

## Employment and human rights



DRDGOLD has a group policy regarding recruitment, selection, engagement and separation practices. The company's vision is to be 'the employer of choice' in the South African gold mining industry and the policy seeks to recruit and select the best talent available to fill vacancies and to ensure that the engagement of successful applicants and their induction as new employees takes place smoothly. Another objective is that the policy serves as a vehicle for identifying and analysing any 'push' factors that may cause talented people to leave as well as any external 'pull' factors that may attract such people away from the company. When a vacancy occurs, the company looks among existing employees to fill the position and only looks outside if there is no suitable internal candidate.

## Total number of employees and contractors at 30 June

Operation/entity	2009			2008		
	Employees	Contractors	Total	Employees	Contractors	Total
Blyvoor	4 005	596	4 601	3 835	676	4 511
Crown	510	680	1 190	492	687	1 179
ERPM	185	61	246	1 892	8	1 900
ErgoGold	139	509	648	N/A	N/A	N/A
Corporate and regional offices	30	0	30	37	0	37
<b>Total</b>	<b>4 869</b>	<b>1 846</b>	<b>6 715</b>	<b>6 256</b>	<b>1 371</b>	<b>7 627</b>

Each operation has a human resources manager with specialist human resources and training personnel to handle the day-to-day management of employee-related issues. This manager reports to mine management and to the Executive Officer: Human Resources who has overall responsibility for human resources, industrial relations and labour practices across the group.

The operations have employee forums that engage with management on different issues. At Crown, for example, there are four forums: education; health and safety; future; and employment equity and transformation.

Talent is fostered through learnerships, internships and tertiary education programmes. In particular, all the operations identify historically disadvantaged South Africans (HDSAs) for skills development and advancement. In the year under review, Blyvoor had 41, Crown 15 and ERPM 12 HDSAs in their respective talent pools.

At the end of 2009, DRDGOLD employed 6 715 people, of whom 1 846 were contractors (27.5% of the workforce). The turnover rates for the three operations were: Blyvoor, 0.84%; Crown, 3.5%; and ERPM, 87%. The reason for the high percentage at ERPM was the placing of the underground operations on care and maintenance. This resulted in the retrenchment of 1 336 employees while 116 were transferred to other DRDGOLD operations.

## Human rights

South African legislation – in particular the Labour Relations Act, the Employment Equity Act, aspects of the Mine Health and Safety Act, the Mineral and Petroleum Resources Development Act (MPDRA) and the Mining Charter – lays down certain requirements in respect of labour relations operating in the country. These include such human rights conventions as freedom of association and collective bargaining. In addition, the country's constitution and its subscription to various International Labour Organisation declarations as well as other international regulations play a part in setting parameters for employer/employee relations.

DRDGOLD's adherence to the legislation, declarations and regulations outlined above means that the company prohibits forced, compulsory and child labour and ensures that its employment practices are fair.

DRDGOLD's board-approved Code of Ethics commits the company to fair employment practices, equal opportunity and employment equity. The code states that DRDGOLD respects and defends the rights of all employees to a working environment free of discrimination on the basis of attributes unrelated to job performance, for example, race, gender, religious belief, political affiliation, age or disability. Company policy prohibits harassment, whether it occurs in the workplace or at other employee-related events or activities.

All employees have the right to freedom of association and to act out this freedom within the bounds of the law and collective agreements and provided that this does not impinge on the rights of others.

## Labour relations

The two unions recognised by DRDGOLD are the National Union of Mineworkers (NUM) and UASA – the Union. In total, 84% of DRDGOLD employees are unionised, 65% belonging to NUM and 19% to UASA. The company has recognition agreements with both unions.

Wages and conditions of employment are negotiated on a biennial basis for each operation. Monthly management/labour meetings are held at each operation, where unions are informed about production results and employee concerns are addressed.

When operational changes occur, DRDGOLD observes the 60-day consultation process specified in Section 189A of the Labour Relations Act and this was the case with the retrenchments that took place at ERPM in January 2009. There was no industrial action associated with this process. The retrenchment packages were agreed with the unions and the company worked closely with the unions and the Department of Labour to identify and implement re-skilling programmes. Where possible, it engaged with other

## Union membership as % of workforce by operation

Operation	NUM	UASA	Total
Blyvoor	65	11	76
Crown	70	10	80
ERPM	60	37	97

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## HDSAs in management

Operation/entity	2009		2008	
	Number in management	% of total management	Number in management	% of total management
Blyvoor	14	25	21	18
Crown	10	33	19	40
ERPM	1	8	13	27
Corporate and regional offices	7	32	6	22

mining companies which expressed an interest in recruiting employees and established lines of communication between these companies and the unions.

## Diversity and equal opportunity

The employment of HDSAs is regulated through the Employment Act, the MPRDA and the Mining Charter. The Mining Charter requires companies in South Africa to publish employment equity plans and to report on progress to achieve 40% HDSA participation in management and to have women making up 10% of the workforce.

There is no discrepancy between the salaries and wages paid to men and women in the same positions and they enjoy the same conditions of service. Employment equity plans and progress with the company's operations are submitted to the Department of Labour every year.

Steps are being taken at Blyvoor to reach the Mining Charter targets. Preference is given to HDSA candidates when recruiting people for management positions and promising HDSA employees are earmarked for internal promotion. All 41 employees in the talent pool are assisted by 15 trained mentors. When seeking to fill vacancies for category 3 to 8 employees, the mine ensures that 10% of those engaged are women.

Prior to being placed on care and maintenance, ERPM had five trained mentors looking after the 12 employees in its talent pool.

## Training and development

DRDGOLD is committed to training and developing its employees at all levels across the group. In 2009, a total of R4.5 million

(2008: R5.5 million) was spent by the company on these aspects.

During 2009, employees at Blyvoor in categories 4 to 8 spent an average of 13 days in training, four days in refresher training and three days in first aid training. For those in category 9 and above, an average of four days were spent in refresher training and three days in first aid training.

Adult Basic Education and Training (ABET) is available at all operations. At Blyvoor, ABET is available on a part-time basis to employees as well as to people from the surrounding community. The company employs a full-time co-ordinator and four part-time educators. During 2009, 140 learners enrolled at the ABET centre, 60 of whom wrote an examination and were certified as competent in Levels 1, 2, 3 and 4.

Full-time ABET classes (from Level 1 to Level 4) were offered on the Crown premises to around 20 employees a year until 2008. A skills audit is scheduled in order to determine future requirements and classes will start again in January 2010 for identified employees. These will be conducted by the Ekurhuleni Business Development Academy (EBDA) which DRDGOLD has established in partnership with its Ergo joint venture partner, Mintails.

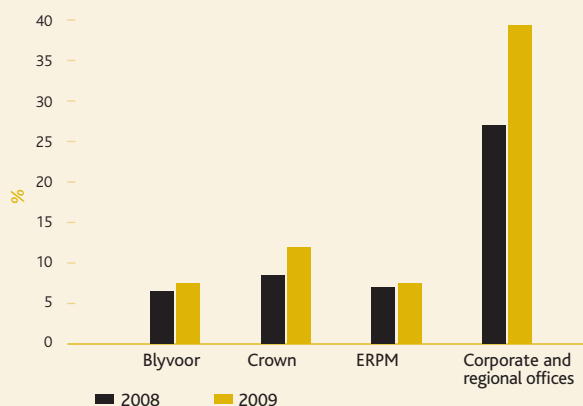
Prior to January 2009, there were four trained ABET facilitators at ERPM and 55 employees were taking ABET classes on a full-time basis at Ergo's training facilities. The entire ABET curriculum – equivalent to nine years of schooling – was offered. The cost of ABET at this operation in calendar 2008 was R250 000.

Learnerships provide employees with the opportunity to improve their skills through a combination of studying and practical on-the-job training. At Crown, 16 employees, 15 of whom are HDSAs, are learning trades: eight as fitters, four as electricians, one as a rigger and three in plating/welding. Three streams are being run: six employees will be eligible to take trade tests in November 2009, six in 2010, and four in the second quarter of 2012. There are currently 12 employees on learnerships at Blyvoor – some learning to be boilermakers and electricians and others learning mining-related skills.

Currently Blyvoor has two HDSA students on its bursary programme, both of whom are studying mining engineering at a tertiary institution. The cost of this in 2009 was R72 000. No bursaries or scholarships were awarded by Crown or ERPM during the year under review.

(See case study: *Junior Leadership Programme empowers employees and saves company money*, on page 26.)

Women in mining as percentage of workforce





## Employee benefits

Benefits at Blyvoor include free medical care (for category 4 to 8 employees), medical aid for other employees, maternity and family responsibility leave, pension and provident funds, accommodation, and study assistance.

At Crown, benefits include medical aid, maternity leave, a pension fund, profit share and study assistance.

Benefits at ERPM were free medical care (for category 4 to 8 employees), a monthly medical allowance for other employees, a skills retention allowance and study assistance.

## Housing and living conditions

At Blyvoor, 71% (2 820 people) of employees live in accommodation provided by the mine. The breakdown is as follows:

- 764 in houses;
- 396 in family units; and
- 1 660 in single accommodation in hostels.

The remainder of the workforce, 1 181 employees, live in their own accommodation which they may rent or own.

There has been a steady decline in the number of employees residing in the two on-site hostels: from 1 995 in 2007 to 1 797 in 2008 and to 1 660 (47% of the workforce) in 2009. In the meantime, the mine has continued with its project to convert hostel rooms into family units. To date, 292 units have been

completed. Blyvoor is also converting part of a hostel into accommodation for female mineworkers who are single. The cost of these programmes to date is R1.4 million. In addition, 15 employees per month are being allocated company accommodation which was formerly used for rental purposes.

Daily meals are provided to all Blyvoor hostel residents while underground and plant employees are given a meal pack on their way to their workplace. The annual cost to the company is some R19.3 million a year.

There is no on-site accommodation at Crown or ErgoGold and employees are not provided with meals. Crown employees receive a housing allowance of R400 a month. The company donated the land, part of the now closed Durban Roodepoort Deep Mine, on which a new suburb of Soweto – Bramfischerville – was built.

Before ERPM was placed on care and maintenance, 5% of employees resided in housing provided by the mine. Home ownership was encouraged through a low-cost housing initiative. The mine made 62 hectares of its land near Boksburg available to the Ekurhuleni Municipality for the construction of housing units for employees and community members.

Some 11% of ERPM employees lived in an on-site hostel. The majority of category 4 to 8 employees opted for the living out allowance. All underground employees were provided with meals at a cost of around R60 000 a year.

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### Junior Leadership Programme empowers employees and saves company money

DRDGOLD ran a pilot Junior Leadership Programme (JLP) during 2009. Executive Officer: Human Resources Andrew Weir said: "We embarked on this project in an effort to teach those attending the course about finance, management and decision-making and lastly, to try to create a sustainable project that will help chosen candidates grow in their current positions."

Comprising both theoretical and practical study, candidates were required to submit an impact project at the end of the course. Of the 13 people who completed the course, 11 submitted impact projects. "The outstanding thing about a course such as this is that the impact projects presented represent a total saving of around R1.4 million per month for DRDGOLD. When you consider that the cost of the training amounted to R400 000 in total, this is a significant saving for the company," training consultant Piet Pistorius said.

Candidates had to present their impact projects to senior management and to the main lecturers involved with the JLP, after which the most outstanding projects were announced at a function on 24 June 2009. Piet explained: "Winners were judged on a number of criteria, such as the quality of their presentation, the financial impact of their projects, their overall performance throughout the course and the incorporation of project key performance areas (KPA's)."

Some examples of outstanding projects included:

- cost benefit analysis of hiring versus purchasing TLBs at Ergo;
- implementation of geological drilling schedules to reduce costs associated with ad hoc drilling;
- interrogation of systems and controls to improve net cash flow in respect of living out allowances paid to contractors and VAT at ERPM; and
- maintaining a constant oxygen supply into the elution process to dramatically improve extraction efficiencies.

Leonard Nxumalo, a geologist at Blyvoor, received the best student award, no mean feat for someone working full-time. His impact project looked at reducing the unit costs per metre drilled in the diamond drilling programme. It has revolutionised the manner in which diamond drilling

is scheduled and conducted, and to date has saved the company in excess of R150 000.

"The entire course was most valuable," Leonard said, "but my best module was personal productivity – it made me become more effective as an individual, a more effective team member and most importantly, an effective leader. It also improved my personal life in a very amazing way!"

Tessa Wilkins, an assistant financial accountant at ERPM, received the award for the best impact project. Her project entailed detailed scrutiny of current living out allowances paid by the mine to contractors who provide hostel accommodation on behalf of the mine. Allowances were verified by the payroll department after physical counts were conducted to more accurately reflect the correct amounts owed to the contractor, and the project's return on investment, which was around R100 000 over a three-month period, is escalating monthly.

Tessa found the course beneficial. "It gave me the ability to deal more effectively with change, to work more assertively, to unite a diverse team, to manage my time more effectively and to delegate and prioritise. After the course, I have become more focused, and understand that goal-setting is crucial to success," she said.

Andrew concluded: "This all-encompassing programme has been well received by the students and the company. Along the way, we have learnt a great deal about managing learners' expectations, and how best to apply the selection criteria at the outset so as to minimise the number of drop-outs. We look forward to welcoming the next set of learners and hope that they can implement as efficient and sustainable projects as their predecessors."

## The course comprised five modules:

- Module 1:** Personal productivity
- Module 2:** Leadership
- Module 3:** Fundamentals of management
- Module 4:** Fundamental principles of economics and business finance
- Module 5:** Introduction to project management