholders' concern about the high levels of unemployment and will continue with our initiatives to reduce unemployment and to stimulate the local economy.

We will also continue our involvement in initiatives to improve the quality of education in our two municipalities. A good working relationship with our two municipalities and district municipality is important to ensure that our shared objectives for our community are achieved.

We are committed to continue building this relationship and to work together to improve the lives of our community.

**“  
We believe that honouring our commitments is essential to demonstrate that we are acting in good faith and to maintain a relationship with our stakeholders which is built on trust.  
”**



↑ TURN-OFF TO VOORSPOED MINE.

# 9 GLOSSARY AND ACRONYMS

GLOSSARY	
TERM	MEANING
COMMUNITY-BASED ORGANISATIONS (CBOS)	Organisations based and working in one or more local communities. CBOs are generally private, charitable (non-profit) organisations which are run by and for the local community. They are usually created in response to a particular local need or situation, and usually support a variety of specific local improvement actions which are generally undertaken by or with local people.
ENTERPRISE DEVELOPMENT	The deliberate actions taken to assist a commercial enterprise or business to develop and grow. Often enterprise development goes hand in hand with a focus on entrepreneurship and the development of small businesses, but it is not limited to small business development and includes medium enterprises or industries as a whole.
GROSS DOMESTIC PRODUCT (GDP)	The sum of the value added created by all organisations in an economy. GDP is the most common measure of income and wealth and is often expressed on a per capita (per person) basis.
INTEGRATED DEVELOPMENT PLAN (IDP)	A plan developed through a participatory approach by the municipality. The IDP guides the activities and decisions of the municipality for the next 5 years in terms of Chapter 5 of the Municipal Structures Act, 2000. The aim of an IDP is to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies into a single plan that supports the optimal allocation of scarce resources in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalised.
ISSUES	Issues are defined as <ul style="list-style-type: none"> <li>• Stakeholder perceptions of the (unverified) impact of an operation; and</li> <li>• The gap between stakeholder expectations and company performance;</li> <li>• which can have an impact on the relationship between a mining operation and its stakeholders.</li> </ul>
IMPACTS	Those issues where a direct or indirect link between the issue and the mining operation have been verified.
LIFE OF MINE	The number of years that an operation is planning to mine and process diamonds, taken from the current mine plan.
LOCAL AUTHORITIES / LOCAL MUNICIPALITIES / DISTRICT MUNICIPALITIES	Local democratically elected governing units – district or local municipalities - within the unitary democratic system of South Africa. Both local and district municipalities are members of the government vested with prescribed, controlled governmental powers and resources of income to render specific local services and to develop, control and regulate the geographic, social and economic environment of a demarcated local area.
LOCAL ECONOMIC DEVELOPMENT (LED)	LED is one of the most important ways of decreasing poverty and creating jobs by making the local economy grow. This means growing a number of businesses and industries in a municipal area. National government makes policy and provides funds, research and other support for local economic development. Municipalities decide on LED strategies and the process of arriving at a LED strategy must be part of the Integrated Development Planning (IDP) process.
NON-GOVERNMENTAL ORGANISATIONS (NGOS)	A private organisation, often not-for-profit, which provides information, lobbying, community development and environmental perspectives and advice.

GLOSSARY

PARTNERSHIP	A contractual relationship between two or more persons carrying on a joint business venture with a view to profit, each incurring liability for losses and the right to share in the profits. In the legal framework a partnership is the deed creating such a relationship and/or the persons associated in such a relationship. A partnership can also be much more informal and refer to the relationship between individuals or groups that is characterized by mutual cooperation and responsibility, as for the achievement of a specified goal (e.g. neighbourhood groups formed a partnership to fight crime).
SOCIAL AND LABOUR PLAN (SLP)	A plan that each mine in South Africa must prepare as part of the obligations established by the Minerals and Petroleum Resources Development Act (MPRDA) - the principle law that regulates the mining industry. The MPRDA's objectives include promoting employment and advancing the socio-economic welfare of all South Africans; and ensuring mining rights holders contribute towards the socio-economic development of the areas in which they are operating. As part of an application for a mining right an applicant must submit a Social and Labour Plan (SLP) for approval by the DMR. In the SLP the mining right holder commits to a human resources development programme, a Local Economic Development (LED) programme, a procurement progression plan and processes for managing downscaling and retrenchment.
SOCIAL MANAGEMENT PLAN (SMP)	A set of planning objectives and management measures that details an operation's planned approach to manage its social performance – that is: to mitigate negative impacts, leverage positive impacts and respond to stakeholder issues and concerns.
MINE CLOSURE PLAN (MCP)	A Mine Closure Plan details how a mine will close the mine site and return the surrounding land, as closely as possible, to its pre-mining state.
SOCIO ECONOMIC ASSESSMENT TOOLBOX (SEAT)	Anglo American's management framework for social issues and stakeholder engagement and development. It supports sustainable development objectives as they relate to human and social capital at a local level. The definition of socio-economic impact used in SEAT is broad, and includes, for example, economic, cultural, health and human rights issues, as well as environmental impacts. SEAT seeks to identify both impacts directly caused by the operation and indirect impacts that may not have been directly motivated or deliberately caused by the operation, but which may still have a significant influence on relations between an operation and its stakeholders.
STAKEHOLDER	An individual or group that may be affected by, have an interest in, or can influence the operations of the company.
STAKEHOLDER ENGAGEMENT	Process by which a company and its stakeholders converse and exchange information and ideas in an effort to align mutual interests, reduce risk, improve decision-making and advance the company's performance in terms of people, planet and profit.
SUSTAINABLE DEVELOPMENT	Originally defined by the Bruntland Report as "development, which meets the needs of the present without compromising the abilities of future generations to meet their own needs". Later defined by the World Business Council for sustainable Development (WBCSD) as "a commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress".

ACRONYMS

BEE	Black Economic Empowerment
CBO	Community-based Organisation
CHQ	Central Headquarters
CoGTA	Department of Cooperative Governance and Traditional Affairs
DBCIM	De Beers Consolidated Mines
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
EXCO	Executive Committee
GDP	Gross Domestic Product
HDSA	Historically Disadvantaged South Africans
HR	Human Resources
IDP	Integrated Development Programme
LAC	Local Area Committee
LED	Local Economic Development
LM	Local Municipality
LoM	Life of Mine
NGOs	Non-governmental Organisations
NPOs	Non-profit Organisations
NUM	National Union of Mine Workers
Opco	Operational Committee
SAPS	South African Police Service
SCAT	Social Change Access Trust
SEBD	Socio-Economic Benefit Delivery
SHE	Safety, Health and Environment
SLP	Labour Plan
SMP	Social Management Plan
SMS	Short Message Service



# WE VALUE YOUR FEEDBACK

De Beers Consolidated Mines

Voorspoed Mine

P.O Box 1964

Kroonstad

9500

[Lydia.Radebe@debeersgroup.com](mailto:Lydia.Radebe@debeersgroup.com)

Tel: +27 (0) 56 216 8474

[www.debeersgroup.com](http://www.debeersgroup.com)