

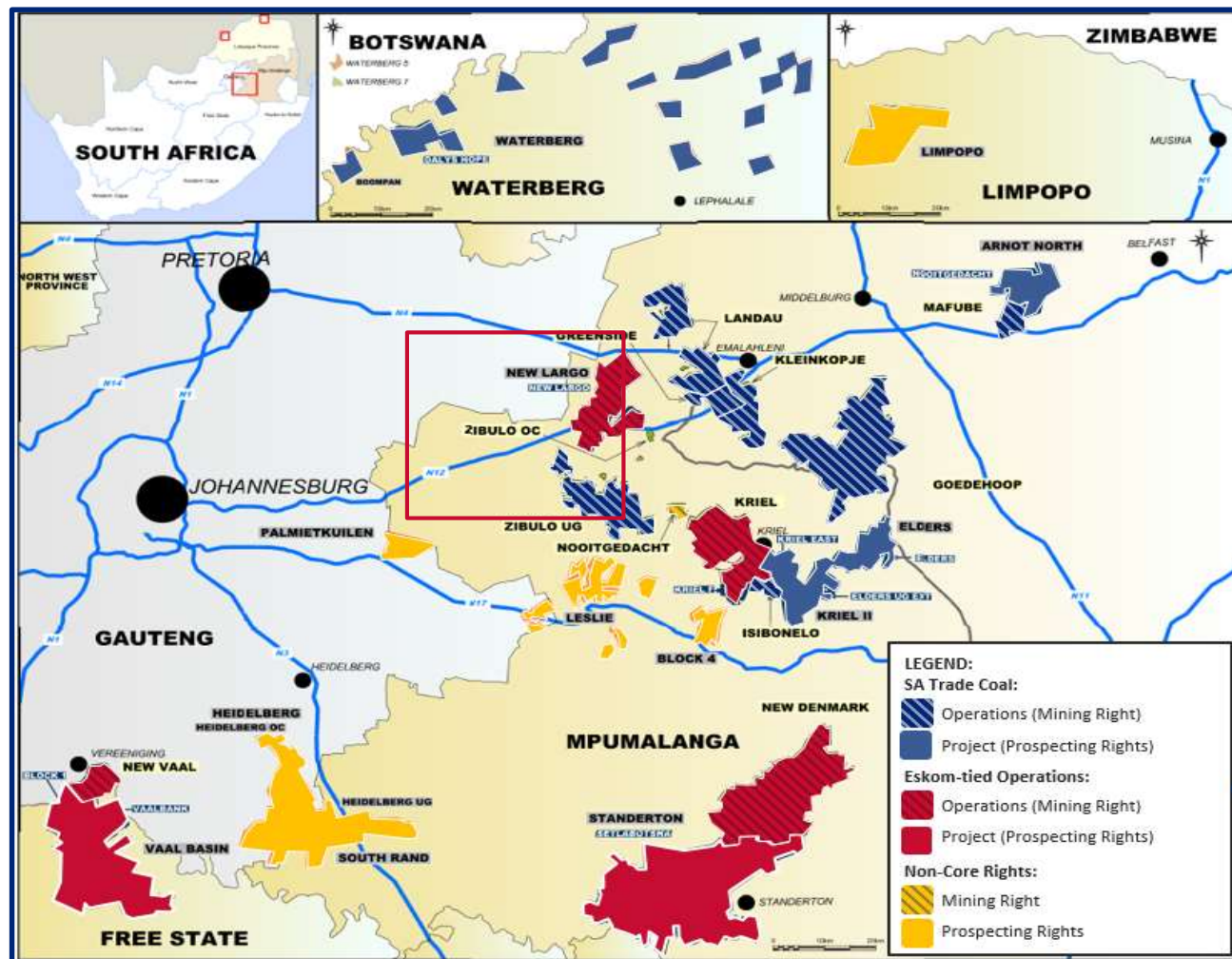
ANGLO AMERICAN INYOSI COAL

**HOW CORPORATE CULTURE IN MINING COMPANIES
INFLUENCE STAKEHOLDER MANAGEMENT**

PRESENTED BY:

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- **Anglo American Inyosi Coal**
 - 27% BEE Consortium (Pamodzi Coal 33%, Ndonsa Mining 33%, WDB Investment Holdings 19%, AAIC Community Trust 15%)
 - 73% Anglo American
- **Zibulo Colliery, “a Zulu word meaning first born”**
 - 16 year LOM mining 2 Seam coal UG
 - 4 year LOM in current OC pit (6 years extension)
 - 8,2 Mtpa run of mine
 - 7 Mtpa from underground
 - 1,2 Mtpa from opencast
 - 6.5 Mtpa of product
 - 80% Export, 20% domestic sales
- Situated 100 km from Johannesburg
- 15 km South of Ogies on the Ogies/Leandra road in the Mpumalanga Province
- Forms part of the Witbank Coalfield
- The area is well served by provincial, district and farm roads





ANGLO OPERATIONS

- Zibulo Open Cast
- Zibulo Underground



POWER STATIONS

- Kendal Power Station
- Kusile Power Station
- Matla Power Station
- Kriel Power Station

GLENCORE

GLENCORE OPERATIONS

Goedgevonden Complex
iMpunzi Complex
Tweefontein Complex



SOUTH 32 OPERATIONS

Khutala Colliery,
KSA Extension
Klipspruit Colliery
Klipspruit Extension



OTHER OPERATIONS

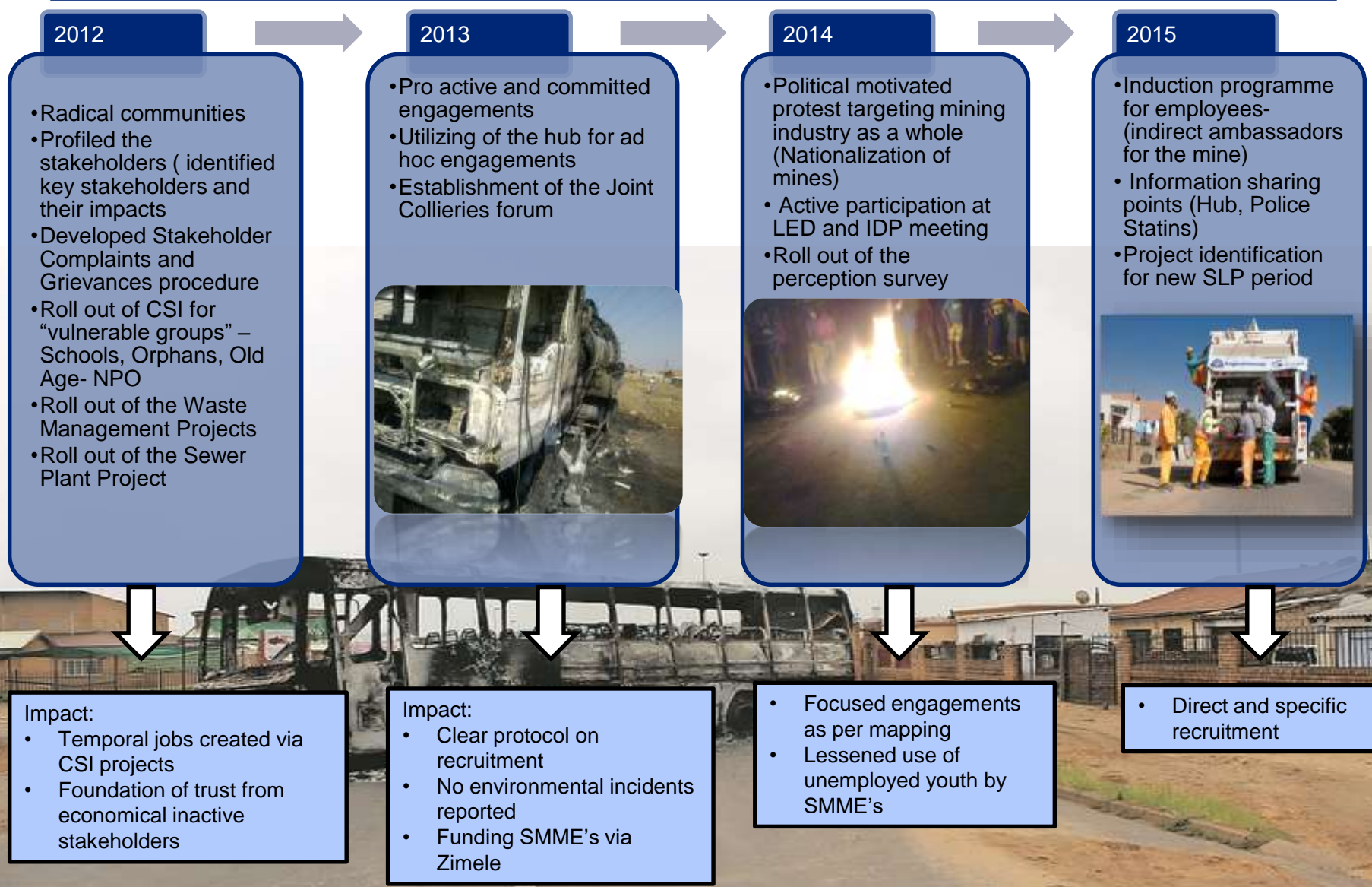
- African Exploration – Coal Mine
- uMzimkhulu Colliery
- Matla Colliery
- Phola Processing Plant
- Transnet
- AFGRI
- Kriel Colliery



PROFILE OF THE HOST COMMUNITIES

Community	Description	Distance Mine
Phola/Ogies	<ul style="list-style-type: none"> • Ogies is the town with the highest maize production in the Maize Traingle and hosts AFGRI Corporation • Phola Ogies are surrounded by coal mines by South 32, Anglo American, Glencore, Eskom, African Exploration. There is a railline managed by Transnet. • Most of the residents are employed by the mine and the Kendal PowerStation • There is an informal settlements growing at a rapid rate south of Phola. • Glencore has relocated 250 household from the surrounding farms to Phola. 	<p>30 km – UG 5 km - OC</p>
Leandra	<ul style="list-style-type: none"> • The male population is approximately 4% greater than the female population as numerous mining (e.g. Sasol), manufacturing, and wholesale and trade activities attract more slightly more male than female labour due to the nature of the work. There is a distinct variation on age groups. The population is dominated by middle aged (±45 years) and a lot of school age youth (-15 below). • There is in-migration explained by the presence of large mining, manufacturing, wholesale and trade industries in the region attracting employment seekers. • Informal dwellings – most of the community are living in shacks and backroom with limited on no access to basic municipality utilities. • There is a prevalence of drug and substance abuse. 	<p>15 km – UG 35 km - OC</p>

STAKEHOLDER	ISSUES
Phola Youth ,Leandra Youth, eMalahleni Youth and Farm Dwellers	<p>The community feel that consultation meetings are half-hearted, there are no action lists from the meetings and often there is no feedback. There is a perception that there is insufficient stakeholder engagement and communication prior to project implementation. And when there is engagement it seem focused to certain forums/groups.</p> <p>The Youth feel not recognised as active stakeholders or role players in the community.</p>
Phola Youth ,Leandra Youth, eMalahleni Youth and Farm Dwellers	<p>There is an outcry from the community especially the Youth about skills development. This gets more highlighted when people do not meet the requirements set out for jobs. The community is demanding that the mine provide the community with opportunities to attain the required skills by sending them to the skills training centres. There is also a call that the mine establishes a skills centre in the community where it will be easily assessable to all without much costs on them.</p>
Phola Business Association Phola Ogies Rural Mining Forum Zimele Funded SMMEs	<p>There is a general perception that Zibulo is excluding local suppliers (in this case local refers to Phola/Ogies Businesses). The SMME feel that the contractors pack is complicated and not user friendly for SMMEs. They lack fund to take their employees for medical and induction, which is a requirement on the contractors' pack. The SMME indicated that they have a limited or no relationship with the Senior Buyers at the mine. They indicated that Zibulo has no channel for marketing opportunities, jobs, tenders, vendor registration processes, and business opportunities.</p> <p>The biggest challenge faced by SMME's is limited growth due to them not getting the job completion certificate which hinders them from upgrading their SIDB.</p> <p>Another contributing factor of them not getting the job completion certificate is the fact they are not contracted rather work on order to order basis.</p>
Phola Community and Surrounding Farms	<p>There is a concern that mine dust will cause health complications to the communities</p>



2016

- Extrata sold to Glencore
- BHP sold to South 32
- Anglo Eskom supplying mines on sale
- Local municipality on still on administration
- Coal price drops
- Steel industry collapses
- Implementation of SLP Projects

**Impact:**

- Nation wide panic

2017

- Sporadic protest to other mining houses
- Supplier Open Day
- Supplier BEE Forum
- Established the Consultative Business Forum with attendance from by HOD's
- Court case focused on Human Rights violations

**Impact:**

- On boarding of more SMME's for procurement
- SMME Strategy-
 - Low Hanging Fruits
 - Unbundling short term contracts
 - Incubation for capital projects

2018

- Final sale of Anglo Eskom tired mines
- South 32 extension
- Rapid expansion of Glencore GVV complex

**Impact:**

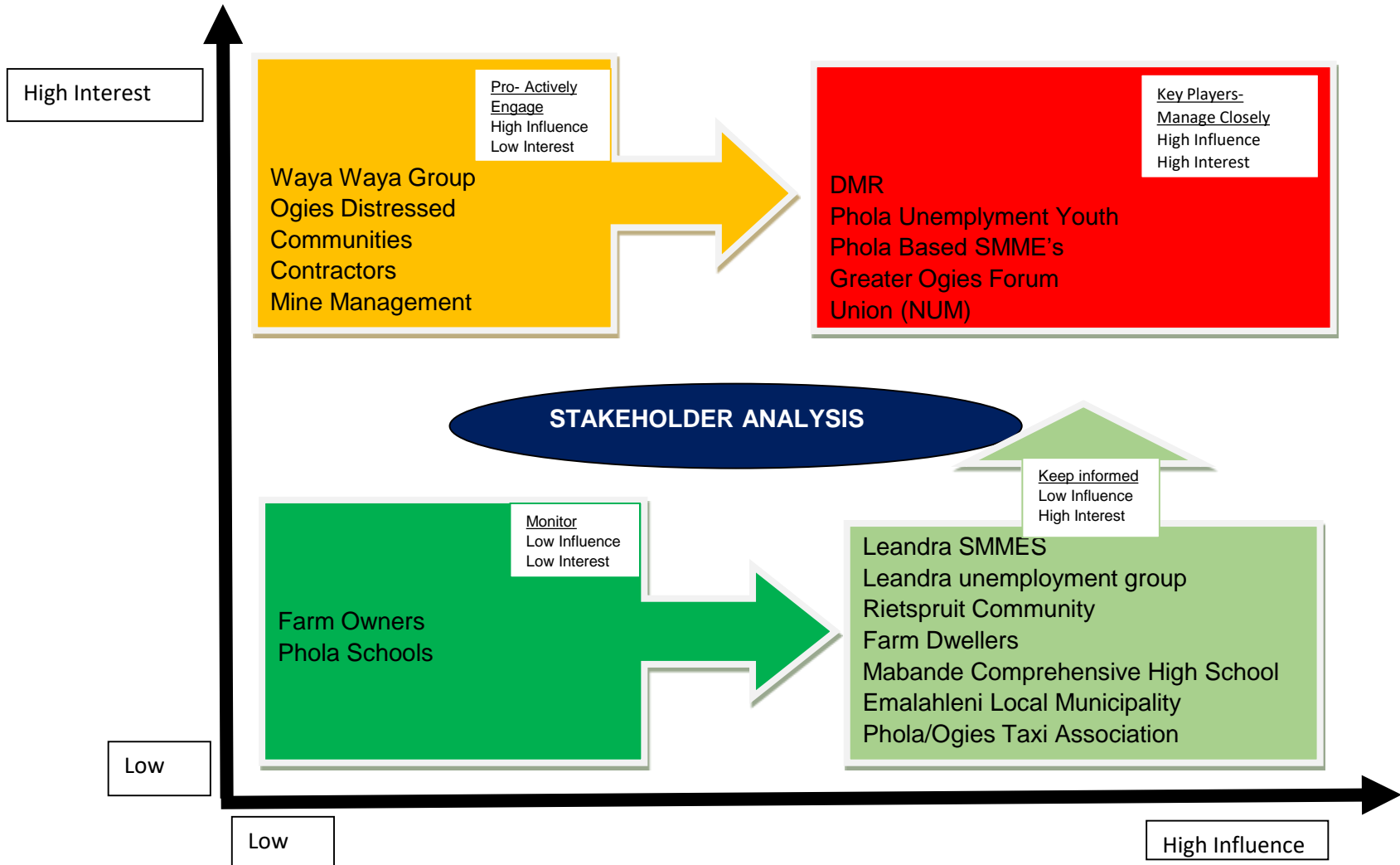
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- **Naming and defining Social Relations**
- **Company attitudes to community relationships and conflict management**
 - Is there a cross functional team that is not only for information sharing but collaborative decision making.
 - If the responsibility of managing community conflicts lies solely on social relations the greater the risk of community conflict arising from ongoing misalignment between the objectives and actions of technical staff and those of Community/Social Relations staff.
- **Modes of engagement with communities**
 - effort to move away from past practices of “throwing money” at communities.
 - Have formal dialogue and record and track commitments.
 - Work towards empowering communities, consult, involve and collaborate, inclusive stakeholder representation.
- **The internal influence of Community Relations staff**
 - relative seniority of the head of the Community Relations/Social function as a significant economic driver of the function’s influence within the company.
- **Corporate structures and hierarchy**
 - Have a clear alignment between operation and corporate office.

ENABLERS TO STAKEHOLDER MANAGEMENT

- **Staff attitudes: hiring and training**
 - Besides formal qualifications its important to have personnel with certain skills and attitudes toward communities, in key department i.e. Supply Chain, Human Resource, Environment, Protection Services.
 - Training of management, section heads and contractors on social (as we do with safety)
- **The role of formal processes (Company policies and procedures)**
 - staff attitude accounts for 80-90 percent of success resolving conflict with community, relative to formal processes.
 - **BUT** there tends to be lack of organizational learning within the company due to an over-reliance on individuals.
 - Again introduce good processes that are simple, clear and could inform timely decisions.
- **Assessing social performance**
 - social performance should be a shared cross-functional responsibility- (included in KPIs)
- **The role of the regulators (Municipality and DMR)**
 - Collaboration

RECOMMENDATIONS



FORMAL ENGAGEMENT PLATFORMS

Platforms engagement	of Stakeholders involved	Frequency/timing	Responsibility	Legitimacy	Willingness to engage	Relationship status
Consultative Forum	<ul style="list-style-type: none"> Localised suppliers Emerging business organisations Unemployed Youth Interest groups from outside the Host Communities 	Monthly	Community Development Supt Also attending: <ul style="list-style-type: none"> Human Resources Financial Manager Supply Chain AAIC Community Trust Phola Processing Plant 	Directly impacted by the mine- local SMMEs excluded on procurement opportunities, Blasting, Employment opportunities, Influx of people to the community, skills development programmes		<ul style="list-style-type: none"> The colliery hasn't done local recruited in 2018. No learnerships in 2018 yet. Contractor related opportunities slow Limited transparency by Supply Chain on tendering. Changes at the Zimele HUB not well communicated AAIC Trust project put on hold.
Description						
The aim of the forum is addressing procurement opportunities and challenges relating to supply chain processes including contractor management , providing updates on SLP Projects, information sharing on employment opportunities by the operation and contractors, addressing complaints and general community needs. Aligning with AAIC Trust and Phola Plant as there are partners with the operation.						

- **Future Forum**
- **Municipality LED Forums**
- **Farmers Day**

INFORMAL ENGAGEMENT PLATFORMS

Platforms of engagement	Stakeholders involved	AIM
Zimele Business Hub	<ul style="list-style-type: none"> • SMME utilising the HUB • Random walk ins 	<p>The HUB manager has been on boarded to be able to address some community queries related to the operations.</p> <p>The hub is in closer proximity to the community than the Zibulo Main Operation.</p> <p>The Hub is also utilized as an advertising spot if there are opportunities for the community.</p>
Walk ins at both the OC and UG	<ul style="list-style-type: none"> • Random walk-ins • Interested stakeholders outside the host footprint 	<p>The security personnel are trained on handling community complaints and aware of communication procedures of pertaining to issues they cant address.</p> <p>Community members do not get chased away.</p>
Informal conversations		<p>Used mostly to get intel on the community grievances either directed to the other mining houses or to the operations</p>

QUESTIONS

THANK YOU

