

Sustainability report

Sustainable development issues remain material to Assore's business and extend beyond the level of mere legal compliance. Assore also seeks to promote the sustainability of its business by taking an active role in shaping the development and performance of its business in the sectors in which it operates, as well as anticipating current and future issues that may present opportunities or threats to the group's business.

This sustainability report covers all the entities in which the Assore group has an interest, other than portfolio investments, and distinguishes between Assmang and the AMT operations as defined in the scope and boundary section. The group continues to report sustainability performance in accordance with the guidance outlined in the Global Reporting Initiative (GRI) G3. Based upon this disclosure, this report meets application level B of the GRI G3 Sustainability Reporting Guidelines and the associated Metals and Minerals sector supplement. The GRI Index supporting this format, as well as additional information for selected areas, can be found here.

The group's sustainability management systems control the collection and verification of pertinent data sets which are assured in accordance with the processes outlined here. Legal compliance remains a minimum performance requirement for the group's operations and is determined by an ongoing programme of internal and external auditing. With the exception of Zeerust, whose certification has been postponed due to possible restructuring of the operation, all operations retained their ISO 9001 and ISO 14001 certification for the year under review. All Assmang operations – with the exception of Black Rock – are certified to OHSAS 18001, and the clinic at Khumani is certified to the SANS 16001 standard for Wellness and Disease Management.

During the year under review, the necessary environmental authorisation was secured to construct and commission Assmang's Sakura smelter in Sarawak, Malaysia. A legal review has been completed to identify the specific health, safety and environmental requirements in terms of Malaysian legislation, and the site's sustainability management systems, which

are currently being developed, will also be aligned with those implemented on the existing group smelters.

In 2014, the only point of administrative non-compliance remained the issuing of water use licences (WUL) for Assmang's Black Rock Mine and Cato Ridge Works, and for AMT's Rustenburg Minerals and Zeerust operations. Some of these applications were lodged as far back as 2006, and management engages proactively on an ongoing basis with the Department of Water and Sanitation (DWS) to expedite the issuing of these outstanding licences.

Sustainability management systems and structures

The Assore and Assmang boards have ultimate responsibility for establishing policy and ensuring responsible management of sustainability risks and opportunities associated with the group's operations. In 2013 the responsibility for this passed from the Audit and Risk Committee to the Social and Ethics Committees (SEC) of both groups which were established in line with the requirements of the Companies Act. The SECs oversee the management of risks associated with safety, health, environmental, stakeholder engagement, socio-economic and governance aspects of the group's business. Chaired by independent, non-executive directors, these committees meet quarterly to receive and review relevant performance data of the operations and to provide strategic guidance. During the year under review, issues dealt with by these committees included formally defining materiality in order to guide their interventions and prioritisations in respect of the group's performance. They also monitor progress against the action plans implemented as a result of directors' liability audits in respect of sustainability issues.

The group's sustainability risk management systems form part of the group's overall enterprise risk management system which are designed to inform and guide group strategy and business performance. The policies and procedures in place at site level are based on the precautionary principle, and are informed in terms of sustainability risk management by the following standards: ISO 9001 (quality management), ISO 14001 (environmental management) and OHSAS 18001 (occupational health and safety management). Risks relating to wellness and disease management are managed in accordance with SANS 16001, while tailings management is guided by SANS 10286.

Environment, health and safety staff on site report directly to the site's operational management and are supported by corporate staff who guide the group-wide policy and performance standards, facilitate internal and external reporting, and audit operational performance. In addition, the corporate function guides the approach to product stewardship issues and represents the group in sustainability matters in industry associations such as the International Manganese Institute.

In terms of the management systems in place at the operations, material issues such as fatalities, lost-time injuries (LTIs), major environmental incidents and instances of legal non-compliance are reported to Assore's Group Technical and Operations Director as soon as they occur. The corporate staff oversee the investigation, rectification and close-out of incidents in order to manage the group's risks. Within the Assore structure, the Senior Manager Safety, Health, Environment, Risk and Quality reports directly to Assore's Group Technical and Operations Director. A similar structure exists within Assmang with the Divisional SHEQ

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Manager reporting to the Chief Executive ARM Ferrous, who carries the legal responsibility for Assmang.

Legal compliance processes and status

Legal compliance remains a minimum performance requirement for the group's operations and has over the past years been determined by an ongoing programme of internal and external auditing. As part of their ISO-based management system, each operation maintains a site-specific legal register detailing the applicable legislation and permit conditions with which the operation needs to comply.

Due to the two-year auditing cycle, no legal compliance audits took place at AMT operations for the year under review. All mining operations, including the expanding Northern Cape operations, have up-to-date, approved EMPRs in place as required by the MPRDA. Directors' liability audits were carried out on all Assmang operations during the year, which led to remedial action plans with specific timelines being implemented. Progress against these timelines is audited on a quarterly basis by an independent third party and reported to the Social and Ethics Committee.

During the year under review, the necessary environmental authorisation was secured to construct and operate Assmang's Sakura smelter in Sarawak, Malaysia, which is due for commissioning in late 2015. A legal review has been completed to identify the specific health, safety and environmental requirements in terms of Malaysian legislation, and the site's sustainability management systems, which are currently under development, will also be aligned with those implemented on the existing group smelters.

During the year under review, a total of five section 54 notices were issued to Assmang operations in terms of the MPRDA, resulting in a total loss of 18 production shifts (FY2013: seven section 54s received, resulting in 15 lost production shifts). In addition, a total of 10 section 55 notices were received (FY2013: 10), resulting in a single lost shift. At AMT operations three section 54 notices (FY2013: 4) resulted in a total loss of 17 shifts (FY2013: 55). A total of two section 55 notices were received by AMT operations for the period under review (FY2013: 1).

One prohibition notice in terms of the Occupational Health and Safety Act (OHSA) was served on the Machadodorp Works by the Department of Labour during the financial year. No compliance notices were served on either of the two smelter operations over the reporting period.

No fines or prosecutions were incurred by either Assmang or the AMT operations over the current financial year. An administrative fine of R1 million was imposed on Dwarsrivier Mine in June 2014 for a procedural oversight.

Neither Assore nor its operating divisions have received any fines for non-compliance in respect of legislation concerning the provision or use of products and services, nor was the group prosecuted for any anti-competitive behaviour.

ENERGY CONSUMPTION AND CLIMATE CHANGE

As an intensive user of electricity and substantial consumer of other energy sources, the group continues to explore opportunities for improved energy efficiency and develop practical responses to the business and environmental risks that carbon-related issues pose to its business.

Corporate carbon footprint

Assore has been quantifying its greenhouse gas (GHG) emissions since 2009, and the resultant corporate carbon footprint (CCF) informs its strategy for increasing the group's energy efficiency and reducing its emissions profile.

In line with the methodology laid down in the Greenhouse Gas Protocol – Corporate Standard – as well as ISO 14064, GHG emissions are reported under three categories:

- **Scope 1:** Direct GHG emissions which occur from sources that are owned or controlled by the company (eg emissions resulting from diesel consumption by mine vehicle fleets, consumption of reductants in furnaces and burning of liquid petroleum gas).
- **Scope 2:** GHG emissions from the generation of purchased electricity consumed by the company. This is purchased from Eskom, whose power is predominantly generated by coal-fired power stations.
- **Scope 3:** GHG emissions that are a consequence of the company's activities but occur from sources not owned or controlled by the company (eg product transportation and business travel), which are not reported on in this document.

During 2014, submissions to the Carbon Disclosure Project (CDP) were again made by the joint-venture partners in respect of both the Assmang and AMT operations.

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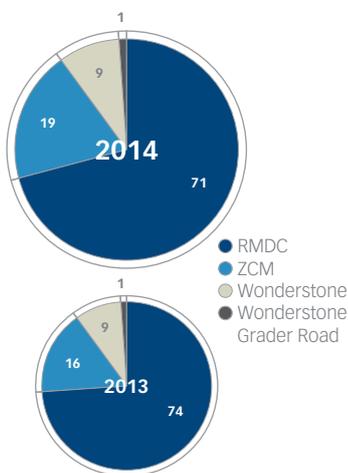
The GHG emissions from the group operations for the year under review are summarised in the table below (figures stated in a 100% basis).

Scope 1 and 2 emissions in CO₂e tons

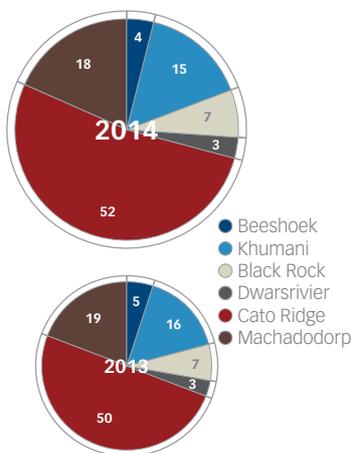
	Scope 1 tons CO ₂ e	Scope 2 tons CO ₂ e	Total emissions CO ₂ e
2014			
AMT operations	14 306	14 003	28 309
Assmang	549 210	1 142 684	1 691 894
2013			
AMT operations	9 418	13 203	22 621
Assmang	532 418*	1 127 239*	1 659 657*
2012			
AMT operations	12 047	14 869	26 916
Assmang	858 431	1 808 549	2 666 980
2011			
AMT operations	12 891	8 174	21 065
Assmang	573 055	1 426 879	1 999 934

*Restated from previous year.

AMT Operations Scope 1 and 2 as a % of total emission (CO₂e)



Assmang Scope 1 and 2 as a % of total emission (CO₂e)



The group's total Scope 1 and 2 emissions during 2014 rose to 1 720 203 CO₂e tons (2013: 1 682 278 CO₂e tons), of which 98,3% was contributed by Assmang operations.

A diagrammatic breakdown of emissions per operation during 2014 is presented along with equivalent data for 2013 for comparative purposes. These data sets demonstrate that the Cato Ridge Works and, to a lesser degree, Machadodorp Works, continue to be the main contributors of the group's carbon emissions.

Scope 1 emissions

During the year under review, Assmang's Scope 1 emissions remained stable at 549 210 CO₂e tons (2013: 532 418 CO₂e tons).

Over the reporting period, AMT's Scope 1 emissions increased by 51,9% to 14 306 CO₂e tons (2013: 9 418 CO₂e tons). The major contributor to this increase was a 39,2% rise in diesel consumption at Rustenburg Minerals on the back of increased overburden stripping associated with the opening up of additional open-cast resources, as well as the recommencement of mining activity at Zeerust.

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Diesel and electricity usage

Operation	Diesel use ('000 ℓ)		Electricity use (kWh)	
	2014	2013	2014	2013
Beeshoek	12 619	15 000*	38 970	40 559*
Khumani	34 050	40 389	175 213	165 930*
Black Rock	4 529	4 289	102 881	99 016
Cato Ridge Works	515	559	639 712	608 353
Dwarsrivier	1 500	1 629	50 872	51 653
Machadodorp Works	804	844	207 973	233 680
Assmang operations total	54 017	62 710*	1 215 621	1 199 191*
Rustenburg Minerals	4 330	3 111	9 618	9 378
Zeerust	910	239	3 123	3 187
Wonderstone	159	178	2 083	1 394
Wonderstone Grader Road	95	53	150	159
AMT operations total	5 494	3 581	14 974	14 118

* Restated from previous year

Scope 2 emissions

During 2014, Assmang's Scope 2 emissions increased by a modest 1,4% to 1 142 684 CO₂e tons (2013: 1 127 239 CO₂e tons). This increase is mainly attributable to a 5,2% increase in electricity consumption at the Cato Ridge Works, whose production increased during the reporting year following a sharp reduction in production during 2013.

Over this period, AMT's Scope 2 emissions increased by 6,1% to 14 003 CO₂e tons (2013: 13 203 CO₂e tons). The 49,4% year-on-year increase in electricity consumption at Wonderstone was particularly marked, and reflects increased production at the power plant during the year.

Energy efficiency initiatives

A range of initiatives to achieve energy saving and the reduction of greenhouse gas emissions has been implemented across the Assmang operations. At the smelter operations, a number of energy efficiency projects were completed involving the installation of variable speed drives for furnace water cooling fans and

the recycling of bag house filter dust in the pelletising process.

Financial implications of carbon taxation

The group continues to explore practical responses to the business and environmental risks and opportunities that carbon-related issues pose to its business, including the proposed imposition of carbon taxation in South Africa.

Although the carbon tax was originally scheduled for implementation in January 2015, its introduction has been delayed to an unspecified date in the future. While the precise details of the pending carbon tax remain under discussion, the model proposed will tax companies on the basis of their Scope 1 emissions, with certain "free" emissions allowances extended to certain industry sectors, operations that have emissions associated with their processes and companies that are deemed to be "trade exposed".

Based on the guidelines provided to date, it is estimated that the additional carbon tax burden directly attributable to Assore in respect of Assmang would be between R7,3 million and R14,6 million per annum, and would be between R0,34 million and R0,69 million for the AMT operations. These calculations are based on a tax rate of R120/t CO₂e and Scope 1 emissions calculated for 2013, which is the most recent year for which detailed emissions data is available. Although the date of implementation remains unclear, the group continues to take this potential future taxation into account for budgeting purposes.

Operational risks associated with climate change

The group's operations are primarily located within the arid zone and are therefore particularly vulnerable to changes in climatic regime which could impact availability of water supply. Extreme weather conditions also have the potential to disrupt logistics due to damage to transport and power infrastructure.

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WATER MANAGEMENT

During 2014, substantial effort has been focused on expediting the issue of water use licences (WULs) for Assmang's Black Rock Mine and Cato Ridge Works, and AMT's Rustenburg Minerals, Zeerust and Wonderstone mines, the original applications for which were lodged as far back as 2006. As part of the ongoing process of engagement with the Department of Water and Sanitation, the WUL applications for all three AMT mines have been revised to reflect the substantial modifications to the operational layout on the sites and changes to the legislative requirements that have taken place since the applications were first submitted.

Water consumption (m³)

Operation	Water consumption		
	2014 (m ³)	2013 (m ³)	2012 (m ³)
Beeshoek	6 608 293	7 964 901	6 190 014
Khumani	3 440 654	4 041 671	3 772 149
Black Rock	916 126	1 015 952	862 842
Cato Ridge Works	394 247	376 054	395 083
Dwarsrivier	290 175	133 912	129 990
Machadodorp Works	52 261	192 954	142 928
Assmang operations total	11 701 756	13 725 444	11 493 006
Rustenburg Minerals	264 002	262 452	247 666
Zeerust	292 750	219 866	233 710
Wonderstone	2 417	2 796	1 267
Wonderstone Grader Road	1 230	8 089	
AMT operations total	560 399	493 203	482 643

A number of the sites reported a substantial change in water consumption over the reporting year.

Both Beeshoek and Khumani reported significant drops in water consumption over the reporting period (17,0% and 14,9% respectively). This reduction reflects the impact of water supply interruptions on the Northern Cape operations, which is discussed in greater detail under the section on water security. Improved monitoring of water consumption due to upgrades of flow metering (for example, in the Khumani plant) have allowed the operations to identify and address water losses in the circuit, which form the basis for the introduction of water efficiency initiatives.

During 2014, water consumption at Dwarsrivier increased by 71,9% compared to the previous reporting period. This anomalous rise in consumption reflects increased water abstraction during the refurbishment and lining of the mine's surface water dams as a pollution prevention measure. Over this period, water from dam storage could not be recirculated for use in the plant, and supplementary make-up water had to be abstracted from borehole supply. This project is now complete, and it is anticipated that water consumption in subsequent years will return to levels comparable with previous reporting periods.

The 72,9% year-on-year drop in water consumption reported at the Machadodorp Works is mainly attributable to the alignment of reporting requirements with the conditions of the site WUL. As a result, the volume of water consumption reported for 2014 does not include the use of stormwater (which was included in previous reporting periods). During the year, the site has also implemented some process water efficiencies, and has modified the water circuit to supply the Metal Recovery Plant with stormwater rather than river water.

Zeerust reported a 33,1% increase in water consumption due to the recommencement of mining activity during 2014.

Water security

The group's mines are located in arid regions and the provision of a reliable water supply to sustain mining and processing remains an ongoing challenge. In order to combat this challenge, opportunities for improved water efficiency are being identified and implemented on all operations as part of the group's climate change response strategy.

Overall water security in the Northern Cape continues to be a material risk that challenges both the sustainability of current mining operations and constrains potential future growth throughout the region. Water availability in this area has been compromised in recent years both as a result of shifts in rainfall patterns, and also by a deterioration in the integrity of water distribution infrastructure across the region.

Assmang's Northern Cape mines are reliant on the Vaal-Gamagara Water Scheme (VGWS) for their water supply. This scheme was developed to reticulate water from the Vaal

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River to meet the supply requirements of municipalities, agriculture and mines in the region and is operated by Sedibeng Water. The scheme was commissioned in the 1960s, and has experienced an increasing number of water supply interruptions in recent years due to constraints imposed by ageing infrastructure. The pressure on VGWS's infrastructure has been exacerbated by a sharp increase in water demand imposed by the expansion of mining activity and population growth within the region which require the scheme to operate at the upper limit of its design capacity.

Sedibeng Water has completed a feasibility study for the upgrade of the VGWS to supply the water demands of users in the region with a planning horizon to 2030. This includes the refurbishment of current pipelines and pump stations, and the identification of additional water resources that could be developed to supplement existing supply. Assmang is proactively engaging with Sedibeng Water to address this challenge, and participates in regional forums to ensure that the interests of its mines are represented.

During the period under review, both Rustenburg Minerals and Zeerust have commissioned the development of tailings management strategies which will, *inter alia*, increase the recovery of water from tailings disposal facilities which can be reused in the plant. Rustenburg Minerals is also actively engaging with Moses Kotane municipality and neighbouring mines over the development of the Tuschenkomst pipeline bulk water infrastructure for the region and the development of regional water management plans.

Water quality management

Minimising the impact of the group's operations on water quality is also a priority, particularly for operations located in catchments that are challenged by declining water quality. Extensive surface and groundwater quality monitoring programmes are undertaken by all operations to demonstrate compliance with the conditions of their WULs and other authorisations, and the group also takes an active role in the catchment management authorities.

WASTE MANAGEMENT

Waste rock and process waste (including tailings from the mines and slag from the smelter operations) remain the largest waste streams generated by the group's operations.

Waste generated by operations

Operation	Waste rock 2014 (m ³)	Tailings/slag 2014 (tons)	Waste rock 2013 (m ³)	Tailings/slag 2013 (tons)
Beeshoek	49 648 892	722 343	10 924 703	1 340 888
Khumani	29 227 913	2 693 916	41 129 523	2 159 801
Black Rock	40 926	211 871	41 038	263 304
Cato Ridge Works	Not applicable	122 042	Not applicable	122 753
Dwarsrivier	290 077	241 819	299 011	268 379
Machadodorp Works	Not applicable	27 213	Not applicable	44 174
Assmang operations total	79 207 808	4 019 204	52 394 275	4 199 299
Rustenburg Minerals	1 626 859	46 055	877 323	58 785
Zeerust	663 764	22 723	–	27 764
Wonderstone	48 568	Not applicable	52 665	Not applicable
Assore operations total	2 339 191	68 778	929 988	86 549

Beeshoek reported a 354% increase in waste rock generated year-on-year, which is attributable to overburden stripping for future mining. This was accompanied by a 46,1% decrease in tailings generation, which reflects a better grade of material feed to the plant over the reporting period.

During 2014, waste rock generation at Khumani dropped by 28.9% compared to the previous year, reflecting the fact that no capital waste stripping was undertaken during the reporting period. Over the same period, there was 24.7% increase in tailings

generated, which probably indicates an increased feed to the Jig plant.

At Rustenburg Minerals, waste rock generation nearly doubled during the year under review due to overburden pre-stripping for open-cast operations. Waste rock generation also resumed at Zeerust during the reporting period due to the recommencement of mining activity. Tailings generation at both Rustenburg Minerals and Zeerust declined substantially year-on-year (by 21,7% and 18,2% respectively), reflecting reduced plant throughput on both operations.

Cato Ridge slag sales (tons per year)

Operation	2014	2013	2012	2011	2010	2009	2008	2007	2006
Cato Ridge Works	729 294	822 173	951 123	414 900	221 609	330 781	361 240	314 364	56 339

During 2014, 729 294 tons of slag were sold from the Cato Ridge Works, slightly down on sales for the previous year (2013: 822 173 tons). Nonetheless, the amount of slag sold in the year continues to substantially exceed the amount of new slag generated in the year (2014: 122 042 tons), contributing to a substantial and sustained reduction in the size of the slag dump.

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LAND MANAGEMENT AND FINANCIAL PROVISION FOR CLOSURE

Each site continues to use its Biodiversity Action Plan (BAP) to conserve the natural ecosystems on the land under its control. These BAPs are also used to make informed decisions on sustainable post-closure land use, such as the selection of species for the revegetation of disturbed land.

Up-to-date closure plans are in place for each site, which inform the financial quantum required for the eventual rehabilitation and closure of each site at the end of its operational life.

Financial provisions for site closure and rehabilitation, which are calculated by independent specialists, constitute the single largest environmental liability for the group's operations, totalling R817,2 million (2013: R734,1 million) for the Assmang operations and R19,8 million (2013: R18 million) for the AMT operations.

Assore group – rehabilitation and closure provisions

R'000	2014			2013		
	Total liability	Environmental fund	Current guarantees in place	Total liability	Environmental fund	Current guarantees in place
OPERATION/MINE						
Beeshoek	117 186	66 082	38 389	91 421	53 032	38 389
Khumani	298 681	62 577	187 032	237 052	50 021	187 032
Black Rock	178 609	55 940	122 669	166 162	43 493	122 669
Dwarsrivier	42 249	8 576	33 673	45 013	11 340	33 673
Sub-total	636 725	193 175	381 763	539 648	157 886	381 763
ALLOY OPERATIONS						
Cato Ridge	105 842	–	–	103 459	–	–
Machadodorp	74 596	–	–	91 025	–	–
Total Assmang operations	817 163	193 175	381 763	734 132	157 886	381 763
Rustenburg Minerals	12 750	–	13 000	10 721	7 735	13 000
Zeerust	4 088	–	3 500	3 495	2 647	3 500
Wonderstone	2 967	–	4 500	3 768	3 057	4 500
Total AMT operations	19 805	–	21 000	17 984	13 439	21 000

The most substantial increases in closure provision over the reporting period were at Khumani and Beeshoek, where the provision has increased by 26,0% and 28,2% respectively.

The increase in the Khumani closure provision is due to the construction of new infrastructure during 2014, notably the Wet High Intensity Magnetic Separation (WHIMS) Plant. The substantial increase in Beeshoek closure provision is due to alignment of the unit rates used to calculate the closure provision with those used at Khumani to achieve a consistency of approach between the two iron ore operations.

By contrast, the closure provision at the Machadodorp Works has reduced by 18,0% during 2014, reflecting the relocation of the historic baghouse dust disposal facility and substantial rehabilitation of the slag dump that has taken place during the year.

Assmang's closure provision is funded by cash deposited in conservation trusts, supplemented by environmental guarantees. Conservation trusts have been established for all Assmang operations and their trustees meet quarterly to ensure that sufficient funds are set aside to cover all future site rehabilitation and closure.

During 2014, the Environmental Trust Fund for the AMT operations was wound up, and the rehabilitation liability for these sites is now solely funded by bank guarantees.

In line with its commitment to responsible environmental management, Assmang's financial statements continue to make provision for environmental obligations associated with the potential rehabilitation of the Cato Ridge and Machadodorp smelters even though these industrial (rather than mining) sites do not require such provisions in terms of South African legislation.

SAFETY

The safety performance of the group operations improved during the financial year with no fatalities being recorded at any of the operations.

Safety performance

No fatalities occurred on either the Assmang or AMT operations during the period under review. This was the third fatality-free year in a row for the Assmang operations, and an improvement on the previous year's performance for the AMT operations (following on from two fatalities at Rustenburg Minerals during 2013).

The Assmang operations achieved a number of important safety milestones during the year under review. Among the safety highlights achieved were the completion of four million fatality-free manshifts at Khumani Mine, and the completion of three million fatality-free manshifts at Black Rock Mine.

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During 2014, Beeshoek Mine completed 12 000 fatality-free production shifts and has not experienced a fatality since March 2003. Beeshoek's consistently excellent safety performance was recognised by the award of the MineSafe Industry Award for 2014 as the base metals mine with the best safety performance in South Africa. This recognition is particularly encouraging as MineSafe is an initiative which seeks to promote "zero harm" in mining through a tripartite alliance between industry, government and organised labour.

All group operations have adopted a zero-tolerance policy with respect to alcohol and drugs, and mandatory alcohol testing is conducted on employees at all sites. Employees in high-risk occupations (such as drivers) are also subject to random drug testing.

Lost-time injury frequency rates

Operation	LTI 2014	LTI 2013	LTIFR (weighted) 2014	LTIFR (weighted) 2013
Beeshoek	–	1	0,00	0,07
Khumani	4	9	0,10	0,22
Black Rock	14	9	0,44	0,33
Cato Ridge Works	1	1	0,12	0,10
Dwarsrivier	10	22	0,45	0,87
Machadodorp Works	2	–	0,32	0,00
Total Assmang operations	31	42	0,25	0,32
Rustenburg Minerals	9	6*	1,23	0,92*
Zeerust	1	1	1,35	1,31*
Wonderstone	–	3	0,00	2,89
Wonderstone Grader Road	1	2	1,76	3,80*
Total AMT operations	11	12*	1,15	1,13*

LTIFR calculated on a basis of 200 000 hours.

*Restated figures.

As per previous years, both long-term and project contractors, as well as permanent employees, have been considered in the calculation of the safety statistics.

During the current financial year, Assmang achieved its best safety performance to date, with the number of lost-time injuries (LTIs) reducing to 31, from 42 in the previous year. The reduction in LTI incidents reflected a lower lost-time injury frequency rate (LTIFR), which reduced to 0,25 in 2014 (2013: 0,32). Highlights include the Cato Ridge Works, which had achieved 349 consecutive days without an LTI by the end of 2014, and Beeshoek Mine, which successfully completed six consecutive LTI-free quarters.

The AMT operations reported 11 LTIs during 2014 (2013: 12), resulting in a slightly increased LTIFR of 1,15 (2013: 1,13), and the safety performance of the AMT operations continued to disappoint. Addressing the safety challenges at Rustenburg Minerals and Zeerust remain the focus of attention from both site and corporate management, and a senior SHEQ Manager was appointed at Rustenburg Minerals during the year to drive improvements in safety performance. A suite of safety interventions has been introduced to improve hazard identification and risk assessment, standardise incident investigation and root cause analysis and to disseminate learning points identified during incident investigations to prevent incident recurrence.

There has also been renewed emphasis on training to improve employees' awareness of safety issues and the implementation of disciplinary action where employees fail to follow operating procedures.

Safety-related notices served in terms of MPRDA and OHS Act

During the year under review, a total of five section 54 notices were issued to Assmang operations in terms of the MPRDA, resulting in a total loss of 18 production shifts. This compares with the previous year when seven section 54 notices led to the total loss of 15 shifts. In addition, a total of 10 section 55 notices were received (2013: 10), resulting in a single lost shift.

Section 54 and 55 notifications

Operation	Section 54 notices		Shifts lost due to section 54 notices		Section 55 notices		Shifts lost due to section 55 notices	
	2014	2013	2014	2013	2014	2013	2014	2013
Assmang	5	7	18	15	10	10	1	0
AMT operations	3	4	17	55	2	1	0	0

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At AMT operations, there was a marked improvement in the loss of production shifts due to the issuing of section 54 notices. AMT operations received three section 54 notices during 2014 (2013: four), which resulted in a total loss of 17 shifts (2013: 55), with the improvement resulting from the fact that no fatalities took place during the reporting period. A total of two section 55 notices were received for the period under review (2013: one) with no resultant loss in shift.

One prohibition notice in terms of the Occupational Health and Safety Act (OHSA) was served on the Machadodorp Works by the Department of Labour during the financial year. No compliance notices were served on either of the two smelter operations over the reporting period.

OCCUPATIONAL HEALTH AND WELLNESS

The proactive management of employee health and wellness is the key focus of the group's occupational health management system, and is an area that continues to attract increased priority and resourcing.

Occupational health surveillance

Operation	Number of medicals performed 2014	Number of audiometric surveillance tests performed 2014	Number of cases referred 2014	Number of cases submitted for compensation 2014	Number of medicals performed 2013	Number of audiometric surveillance tests performed 2013	Number of cases referred 2013	Number of cases submitted for compensation 2013
Beeshoek	2 685	3 205	28	0	2 497	2 675	1	0
Khumani	6 999	6 925	6	1	7 195	8 209	12	3
Black Rock	5 457	6 257	53	11	4 403	4 925	10	6
Cato Ridge Works	1 472	1 366	16	0	1 902	1 638	5	0
Dwarsrivier	2 513	3 054	4	1	2 430	2 713	2	1
Machadodorp Works	768	744	1	0	925	1 053	15	4
Combined Assmang sites	19 894	21 551	108	13	19 352	21 213	45	14
Rustenburg Minerals	898	898	7	3	830	830	2	2
ZCM	70	70	0	0	53	53	0	0
Wonderstone	98	102	4	0	105	105	0	0
Wonderstone Grader Road	34	31	9	0	33	0	0	0
Combined Assore sites	1 100	1 101	20	3	1 021	988	2	2

Medical surveillance and referrals

The group's medical surveillance programme is underpinned by the requirements that all permanent and contract employees undergo entry, periodic and exit medical examinations, as specified in the Mine Health and Safety, and Occupational Health and Safety Acts. The frequency of periodic medical surveillance is informed by occupational risk assessment and hygiene monitoring that is conducted in accordance with statutory requirements. Individuals exhibiting symptoms of possible occupational disease or chronic health conditions that could pose a risk in the workplace if left unmanaged are referred by the Occupational Medical Practitioner for further follow up.

All Assmang operations have clinic facilities which conduct occupational medical surveillance and also offer primary healthcare services to employees. The Khumani clinic is certified to the SANS 16001 standard for Wellness and Disease Management, and it is intended that other Assmang clinics will also seek certification to this standard in the near future.

During the year under review, Rustenburg Minerals commissioned a site clinic and hired an occupational health nurse with specialised experience in HIV/Aids and TB management.

During the reporting period, the protocol which informs occupational health and hygiene monitoring on Assmang's manganese operations was reviewed. This review was undertaken to incorporate the significant body of health-related research that had been undertaken by the Manganese Consortium coordinated by the International Manganese Institute (IMnI) in compiling the technical dossier for REACH registration and by IMnI as part of its five-year Occupational Health, Environment and Safety programme (see section on "Product stewardship"). This protocol aligns occupational health and hygiene control systems at the Cato Ridge and Machadodorp works and Black Rock Mine, and will also be extended to the Sakura smelter in Malaysia which is currently under construction.

Sustainability report continued

Noise-induced hearing loss

Hearing conservation programmes to prevent noise-induced hearing loss (NIHL) remains a priority for the occupational health management programmes at all operations. The group's mines are bound by the DMR's 2013 milestone for the elimination of NIHL in the mining industry, and hearing conservation programmes also take into account the draft DMR milestone which extends to 2019. As an important step towards reducing noise exposure at source, occupational hygiene monitoring confirms that all operational equipment on Assmang operations emits noise levels of less than 110 dBa.

The hearing conservation programmes that have been implemented across the group to control noise exposure combine implementation of noise reduction strategies, monitoring of occupational noise levels, issuing of personal protection equipment (including disciplinary action for employees found not to be wearing hearing protection in designated noise areas) and mandatory audiometric testing as part of routine medical surveillance.

In 2014, a total of 108 Assmang employees (2013: 45) and 20 AMT employees (2013: two) were referred to an audiometric specialist for follow-up. Of the cases referred for follow-up, 13 Assmang employees (2013: 14) and three AMT employees (2013: two) were referred for compensation for NIHL.

The sharp rise in Assmang cases referred for follow-up is mainly accounted for by an increase in the cases referred by Black Rock

and Beeshoek mines. For part of the year under review, Assmang operations started to refer individuals with a greater than 2,5% percentage loss in hearing (PLH) for follow-up, as per instruction from the DMR, which led to greater numbers of referrals. However, the DMR has since reverted to its previous instruction that cases only be referred where the PLH exceeds 5%.

During 2014, large numbers of contractors were also mobilised to work on the Black Rock expansion project, a number of whom were identified as having hearing loss during their entry medicals, and subsequently referred for follow-up.

During 2014, implementation of a comprehensive hearing conservation programme has been a focus area for Rustenburg Minerals' management. As with the Assmang operations, unacceptably high rates of hearing loss have been reported among the contract workforce, and integrating the contractor's employees into the mine's occupational health management programme is a key component of the mine's hearing conservation programme.

Management of employees with chronic medical conditions

Chronic conditions – through the particularly newly diagnosed cases – are managed as a risk issue, and are monitored by the site clinics to ensure that employees' condition remain stable and that they remain fit for work. The most common chronic medical conditions identified on sites are hypertension, diabetes, epilepsy and obesity.

Periodic medical surveillance, wellness days and self-declaration provide a means of identifying employees with chronic medical conditions that require specialist case management.

In line with the requirements of the Department of Mineral Resources, operations keep a chronic disease register to monitor and manage employees who are on treatment. The human resources, security and clinic functions on Assmang operations have been integrated to manage employee health via the "time and attendance" system which tracks employees with chronic conditions who require routine medical surveillance, and denies them access to site should their check-up be overdue. The same system is also used to block workplace access for employees who are overdue for medical surveillance and annual induction, and is currently being implemented at Rustenburg Minerals.

HIV and TB management

HIV/Aids management forms an integral part of the wellness management programme at all operations, and the group's integrated HIV, TB and sexually transmitted disease policy is informed by the National Strategic Plan 2012 to 2011/2012, DMR's milestones for the control of TB and HIV in the workplace and the requirements of the Mining Charter.

Counselling and voluntary testing (CVT) for HIV/Aids is offered to employees in all site clinics and at wellness days. However, HIV testing remains voluntary and results are bound by medical confidentiality, which poses a challenge for determining reliable prevalence rates.

The following table summarises HIV prevalence rates for Assore's operations for 2012/2013. Site-specific data is presented with national, provincial and municipal statistics and demonstrate that HIV prevalence at the Group's operations is estimated to be below those of the districts in which they operate.

HIV Prevalence Rates 2012/2013

Operation	HIV		Provincial prevalence			District prevalence			
	prev	Source	2010/11	2011/12	Source	2010/11	2011/12	Source	
Khumani	3.8%	UGM Wellness	N Cape	18.4%	17%	DOH JT Gaetsewe	27.5%	17.7%	DOH
Beeshoek	3.3%	UGM Wellness	N Cape	18.4%	17%	DOH Siyanda	27.5%	19.1%	DOH
Black Rock	7.2%	Right to Care	N Cape	18.4%	17%	DOH JT Gaetsewe	27.5%	17.7%	DOH
Catoridge	12%	Discovery Health	KZN	39.5%	37.4%	DOH Ethekwini	41.1%	38%	DOH
Dwarsrivier	11.7%	Careways	Limpopo	21.9%	22.1%	DOH Sekhukhune	20.2%	18.9%	DOH
Machadodorp	13.9%	Careways	Mpumalanga	35.1%	36.7%	DOH Nkangala	27.2%	29.6%	DOH
RMDC*	11.1%	Discovery Health	North West Province	29.5%	30.2%	DOH Bojanalo	29.3%	33.9%	DOH
Zeerust*	11.1%	Discovery Health	North West Province	29.5%	30.2%	DOH Ngaka Modiri Moloma	25.9%	24.9%	DOH
Wonderstone	13.8%	Discovery Health	North West Province	29.5%	30.2%	DOH Ngaka Modiri Moloma	25.9%	24.9%	DOH

SA National HIV Prevalence: 29.5%

*Rustenburg Minerals and Zeerust statistics are aggregated because the two sites are covered by a single health management system

DOH = Department of Health

Sustainability report continued

Certain Assmang operations – notably Khumani, Beeshoek and Black Rock mines in the Northern Cape – have conducted reliable HIV prevalence surveys, and adopting the learning points from these surveys to determine reliable prevalence rates for the remainder of group operations will be an area of focus for the coming year.

TB is the leading cause of death in South Africa and is a priority area for the Department of Health. Chest X-rays taken during medical surveillance are routinely examined for symptoms of TB and all employees visiting the site clinics are passively screened for TB. Those presenting possible TB symptoms are referred to government clinics for active screening and management and, where they test positive, their contacts being traced and encouraged to undergo TB testing to prevent further spread of the disease. Multi-drug-resistant (MDR) TB cases are referred to dedicated MDR hospitals for further treatment.

In 2014, 50 new cases of TB were identified on Assmang operations (2013: 59), of which 14 were MDR cases. No new cases of TB were reported on AMT operations during the reporting period.

As part of their social responsibility programmes, Khumani, Black Rock, Beeshoek and Dwarsrivier mines have established outreach programmes to facilitate screening and assist neighbouring communities in building awareness of HIV/Aids and TB, and Rustenburg Minerals has initiated a TB awareness campaign at the Makgophe School.

Employee wellness initiatives

All Assore and Assmang employees are encouraged to take up membership of a medical aid scheme when they join the company, with the employer funding at least 50% of medical aid membership fees. Wellness days are held on sites in conjunction with medical aid funds and other health service providers.

The Careways employee wellbeing programme launched in the previous financial year is available at all Assmang sites, except Khumani and Beeshoek, where similar services are provided by FAMSA. This programme offers a confidential counselling service that provides employees and their families with support in areas that may affect their ability to function in the workplace,

including substance abuse, financial, legal and health concerns, chronic medical conditions and family and relationship challenges. Staff can opt to voluntarily participate in the scheme and, increasingly, employees are being referred to the scheme by management, particularly following disciplinary action.

During 2013, alcohol awareness training conducted by SABMiller as part of their social responsibility programme was trialled at Wonderstone and will be expanded to other group operations in the coming year.

EMPLOYEE HOUSING SCHEME

In previous years, provision of housing has been a material issue for the group, particularly in the Northern Cape where there has been an acute shortage of housing to meet the requirements of the burgeoning mining sector in the region. During 2014 the housing focus was on the completion of units under construction portion in Postmasburg to allow for the relocation of employees from the Beeshoek mine village in preparation for the mining of the Village Pit

Employee housing schemes

Housing scheme	Extension 3		Rooisand		Kuruman	Postmasburg	Mashishing	Total
	Kathu	Uitkoms Kathu	Kathu					
2014								
Houses completed	327	88	515	155	203	33	1 321	
Sold	294	80	328	37	125	0	864	
Rental units	33	8	187	118	78	33	457	
Under construction	0	7	0	26	50	0	83	
2013								
Houses completed	327	84	369	24	0	33	837	
Sold	284	75	234	17	0	0	610	
Rental units	43	9	135	7	0	33	227	
Under construction	0	3	146	76	200	0	425	

Northern Cape mines

During the period under review, the Khumani Housing Development Corporation (KHDC) focused on developing additional housing in Kathu, Kuruman and Postmasburg. In total, 1 321 new houses have been completed (2013: 837), of which 864 have been sold (2013: 610) and 457 have been made available as rental units (2013: 227), with an additional 83 still under construction as of year-end.

Kathu

An additional 150 houses were completed in the Extension 3, Uitkoms and Rooisand developments in Kathu during the period under review. Construction work tapered off towards the end of the financial year, with only seven owner houses under construction in Uitkoms Home Owners Association as of June 2014.

The focus in the short term will be the establishment of another gated community in Rooisand to cater for the middle- to higher-income employees.

Kuruman

An additional 131 houses were completed in Kuruman during the financial year, with 124 being located in the Wrenchville development. At year-end, there were 26 houses under construction in Wrenchville.

Two additional properties were serviced to cater for a total of 38 middle- to higher-income employees.

Sustainability report continued

Postmasburg

An additional 203 houses were completed during the financial year. At year-end there were 50 houses under construction, and good progress was made to relocate the employees from the Beeshoek Village to Postmasburg, as required to facilitate development of the Village Pit. The phase 2 and 3 services of residential stands in Postdene and Airfield were completed, making available a total of 500 residential stands in Postmasburg to Beeshoek employees.

Mashishing

No additional housing was developed in Mashishing during the period under review.

Letsopha

During the year under review, progress has been made on the development of Wonderstone employee housing scheme on vacant stands that have been secured in Letsopha. A geotechnical survey has been undertaken, and provision of water, sewerage and electrical connections to the stands was completed by the Tswaing municipality during FY2014.

Standard Bank has been engaged as the preferred lender for the scheme, and is in the process of finalising loans for employees who have been approved as being eligible for participation in the scheme. An architect,

builder and transfer attorney have also been appointed to oversee property transfer and building.

The next stage of the project will be submission of an application to the Finance Linked Individual Subsidy programme (FLISP), which is administered by the National Home Finance Corporation (NHFC). This organisation provides for a housing subsidy to individuals which is calculated on a sliding scale, based on income. Once this process is concluded, land transfer and building can commence.

HUMAN RESOURCES

As of 30 June 2014, the Assore group employed a total of 14 034 site-based personnel (2013: 10 580), and an additional 132 staff in its head office (2013: 129). Just over a half of the total workforce are temporary or contract employees deployed at the group's operations, whose number fluctuates throughout the year in response to the status of major projects that are being undertaken. A detailed breakdown of the composition of the site-based workforce is presented in the table below.

Workforce composition

Operation	2014			2013		
	Permanent employees	Temporary/contract employees	Contractors as a proportion of the total workforce (%)	Permanent employees	Temporary/contract employees	Contractors as a proportion of the total workforce (%)
Beeshoek	623	802	56,3	556	12	2,1
Khumani	1 657	2 991	64,4	1 584	2 622	62,3
Black Rock	2 268	1 829	44,6	2 292	213	8,5
Cato Ridge Works	491	412	45,6	509	4	0,8
Dwarsrivier	1 123	504	31,0	1 236	331	21,1
Machadodorp Works	375	53	12,4	396	5	1,2
Total Assmang operations	6 537	6 591	50,2	6 573	3 187	32,7
Rustenburg Minerals	245	389	61,4	201	441	68,7
Zeerust	21	120	85,1	12	47	79,7
Wonderstone	94	8	7,8	97	–	–
Wonderstone Grader Road	29	–	–	22	–	–
Total AMT operations	389	517	57,1	332	488	60,0

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Assmang's permanent employee numbers remained virtually unchanged over the reporting year, while the number of contractors doubled over the same period. This increase is primarily attributable to the large number of contractors who have been mobilised to site for the Black Rock expansion project.

AMT's permanent staff complement over the reporting period increased by 17,2%, mainly due to increased staff numbers at Rustenburg Minerals. AMT's contract employees workforce increased by 5,9% year-on-year, with an 11,8% drop in contractor numbers at Rustenburg Minerals counterbalanced by a 155% increase in contractor numbers at Zeerust, due to resumption of mining activity.

Employment equity

The Mining Charter target of 10% women employed in mining-related activities (WIM) has been exceeded by the majority of group mines. The number of women in production-related roles at the smelter operations also exceeds 10%, even though they are not required to comply with this target.

Women in mining and HDSA %

Operation	Women in mining % 2014	Women in mining % 2013	HDSA management % 2014	HDSA management % 2013
Beeshoek	13	11	57	57
Khumani	8	4	13	30
Black Rock	3	4	44	50
Cato Ridge Works	16	14	40	43
Dwarsrivier	15	13	75	57
Machadodorp Works	16	16	33	40
Rustenburg Minerals	12	17	53	65
Zeerust	9	–	50	25
Wonderstone	22	18	39	48

Although the recruitment and retention of female employees remain a significant challenge for the group's remote sites in the Northern Cape, Khumani in particular has shown good progress, increasing its WIM complement from 4% to 8% over the reporting period.

All group mines, with the exception of Khumani and Wonderstone, meet the Mining Charter requirement of 40% Historically Disadvantaged South Africans (HDSA) in management.

Staff training and development

Over the reporting period, the proportion of payroll spent on training on Assmang operations remained steady at 10% (2013: 9,8%) – exceeding the Mining Charter requirement of 5% – while the proportion spent at AMT operations increased to 4,0% (2013: 2,3%).

Percentage of payroll spent on training

	Training (%) 2014	Training (%) 2013	Training (%) 2012
AMT operations	4,0	2,3	5,3
Assmang	10,0	9,8	9,3

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In 2014, the number of bursaries offered by the group declined slightly, as a number of bursary recipients successfully completed their studies. The number of Assmang bursaries decreased from 78 to 68, while the number of AMT bursaries reduced from 27 to 21. Over the same period, the number of Assmang learnerships increased by 14% to 114 (2013: 100), and the number of AMT learnerships decreased from three to two, as one apprentice completed his artisan training.

Due to recruitment policies that stipulate literacy as a minimum requirement and the success of ABET programmes for existing staff, the literacy rate for the Assmang operations exceeds 90%. By comparison, the literacy rates for AMT operations are lower – due mainly to the lower educational level of employees employed by contract miners – and remain a challenge.

During the reporting period, a financial literacy programme was conducted in partnership with First National Bank at several operations across the group. After a successful trial at Wonderstone in the previous reporting year, the programme was subsequently rolled out to Rustenburg Minerals, Dwarsrivier and Machadodorp Works.

Labour relations

The proportion of employees belonging to unions remained constant over the reporting year and is summarised in the table below.

Labour relations

Operation	% membership 2014	% membership 2013	% membership 2012
NUM: AMT operations	52	47	27
NUM: Assmang	48	47	45
NUMSA: Assmang	23	24	20
Solidarity: Assmang	15	14	13

The National Union of Mineworkers (NUM) and the National Union of Metalworkers (NUMSA) remain the formally recognised unions at the Assmang operations.

At AMT operations, NUM remains the only recognised union for permanent staff, while the Association of Mineworkers and Construction Union (AMCU) is represented within the contract mining workforce at Rustenburg Minerals.

No strike action took place on the Assmang operations during the year under review.

There was a protected strike at Rustenburg Minerals during September 2013, due to a breakdown in wage negotiations, which resulted in the loss of seven shifts. Despite the tension in the region and the violence that accompanied the strike in the platinum sector later in the year under review, the strike was relatively peaceful and passed without major incident.

No group operations were affected directly or indirectly by the prolonged strike in the platinum sector, which occurred between January and May 2014.

STAKEHOLDER ENGAGEMENT

Assore recognises that its ability to establish and maintain long-term relationships with a diversity of stakeholders is integral to its risk management processes. Accordingly, Assore continues to seek, develop and strengthen mutually beneficial partnerships with key stakeholders through a variety of mechanisms in order to support its business strategy.

The challenge of engaging with host communities

In recent years, the need to engage more actively and effectively with our host communities has become increasingly apparent. The Western Limb of the Bushveld Complex in the North West province has experienced growing social unrest and political volatility since 2012, which came to a head in the region during the protracted platinum sector strike in early 2014. In order to protect the safety and security of its

employees and assets under these challenging circumstances, Assore and its BEE partner Mampa Investment Holdings (Mampa) have redoubled their efforts to engage constructively with neighbouring communities through various community forums and focus groups. The intent is to improve information dissemination and align community and company expectations by giving our host communities a platform to voice their requests and concerns and providing the company the opportunity to explain its processes and systems. A particular focus area for these discussions has been the provision of training and employment opportunities for the youth from neighbouring communities.

At Rustenburg Minerals, quarterly meetings are held with the Makgophe, Witrandjies and Motlabe Tribal Authorities, which are attended by senior mine management, as well as Community Economic Development (CED) staff, representatives of Mampa and

other group personnel, who are invited to attend on a needs basis. This engagement is supplemented by frequent meetings which are held with municipal representatives and groups within the community. The mine also communicates with stakeholders via a regular newsletter, with 4 000 copies being circulated within neighbouring communities. Monthly meetings are also held with the stakeholders of each CED project supported by AMT.

Assmang operations engage with local communities through a number of mechanisms, including social investment forums, future forums, community meetings and community open days.

A summary of the group's key stakeholders and the issues raised with them during engagement, as well as further information on stakeholder engagement mechanisms, are summarised in the table below.

Stakeholder	Summary of material issues	Method of engagement
Shareholders and the investment community	<ul style="list-style-type: none"> ▶ Profitability ▶ Regulatory compliance ▶ Financial and non-financial risk management ▶ Outlook for the base metals/alloys market ▶ Performance against targets ▶ Long-term sustainability of the business 	Annual and six monthly reports, SENS announcements, press statements
Industry associations <ul style="list-style-type: none"> ▶ Chamber of Mines ▶ Ferroalloy Producers Association ▶ International Council on Metals & Mining ▶ International Manganese Institute ▶ International Chrome Development Agency ▶ Energy Intensive Users Group 	<ul style="list-style-type: none"> ▶ Worker safety ▶ Occupational health ▶ Environmental issues ▶ Carbon-related issues (including carbon taxation) ▶ Trends in national and international legislation ▶ Logistics ▶ Risks associated with land tenure and nationalisation 	Representation on the executive bodies of these associations, as well as task groups established in terms of their strategic work
Employees and organised labour <ul style="list-style-type: none"> ▶ National Union of Mineworkers ▶ National Union of Metalworkers of South Africa ▶ Solidarity 	<ul style="list-style-type: none"> ▶ Remuneration and benefits ▶ Conditions of service ▶ Job security ▶ Career development (including training) ▶ Accommodation ▶ Worker safety ▶ Occupational health ▶ Transformation and employment equity 	Staff meetings at all levels, 'toolbox talks', inductions, health & safety meetings, internal publications, notice boards, union negotiations, career path planning

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Stakeholder	Summary of material issues	Method of engagement
Host communities	<ul style="list-style-type: none"> ➤ Employment ➤ Safety and health considerations ➤ Preferential procurement ➤ Small and Medium Enterprise Development ➤ Social upliftment ➤ Land management ➤ Mine closure and rehabilitation 	Public meetings, public participation process for Environmental impact Assessments, participation in Local Economic Development initiatives, funding of Corporate Social Responsibility initiatives
Customers	<ul style="list-style-type: none"> ➤ Product quality ➤ Product pricing ➤ Development of new products ➤ Adherence to delivery schedules ➤ GHG-related issues ➤ Product stewardship ➤ Compliance with REACH/GHS requirements for registration and product labelling 	Customer site visits, contract negotiations, quality management system, conference attendance. Use of customer feedback to influence annual report content
Joint venture partners <ul style="list-style-type: none"> ➤ African Rainbow Minerals ➤ Sumitomo ➤ Mampa Investment Holdings ➤ Exxaro ➤ China Steel 	<ul style="list-style-type: none"> ➤ Profitability ➤ Regulatory compliance ➤ Financial and non-financial risk management ➤ Outlook for the base metals/alloys market ➤ Performance against targets ➤ Long-term sustainability of the business ➤ Roles and responsibilities within the respective joint ventures 	Representation on the Assmang Board and Excom, board meetings for individual Assore operations and active participation in industry associations
National, provincial and municipal government <ul style="list-style-type: none"> ➤ Department of Mineral Resources ➤ Department of Water and Sanitation ➤ Department of Environmental Affairs ➤ Department of Labour ➤ Department of Trade and Industry ➤ Receiver of Revenue ➤ Various provincial and municipal authorities 	<ul style="list-style-type: none"> ➤ Regulatory compliance ➤ Fulfilment of statutory reporting requirements ➤ GHG-related issues ➤ Land management ➤ Mine closure (including adequate financial provision for rehabilitation) ➤ Pollution prevention ➤ Conservation of surface and groundwater resources ➤ Employee health & safety ➤ Workforce transformation and employment equity ➤ Preferential procurement ➤ Tax payment 	Statutory reporting, inspections by government representatives, permit applications, legal compliance audits, public participation process for Environmental Impact Assessments, engagement on targeted issues
Parastatal service providers <ul style="list-style-type: none"> ➤ Eskom ➤ Transnet 	<ul style="list-style-type: none"> ➤ Continuity of electricity supply ➤ Power and freight tariffs ➤ Availability of rail berths ➤ Upgrade of port facilities ➤ Negotiation of mutually beneficial contracts and service agreements 	
Contractors and other service providers <ul style="list-style-type: none"> ➤ Mining contractors ➤ Transport companies ➤ Construction contractors ➤ Consultants ➤ Healthcare providers ➤ Shipping companies ➤ Insurance companies 	<ul style="list-style-type: none"> ➤ Procurement practices (including preferential procurement) ➤ Terms and conditions of contracts (including penalties) ➤ Regulatory compliance ➤ Occupational health & safety ➤ Environmental management 	Contract negotiations, tender processes, safety inductions, health & safety meetings, site inspections and audits, performance reviews, ISO certification
Non-governmental organisations <ul style="list-style-type: none"> ➤ Groundwork ➤ BenchMarks Foundation 	<ul style="list-style-type: none"> ➤ Pollution prevention ➤ Conservation of surface and groundwater resources ➤ Employee health & safety 	Engagement through established open for a created for general engagement with host communities

PRODUCT STEWARDSHIP

As the company responsible for marketing the group's products, Assore's wholly owned subsidiary Ore & Metal has a responsibility to proactively manage financial and reputational risk by positively influencing the business and social environment within which it operates. The group therefore plays an active role in industry associations that aim to promote the use and sustainability of commodities that it produces, and to foster cooperation between peer companies to address issues of common concern.

Involvement in industry associations

An Ore & Metal representative currently serves on the International Manganese Institute's (IMnI) Occupational Health, Environment and Sustainability Committee. Ore & Metal also chairs IMnI's Regulatory Affairs Committee, which monitors manganese-related national and international legislation and lobbies on regulatory issues of importance to the sector.

During the year under review, IMnI completed a three-year life cycle assessment study for manganese products, which has involved a detailed review of the sustainability performance of 17 manganese facilities worldwide, including Assmang's Cato Ridge Works. For the first time, this exercise has allowed Assmang to benchmark the environmental performance of its manganese operations against its international peers for a range of sustainability indicators (including energy efficiency, emissions intensity, water usage and waste generation). A valuable aspect of the LCA study has been the identification and sharing of best practice which is being used to drive performance improvement across the sector.

During 2014, IMnI also completed the second phase of the socio-economic assessment project for the manganese sector, which has provided a snapshot of the manganese sector's contribution on a national and international level. As part of this exercise, the Cato Ridge Works served as a case study to quantify the full nature and extent of a smelter's contribution to the local, regional

and national economy in a developing world context.

On a national level, Assmang continues to hold the deputy chairmanship of the Ferroalloys Producers Association, and representatives from both smelting operations' site, on FAPA's Environmental, Technical and Logistics Committee.

Ore & Metal is also represented on the South African committee of the International Chrome Development Association, which facilitates the sharing of learning experiences between peer companies, particularly with regard to safety and occupational health performance. During the year under review, an area of focus for ICDA has been lobbying for the alignment of tariffs levied on chrome producers in terms of the Occupational Diseases in Mines and Works Act to bring these into line with the tariffs levied on other Bushveld mining operations with a similar occupational health risk profile.

Product registration and stewardship

Ore & Metal continues to monitor and proactively respond to changes in national and international legislation that could influence the mining, beneficiation, sale or transportation of its products.

An important area of focus in recent years has been the progressive modification of the International Maritime Organisation's (IMO's) codes, which potentially change the categorisation of Assmang's products, resulting in more stringent requirements for management and monitoring during shipment. During the past year, changes to the IMO's International Maritime Solid Bulk Cargoes (IMSBC) code were tabled, which highlighted the potential risk of bulk manganese ore fines shipments to liquefy in transit, based on the specific physical properties of the ore. In response to this proposed change in regulation, which will become effective in 2015, a programme of test work is currently under way on Assmang's manganese and iron ore fines products to determine whether the potential exists for these cargoes to liquefy in transit. Ore & Metal also continues to track the

implementation of "REACH type" initiatives in key markets such as China, Japan, South Korea, India and Brazil, which may require registration of its products.

During 2014, aspects of Assmang's Materials Safety Data Sheets (MSDSs) have been revised to reflect changes in the requirements of the Globally Harmonised System (GHS) of hazard classification and additional studies that have been generated by ongoing research sponsored by both the group and industry associations. Examples of new information sources that have been considered for this purpose in the reporting period include the research literature review conducted as part of the manganese protocol review (see section on "Occupational health") and the outcomes of IMnI's manganese ore characterisation study.

COMMUNITY ECONOMIC DEVELOPMENT

Assore recognises that it has a responsibility to social upliftment in the communities within which it operates, and seeks to respond to the challenges of livelihood support and economic diversification in a manner that is appropriate for the different socio-economic and geographical settings of its operations.

Structure of the CED function

The Assore group's Community Economic Development (CED) programme is structured to encompass aspects of corporate social investment (CSI), social economic development (SED) and enterprise development (ED). These three activities are aimed at directing financial and other resources so that economic opportunities and social conditions in host communities can be sustainably improved.

Assore's CSI expenditure is primarily funded by the Boleng Trust (formerly the Bokomoso Trust) or the Sacco Foundation (previously known as the Chairman's Fund), with a particular emphasis on education. Funding for SED is principally sourced from the Boleng Trust, with some contribution from the AMT operations, whereas ED is funded only by the AMT operations. Similarly, Assmang's SED

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initiatives are funded at an operational level to meet commitments made to skills development, capacity building, social upliftment and poverty alleviation.

The complex reporting requirements around aspects of SED performance are critical in maintaining the company's social licence

to operate. These include reporting to the DMR in terms of the SLPs, the Mining Qualifications Authority with respect to skills development and the Department of Trade and Industry in terms of the dti codes of good practice (which focus mainly on issues related to broad-based black economic empowerment).

Community economic development expenditure

During 2014, total SED spend for the Assmang operations increased by 35% to R136,4 million (2013: R100,7 million), whereas CED expenditure by the AMT operations increased by 156% to R23,0 million (2013: R9,0 million) over the same period.

Funding of CED

	Total CED expenditure 2014 (R million)	Total CED expenditure 2013 (R million)	Total CED expenditure 2012 (R million)
AMT operations	23,0	9,0	1,2
Assmang operations	136,4	100,7	82,8

During the year under review, the group's ability to spend the substantial resources allocated for CED has improved considerably. This improvement is largely due to the priority given to developing internal resources and upgrading project management skills in order to support better project planning, management and financial control. This enhanced capacity has enabled the group to more effectively spend the approved CED budgets and to improve progress in meeting the targets established for project implementation laid down in Social and Labour Plans (SLPs) and other commitments to external stakeholders.

Many of the largest and most high-profile CED projects undertaken by Assmang operations involve partnering with local/regional government to improve service delivery in the often remote neighbouring communities. It has been recognised that such projects are particularly difficult to manage because of the wide range of stakeholders involved, which can often result in project delays. In order to respond to this constraint, a degree of flexibility exists within the CED financial control systems to authorise the roll over of underexpenditure in a previous budget year into the subsequent year in order to complete projects required to close out SLP commitments at the end of every five-year SLP cycle (as was the case with Dwarsrivier Mine in 2014).

Areas of future CED focus

In accordance with the requirements of the Mining Charter, the group has placed priority on identifying and supporting enterprise development projects, which present the most sustainable opportunities for social upliftment and poverty alleviation in our host communities. The new dti codes have also placed additional pressure on companies in terms of increasing the compliance target for preferential procurement and enterprise development.

The group's CSI initiatives will continue to focus on educational initiatives, with particular emphasis on early childhood development (for example, the AMT-sponsored crèche facilities at Makgophe and Letsopha) and the promotion of maths, science and English language skills, such as Assmang's TEACH South Africa initiative.

Legal compliance

In the year under review, a particular area of focus has been to ensure that all CED projects sponsored by the group are legally compliant in terms of the safety, health, environmental, planning and other legislation. In order to achieve this, CED personnel have been encouraged to seek assistance from the SHEQ department during the planning, execution and sign-off phases of CED projects, and operations such as the Machadodorp Works have also offered BEE companies assistance with developing their contractor safety files.

Within Assore, the procurement system has been modified so that the Senior Manager: Safety, Health, Environment, Risk and Quality is required to sign off as part of any capital approval process (including CED projects). This allows any requirements for permits, authorisations or exemptions to be identified as early as possible so that these can be addressed and resourced in a timely manner. AMT's SHEQ management systems have been expanded during the year under review to include oversight of CED initiatives sponsored by the operations.

CED project monitoring, evaluation and completion

It has been recognised across the group that there is a need to develop more rigorous tools for the monitoring and evaluation of CED projects. This mechanism will not only be used to optimise project management, but will also assist in aligning stakeholder expectations, identifying and disseminating learning points and informing the selection of sustainable CED projects in the future.

Another area of future focus is the development of appropriate exit strategies from projects, either where the project has been completed or in instances where monitoring and evaluation confirms that the project is unsustainable and does not justify further support. A suite of tools is under development that will guide CED practitioners through the exit phase of projects, including the adoption of

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appropriate communication strategies and the drafting of legally binding agreements that spell out the respective roles and responsibilities of the group and the project beneficiary on project completion.

Stakeholder engagement on CED issues

Community CED forums have been established for all AMT mines and have been structured to facilitate engagement on a community-by-community basis. These forums are attended by at least one senior member of mine management, as well as CED staff, and other mine personnel are invited to attend on a needs basis. This engagement is supplemented by frequent meetings which are held with municipal representatives and groups within the community.

Meetings are held with the stakeholders of AMT's CED individual projects on a monthly basis.

All Assmang operations have established social investment forums to discuss investments in the neighbouring communities.

Assmang's local economic development initiatives

The major focus of Assmang's local economic development (LED) initiatives during the year has been on infrastructure projects, usually undertaken in partnership with government.

Assmang operations have undertaken a number of water-related projects in the water-stressed Northern Cape during 2014, which include the provision of water and sanitation to the Deben community at Khumani and the Dithharapaneng bulk water infrastructure project undertaken by Black Rock. Both Khumani and Beeshoek have partnered with local government to undertake the upgrade of road infrastructure and stormwater drainage in the Gamagara and Tsantsabane municipalities.

In the Steelpoort Valley, Dwarsrivier partnered with the Tubatse Municipality to provide household electrification for the Kalkfontein community, and has also financed the establishment of the Ngwaabe home-based care centre.

Assmang's socio-economic development projects

During 2014, Assmang continued to support its flagship project, the TEACH South Africa (TEACH SA) initiative.

TEACH South Africa initiative

Assmang employed 24 Teach South Africa (Teach SA) Ambassadors over a contract of two years since 2013. These Ambassadors are qualified in BSc Maths, BSc Chemistry, BSc Geology, BSc Microbiology and Bachelor of Science, among others. They are placed at schools around Assmang operations communities. The company funds their monthly stipend as well as acquiring of education-related qualifications.

The TEACH SA programme is endorsed by the Department of Higher Education and each Ambassador is enrolled for the Postgraduate Certificate in Education (PGCE) diploma through the University of South Africa (UNISA), to capacitate them as teachers.

The objectives for the initiative are to:

- ▶ improve the quality of maths and science teaching and learning;
- ▶ increase the interest of learners to study maths and science from grade 10, hence assisting them with career guidance into mining industry-relevant skills;
- ▶ address the shortage of technical skills in the areas where we operate by increasing the number of learners eligible to study maths, science and engineering at university and ultimately recruit local university graduates.

The intervention addresses the low-quality education in historically disadvantaged areas, where higher grade maths and science has not been prioritised in the education syllabus. It also addresses the challenge of a shortage of qualified teachers, particularly in maths and science.

They focus on teaching grades 8 and 9 in order to assist in closing the learning gaps in primary education and building a solid foundation of maths and science. However, a few Ambassadors teach grades 10 and 11. The Ambassadors also do grade 12 extra lessons and Saturday classes to improve matric results of their respective schools.

Over the duration of 18 months, results of most learners moved from level 1 up to level 3 (government standard) after the intervention at grade 9.

Each TEACH SA Ambassador is encouraged to leave a legacy project in the school which the learners or teacher takes over from the Ambassador after the two-year contract, eg maths and science club, chess club, debate club, interschool science expos and life skills clubs.

Rustenburg Minerals Community Economic Development projects

Rustenburg Mineral's corporate social investment initiatives

Support for the Makgophe Primary School and the associated facilities, such as the Makgophe Crèche, media centre and sports facility, continues to remain the focus of the Corporate Social Investment (CSI) component of Rustenburg Mineral's CED initiatives.

Makgophe Primary School

Imfundo Likusasaletu continues its educational intervention training at the Makgophe Primary School in order to assist teachers and children. This company provides support to both the foundation (grades 1 to 3) and intermediate phases at the Makgophe Primary School as well as supplying a permanent teacher to teach in the intermediate phase, and also provides remedial teaching capacity.

Special functions held at the school during the year included graduation ceremonies, awards days, Easter Day and Mandela Day, which were supported and financed by Rustenburg Minerals. Awards, cash prizes and bursaries are given to children on awards day to motivate their academic achievements.

The school held an anti-bullying day in early 2014 in partnership with the Sun City police station and local social workers to promote awareness of and build capacity to combat bullying.

Makgophe Crèche

Rustenburg Mineral's support for the establishment of the Makgophe Crèche reflects the priority that Assore places on early childhood development to promote

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school readiness, particularly in disadvantaged rural communities. Over the reporting period, the mine continued to provide financial support to the Makgophe Crèche in the form of the teacher's salary and the provision of groceries to provide meals for the children.

During the year under review, a training company called Thathakakitso was brought in to provide educational intervention training for the foundation phase (crèche and grade R) teachers and children. This company specialises in foundation phase intervention, and also provides the children with valuable early exposure to the English medium, which most children would otherwise not have access to until grade 4. Research has demonstrated that children learn languages more readily at an early age and, by extending the opportunity to learn an international language at a pre-school age, the children are also at an advantage when they are exposed to maths and science later on in their school career, as these subjects rely heavily on English terminology.

Media centre

In October 2012, Rustenburg Minerals funded the establishment of a small library in the Makgophe Primary School's hall and facilitated the sponsorship of books by the Rotary Club and Imfundo Likusalethu. The library has since outgrown its original location and is being replaced by a purpose-built media centre, whose construction is approaching completion.

The library in the media centre includes junior and senior sections, and will also house a section to be used by adult members of the community. The media centre also includes an audio visual area, and will house the computer centre, which is being relocated from the main school building.

Makgophe Primary School's computer centre is financed and maintained by Rustenburg Minerals, whose support includes the employment of a teacher to teach computer studies and manage the

centre. The CAMI education programme is used in the computer centre to supplement classroom tuition, and is presented in English to bolster the language intervention promoted by Imfundo.

Sports facility

The sports facility is maintained by the mine and utilised by the school to host various sporting functions, including sports days for schools in the surrounding area and the annual Assore sports day. The facility is also available for hire by external organisations and, in September 2013, was the venue for the Moses Kotane Heritage Sports Day. Community members are invited to tender to sell snacks and food at these events in order to generate additional funds for the school.

Enterprise development at Rustenburg Minerals

During the year under review, Rustenburg Mineral's vegetable garden and the brickmaking project were handed over to members of the Makgophe community, representing an important step in CED project evolution. This transition demonstrates AMT's commitment to nurturing the development of sustainable small businesses by supporting projects in their developmental stage, and then transferring ownership to local community members once the project is established in order to provide sustainable livelihoods. AMT continues to support these emergent entrepreneurs through the transition to private ownership by providing ongoing mentorship and targeted input from technical specialists, as well as guidance on technical, marketing and administrative matters as required.

The brickmaking project has been registered as Tsholofelo Bricks and Paving and produces maxi, stock and paving bricks which are sold to Rustenburg Minerals and neighbouring communities. During the reporting year, the brickyard relocated to a larger site to accommodate its increasing need for space.

The vegetable garden has developed a client base within local communities and

businesses, including Rustenburg Minerals itself, which buys vegetables to feed the children who attend the crèche at the Makgophe School. From an initial focus on cabbages, spinach, beetroot and tomatoes, the project has now expanded to allow the cultivation of a larger range of crops to meet consumer demand.

Makgophe Primary School Transport project

The Makgophe community approached Rustenburg Minerals in late 2011 to assist with transporting children from the villages to the school, which is on the mine property. In response, the mine agreed to pay a subsidy towards the transport of learners to the Makgophe Primary School, with transport being coordinated by a transport task team, responsible for overseeing the operation for four appointed transport service providers. During FY2014, the policies and procedures governing the management of the transport service providers were reviewed and revised, where necessary, to address challenges experienced in the smooth operation of the school transport system.

Community skills development through partnership with SETAs

During the year under review, Rustenburg Minerals has sought opportunities to partner with Skills Education Training Authorities (SETAs) and government departments in order to provide local community members with access to skills development.

By facilitating access to Safety and Security SETA (SASSETA) learnerships, 50 youth members of the Makgophe and Molorwe communities were enrolled on training for a General Security Officer qualification. This support included the cost of the training, as well as stipends for learners.

Similarly, four community members were able to secure plumbing learnerships offered by the Department of Water Affairs and Sanitation.

Wonderstone's Community Economic Development projects

Wonderstone's corporate social investment initiatives

Rainbow Crèche

The construction of the Rainbow Crèche in Letsopha was completed in January 2012, and included the establishment of a kitchen and canteen facility, as well as borehole water supply to address water supply constraints in Letsopha. Food for learners is paid for by a social grant that has been secured from the Department of Social Services.

The crèche has been fully equipped with toys and educational materials for the school to foster quality early childhood development. As at Makgophe Primary School, Thathakakitso has been engaged to provide support for foundation phase language intervention and promote the development of English language skills.

During the reporting year, a bursary was awarded to a child from the crèche to attend the Natanja Christian School from grade R to grade 7, including the supply of a full school uniform.

Natanja Christian School

Wonderstone Mine was approached by the Natanja Christian School in Ottosdal in February 2012 for assistance in building larger school premises to cater for increased student numbers since its inception. The Chairman of the Assore group, Mr Desmond Sacco, agreed to fund the building of their new school in order to provide enough classrooms and space for their future growth, a science laboratory, a home economics kitchen, sports facilities and a library.

The first phase of the new school has been completed, and the official opening of the school took place on 16 May 2014 in the presence of Mr Sacco, his wife and a range of other notable dignitaries. At the school opening, the Sacco foundation donated two buses to the school for transporting the children and also agreed to fund the second

phase of construction. This next phase will include the establishment of a library and the construction of a tertiary training facility, which will focus on learnership training and trade skills development.

Realeke School science intervention

In previous years, Wonderstone has supported the upgrade of science teaching at the Realeke School by supplying materials for use in the science laboratory. Routine monitoring of this project by CED staff highlighted that its effectiveness was being hampered by the educators' lack of understanding on how the equipment supplied should be used. In response to this challenge, a training day was held to train the facilitators to use the equipment, and Imfundo Likusalethu has been brought in to assist with the science teaching at the school. Dr Ciric from Imfundo visits the school on a weekly basis to assist the learners and teachers with the science experiments and teaching, and also coaches learners on ways to improve their study methods and understanding of specific problems in order to improve their grades.

Reakgona project

The Reakgona project gives much-needed economic opportunities to physically and mentally handicapped members of the Letsopha community who would otherwise have no employment prospects. The group produces bead and material handicrafts and silk screen T-shirts with equipment and premises that have been provided by Wonderstone. A vegetable garden has also been established by the project, which provides meals to the group and other less fortunate people.

In celebration of Mandela Day in 2013, the project facilitators partnered with the CED team in a combined Mental Health Awareness Month and Mandela Day initiative. This involved visits to local farm schools to build awareness of mental health issues in local farm schools, and also included testing children for any mental health issues.

Letsopha waste management project

Letsopha is one of many unfortunate communities in South Africa that do not have a waste removal service due to municipal budget constraints. Wonderstone was approached by a group of youth volunteers who asked for the mine's assistance in addressing this public health risk, and subsequently agreed to partner with the municipality on this initiative. A three-phase approach to the waste management intervention was negotiated between the mine and the Tswaing Municipality, resulting in the conclusion of a service level agreement (SLA) between the two parties.

Phase one of the project required the supply of equipment to collect and remove the waste from the township. To achieve this, Wonderstone donated a waste removal truck and 3 300 wheelie bins to service the households in Letsopha, on the understanding that the municipality would provide the manpower required to implement the project.

The truck and the bins were handed over to the project in September and October 2013, and in late 2013, the bins were distributed throughout the township as part of phase one of the project roll-out.

Regular meetings are held with the stakeholders to ensure the agreements in the SLA are met.

The next phase of the waste management programme will see the placement of 30 skips throughout Letsopha, targeting at curbing the current practice of waste dumping on street corners. The third and final phase of the project will involve the upgrading of the municipal landfill site, and the roll-out of an awareness campaign in local schools to promote the responsible management of waste, including identification of opportunities for recycling.

Enterprise development at Wonderstone

Letsopha Candle Making project

Wonderstone was approached for assistance by an existing candle making project in Letsopha that was making candles by hand, shaping wax in a steel pipe at one of the project member's homes. Wonderstone has provided the project with a candle making machine, melting tank and a candle printing machine, and has also funded the project's wax supply and the printing of product labels.

The CED team has also provided the project with administrative support in registering as a cooperative, as it was previously registered as a not-for-profit organisation.

Zeerust's Community Economic Development projects

Mmasebodule Primary School

During 2011, Zeerust was approached by Mmasebodule Primary School for assistance in improving the condition of the school facilities. Upon inspecting the school, it was decided that the existing infrastructure was not conducive to learning, and that an entirely new school building was required.

The Boleng Trust decided that it would fund the building of the new school, including the addition of a canteen area, school hall, computer centre and library. The phased construction of the new facility began in October 2012 and the last two phases of the building are presently nearing completion.

Each year, the CED function funds and coordinates a number of functions at the Mmasebodule Primary School, including the distribution of Christmas gifts and an Easter Day celebration.

AMT's community economic development projects

Flagship project: Natanja Christian School

Wonderstone Mine was approached by the Natanja Christian School in Ottosdal in February 2012 for assistance in building larger school premises to cater for increased student numbers since its inception. The Chairman of the Assore group, Mr Desmond Sacco, agreed to fund the building of the first phase of their new school in order to provide enough classrooms and space for their future growth, a science laboratory, a home economics kitchen, sports facilities and a library.

The first phase of the new school has been completed, and the official opening of the school took place on 16 May 2014 in the presence of Mr Sacco, his wife and a range of other notable dignitaries. At the school opening, Mr Sacco donated two buses to the school for transporting the children, and also agreed to fund the second phase of construction. This next phase will include the establishment of a library and the construction of a tertiary training facility, which will focus on learnership training and trade skills development.

AMT community economic development projects

Over the reporting period, AMT's CED initiatives continued to focus on projects to enhance the quality of primary education and early childhood development in disadvantaged rural communities.

Rustenburg Minerals continued to support the Makgophe Primary School and associated crèche facility, with the construction of a media centre during 2014, while Wonderstone continues to provide support to the Rainbow crèche in Letsopha.

During 2014, Wonderstone partnered with the Tswaing Municipality to initiate a waste management intervention in Letsopha, which lacked waste removal services due to budget constraints. As part of the first phase of this project, Wonderstone donated a waste removal truck and 3 300 wheelie bins to service the households in Letsopha, and the municipality committed to providing the manpower required to implement the project.