



WESCOAL HOLDINGS Ltd  
Registration Number: 2005/006913/06

# WESCOAL CORPORATE SOCIAL RESPONSIBILITY STRATEGY

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## **1. THE BIG PICTURE**

- 1.1 Vision sets out the future direction. Our Corporate Social Responsibility vision is to be a material contributor to the uplifting of our employees and communities impacted by our activities.
- 1.2 Our strategy will guide the day-to-day management of the unfolding of Wescoal activities towards the vision.
- 1.3 The strategies lay out how Wescoal will achieve the vision.

## **2. PHILOSOPHY**

- 2.1 As Wescoal Holdings we recognise that we must integrate our business values and operations to meet the expectations of our stakeholders. They include customers, employees, investors, suppliers, and most importantly for purposes of this strategy, the community and the environment.
- 2.2 We recognise that our social, economic and environmental responsibilities to these stakeholders are integral to our business. We aim to demonstrate these responsibilities through our actions and within our corporate policies.
- 2.3 We take seriously all feedback that we receive from our stakeholders.
- 2.4 We value openness and honesty in communicating our strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development in South Africa.
- 2.5 Wescoal believes that Corporate Social Responsibility (CSR) is positioned to embody its corporate philosophy, and advances "CSR-oriented management" as one of its priority management issues.
- 2.6 Wescoal's deliberate intent is to further contribute to socially responsible business practice in South Africa.

## **3. POLICY POSITION**

### **3.1 Oversight**

- 3.1.1 The Social and Ethics Sub-Committee of the Wescoal Holdings Board has functional oversight of the strategy and shall implement it through the Group Chief Executive Officer, who shall make the necessary resources available to realise our corporate responsibilities. The responsibility for our performance on this strategy rests with all employees throughout the company.

### **3.2 Identifying Material Issues for Wescoal**

- 3.2.1 Every year, Wescoal will identify priority CSR issues by examining social trends and the expectations of its stakeholders and carry out activities after formulating a CSR medium-term plan with respect to each issue.

- 3.2.2 Amongst our key material issues is, the environment, health, safety, governance and social issues that could impede our mission in the context of our corporate citizenship space in the South African mining industry or have a material impact on our stakeholders.
- 3.2.3 We identify these material issues by conducting our internal enterprise-wide risk management analyses, by referring to sources such as the Principle of Materiality in the GRI Guidelines<sup>1</sup>.
- 3.2.4 This materiality assessment process, referred to above, contributes to our management focus on issues and allows us to report effectively.
- 3.2.5 As a business dealing in finite natural resources, a reliable appreciation and insight into emerging environmental, health and safety, social and governance trends forms a critical input to our integrated enterprise-wide risk management process.

### **3.3 Our Material Issues**

- 3.3.1 Our material issues are outlined as the following:
- Water use;
  - Education
  - Community development
  - Health and safety
  - Climate change
  - The environment
  - Welfare

## **4. OUR STRATEGIES**

### **4.1 Water use:**

- 4.1.1 Water use is a mission critical factor in our mining license to operate. Within the mining space the principal risk factors include, but may not be limited to, security of supply, increased unit costs, and competition with other users such as the communities which are water-stressed areas. We aim to find ways to secure our own operational water needs without compromising water availability to others.
- 4.1.2 Wescoal operations will strive to be disciplined and more efficient in the use of water by establishing group level water use standards. The standards will include for each operating entity, detailed requirements on water use reduction targets, water monitoring and reporting, and site-level Water Action Plan (WAPs).
- 4.1.3 Wescoal will engage technology to manage the recycling of “new” water and set targets for the percentage of that water that is recycled in mining operations that have the highest water use.

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<sup>1</sup> The Global Reporting Initiative (GRI) GRI aims to develop and disseminate an international guideline concerning organizations' sustainability report.

4.1.4 Wescoal Mining will engage in partnering with the relevant structures such as the South African Water and Energy Forum or the Integrated Water Task Team for South Africa (IWTTSA), as an example. At local levels we aim to engage communities and build trust.

**4.2 Education:**

4.2.1 Education remains a core Socio-Economic Development initiative for Wescoal, to inform a credible foundation for further development of skills towards entrepreneurship or employment in the communities in which we operate. We prioritise education in areas that represent core skills for the company, such as engineering related skills and ABET outputs within the communities located close to our mining and trading operations.

**4.3 Community Development:**

4.3.1 Whilst existing in a developing country, our legitimate contribution to South African society is measured by our ability to impact the well-being of our host communities. This is more specific to the mining subsidiary of Wescoal (With socio-economic development being legislated in the Mining Charter) but not to say that it is irrelevant to the Trading subsidiary.

4.3.2 Our impact in our host communities is expected to outlast our time there and serve as a legacy of our engagement beyond mine and depot closures. Leveraging our core business to create socio-economic opportunities in line with our B-BBEE commitments as a group remains the cornerstone of our social objective.

4.3.3 Managing prevalent socio-political risks to our mining operations further features amongst the principal medium-term objectives behind some of our community engagements, whilst using these to also showcase our performance on behalf of the community. All our mining operations subscribe to detailed social and labour plans that detail their commitments to their communities.

4.3.4 Wescoal will endeavor to implement training programmes for line managers that will assist them to manage core operations in a manner that reduces social risks and translates into community development. Our social development activities are outlined in the table below:

Table 1: Social Performance Strategic Performance Areas

Performance Area	Activity
Management Training & Guideline Documents	Developing enabling material and information for line managers to confer to in respect of responsible practices (I.e. keeping an eye on social deliverables that inform our mine closure plans).
Social Programmes	<ul style="list-style-type: none"> <li>• HIV/AIDS coaching and counselling (I.e. Responsible ME)</li> <li>• Enterprise Supplier Development.</li> <li>• Community Skills Development (i.e. ABET)</li> </ul>

Performance Area	Activity
Leveraging core processes	<ul style="list-style-type: none"> <li>• Local procurement</li> <li>• Employee volunteer programme</li> </ul>
Internal Alignment and Buy-in	<ul style="list-style-type: none"> <li>• Supply chain</li> <li>• Human Resources Development</li> <li>• Health and safety</li> <li>•</li> </ul>
External alignment	<ul style="list-style-type: none"> <li>• GRI</li> <li>• JSE SRI</li> <li>• Department of Mineral Resources</li> <li>• NGOs</li> <li>• Community engagement</li> </ul>

#### **4.4 Employee Health and Safety:**

- 4.4.1 Before a safe and healthy workforce is a safe and healthy host community. It remains mission critical for Wescoal's wellness agenda to also include managing of diseases such as HIV/AIDS and TB as a direct investment in the long-term sustainability of the company. This will be managed through focused awareness and engagement facilitated by expert third parties that have a credible track record in the country (e.g. Responsible ME)
- 4.4.2 Wescoal will contribute towards strengthening the capacity of local health infrastructure (i.e. Clinics and health centres) by making either monetary or physical infrastructure contributions in under-serviced areas as per our Social and Labour Planning where appropriate.
- 4.4.3 We will strive to proactively identify and address the sources of potential health risks as far as we possibly can.
- 4.4.4 We will consistently communicate and observe high standards of occupational hygiene (i.e. identifying potential exposure to hazards) and occupational medicine (i.e. monitoring the health of employees).
- 4.4.5 We will engage an employee assistance programme to assist with cases related to alcohol and substance abuse, as per the relevant Alcohol and Drug policy.

#### **4.5 Climate Change:**

- 4.5.1 We will develop a climate change strategy that will take into account the impact of climate change on our business model and how we contribute to minimizing our own contribution to climate change.
- 4.5.2 We will implement an energy and carbon management programme to facilitate the requisite mindset shift within our internal stakeholder base.

4.5.3 We will review our current technologies with the objective of creating an opportunity for new technologies that can contribute to reducing carbons, re-using energy and also present opportunities for alternative energy uses.

#### **4.6 The Environment**

4.6.1 Our strategies towards being responsible to the environment are outlined in our various environmental management plans spanning the lifecycle of our mining business.

4.6.2 We will review and amend our land management and biodiversity strategies to take an ecosystem-services-based approach to risk management.

#### **4.7 Welfare**

4.7.1 Wescoal will engage social welfare organisations with the objective of partnering with them for the social good.

4.7.2 Wescoal will identify Corporate Social Investment (CSI) initiatives that will be directed at impacting relevant social needs. These needs may be on local or national level and may not be restricted to our operating areas but focused on where we can achieve the most demonstrable impact.

### **5. DIALOGUE WITH STAKEHOLDERS**

5.1 Wescoal will foster two-way communication with its stakeholders through various means and opportunities. This is in line with our internal corporate communications strategy.

5.2 Wescoal will ensure that the impact of our stakeholder communication remains measurable.

### **6. COMMUNICATION AND MONITORING**

6.1 The communication and monitoring of the strategy and any progress with social performance is a management responsibility.

6.2 Reporting against performance in the strategy shall be part of our risk management reporting, where socio-political risks are considered, for example as well as through formal triple bottom-line management reporting to the board and in our annual reports going forward.

6.3 Wescoal will feature its social responsibility progress within industry publications that are dedicated at showcasing the CSI performance of the mining industry (i.e. Mining CSI monthly magazine). These publications will be expected to have a wide readership as well as associated network (i.e. partnerships with Mining Weekly and the Mining Indaba)

## **7. REVIEW**

- 7.1** Review of this strategy shall be at the special instance and request of the Social and Ethics Sub-committee of the board.