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Stakeholders

- ▶ Employees/contractors/unions
- ▶ Local communities
- ▶ Host Governments/regulators

At a glance

9,486

PEOPLE EMPLOYED IN FY 2018

US\$9.5 million

INVESTED IN STAFF TRAINING AND DEVELOPMENT IN FY 2018

18%

OF FEMALES IN THE WORKFORCE

44%

OF PETRA'S INTERNS ARE WOMEN

23%

OF LEADERSHIP DEVELOPMENT PROGRAMME CANDIDATES ARE WOMEN

People

Responsibility

Executive oversight	Petra Board			Social, Ethics & Diversity (“SED”) Committee¹			
Group oversight	RSA Legislation	Recruitment Policy	Employment Equity (“EE”) Policy	Women in Mining/ Maternity Policy	Promotion Policy	Ops Remuneration Committee	Central Negotiation Forum
Operational oversight	Procedures	Future Forums	EE Committee	Incapacity Committee	Recruitment Panels	Mine Negotiation Forum	

Key achievements

- ▶ Successful implementation of a wide range of developmental programmes enabling career development and promotion; 29 employees qualified as artisans and eight as miners.
- ▶ Implementation of a Koffiefontein project to support employees to complete national technical education and development (“NATED”) courses that may prepare them for further studies in technical disciplines.
- ▶ Implementation of the Career Advancement Programme for A- and B-band employees. This programme endeavours to create opportunities for A- and B-band employees to obtain skills and qualifications that will lead to promotion into the skilled bands. 34 employees commenced this programme in FY 2018.

Key challenges

- ▶ Low levels of literacy amongst our communities (especially the rural ones) limit the pool from which to recruit scholars, bursars and interns.
- ▶ The mining industry is not always considered attractive and therefore it can be difficult to attract and retain the correct skills.

Objectives for FY 2019

- ▶ To provide support to our women in management through the launch of our ‘Women in Leadership Programme’.
- ▶ To ensure employee development needs are met by conducting a skills audit to identify current training gaps and future training needs.
- ▶ To continue to foster a culture of tolerance and recognition of the importance of diversity in the workplace.
- ▶ To strive to improve the scholastic skills within local communities in order to create an input into our education pipeline.

Company policies

- ▶ Petra policies on employee benefits, HR services and recruitment
- ▶ Social and Labour Plans (“SLP”)
- ▶ Communication Management Policy
- ▶ Code of Ethical Conduct and related policies
- ▶ Group Training and Development Policy, with additional related policies
- ▶ Policy Statement: Political Activity on or Using Company Facilities

Standards we follow

- ▶ The Constitution of RSA
- ▶ The South African Mining Charter
- ▶ International Labour Organization Declaration on Fundamental Principles and Rights at Work
- ▶ Labour Relations Act (Act 66 of 1995)
- ▶ Employment Equity Act (Act 55 of 1998)
- ▶ Basic Conditions of Employment (Act 75 of 1997)
- ▶ Employment Equity Act (Act 55 of 1998)
- ▶ MPRDA 28 of 2002
- ▶ Collective/Recognition and other Agreements with relevant unions

1. The SED Committee was established after Year end. As a result, the HSSE Committee was then restructured to form the HSE Committee.

Employee Retention and Development

Our approach

Petra recognises that the retention and development of our people is one of the key drivers of our future success and long-term sustainability as a company. Our people are our most valuable asset and it is only with their hard work and contribution that the significant value of our resources can be unlocked.

Petra works hard to foster a ‘can-do’ culture, where entrepreneurial thinking is encouraged and rewarded, big challenges are taken on and tackled systematically, change is embraced and full accountability is placed on all individuals to act with integrity and to the best of their abilities. In this way, each employee can feel that they are contributing to the ongoing success of the business.

We place great importance on the empowerment of our employees and on encouraging them to fulfil their true potential with the provision of training and attractive career development opportunities. Employees who are provided with the opportunity to enhance their skillsets not only contribute better to the Company’s success but also have greater career satisfaction, thereby improving morale, productivity and employee retention. Our focus is not merely on Petra’s current employees, but also the next wave of employees in our local communities. Therefore it is imperative that we have programmes in place to prepare them and equip them with the skills they require.

9,486¹

PEOPLE EMPLOYED BY THE GROUP
OR 7,474 EXCLUDING KEM JV

1. Including KEM JV.

Our workforce

As at 30 June 2018, the Group employed 9,486 people (a 15% decrease on 30 June 2017: 11,169) or 7,474 excluding KEM JV. See page 69 for the breakdown of employee and contractor numbers.

The number of permanent employees decreased by 2% to 5,502 (FY 2017: 5,607) or 3,883 excluding KEM JV, mainly due to retrenchments at Helam projects and several retirements completed during the Year. The number of contractors decreased significantly due to the advanced stages of our capital programmes, which saw a 28% fall to 3,984 (FY 2017: 5,562) or 3,591 excluding KEM JV.

Local hiring

In order to foster a stable and cohesive workforce and to contribute to the development of our local communities, Petra prioritises recruitment from the local area. This makes sense from a business perspective and decreases the requirement for Company-provided services such as transport and housing.

It is also a regulatory requirement in terms of the South African Mining Charter (“the Charter”) and our prescribed SLPs, which include commitments to recruit from ‘labour-sending areas’, i.e. their host and local communities. Commitments to recruit locally are often also included within agreements with the organised labour unions present at our operations.

However, skills shortages in the local communities are often a reality when recruiting for skilled positions. For this reason, vacancies for positions in the skilled bands are also advertised regionally or nationally, whereas all unskilled and semi-skilled positions are advertised locally only. Preference will still be given to local applicants whenever possible.

Major contractors to the operations are expected to apply the same recruitment principle when employing workers for contracts at these operations.

Staff retention

Although there is still competition in the labour market for semi-skilled (39% of Petra’s workforce in FY 2018) and skilled employees (61% of Petra’s workforce in FY 2018), and a shortage of certain specialised skills, strained economic conditions in South Africa, in part due to the commodities downturn, have taken some pressure off recruiting for and retaining skills.

The remote location of most of our operations means that the host communities present a limited pool from which to draw skilled employees and it can be difficult to attract these skills from the larger urban centres. Staff retention is therefore important and remains a focus for Petra.

In FY 2018, our total employee turnover increased from 9% to 11%, mainly due to retrenchments at Helam, terminations of fixed-term contracts of employment at KEM JV and several retirements during the Year. See page 71 for the breakdown of the Petra Group turnover rate for FY 2018. However, we consider this a comparatively low staff turnover rate, on par with those of the mining sector and industry in general, resulting from the creation of a challenging but pleasant work environment and remuneration policies that are designed to attract, incentivise and retain individuals of a high calibre.

Employee training and development

Our investment in employee training and development increased 12% to circa US\$9.5 million in FY 2018 (FY 2017: circa US\$8.5 million) due to an increase in the number of full-time trainees, notably interns, which increased from 30 in FY 2017 to 41 in FY 2018. The increase is also related to the implementation of the ‘True Blue’ course, focusing on the engagement of employees in order to unlock their ‘True Blue Value’, which was attended by 108 supervisors.

Petra endeavours for training spend to consistently exceed 5.5% of operations payroll per annum and FY 2018’s spend represented 6.8% of payroll¹.

Main areas of expenditure continued to be in-house safety and technical training, outsourced to specialist external training providers, engineering and rock-breaking learnerships, internships, bursary schemes, school support projects and centralised leadership and management development programmes.

The training programmes at Williamson continue to focus on ‘on-the-job training’, which includes training through regulatory bodies such as OHSAS and the Association for Tanzanian Employers (“ATE”), as well as external learning events, such as formal original equipment manufacturer training courses, safety training or visits to other mining operations. Williamson does not currently have formal bursar and scholarship programmes in place, but it supports those engaged with self-development programmes to a limited degree.

A total of 30,106 instances of legally required training were presented across the operations during the Year (FY 2017: 27,706). These are mostly health and safety-related courses required by legislation and aimed at improving workplace safety.

Employee training and development spans a wide scope of safety training and technical training and a variety of development programmes, both technical and managerial in nature. The table below indicates the total shifts spent on core and support skills training per South African operation as well as the average number of days spent on training per year.



Employee Retention and Development continued

Employee training and development continued

We recorded a total of nearly 60,000 shifts spent on training across our South African operations in FY 2018, which averages out as 12.4 shifts per employee.

ca. 60,000

SHIFTS DEDICATED TO TRAINING IN SOUTH AFRICA

Supervisory, leadership and management development programmes

Petra's Leadership Development Programme ("LDP") remains an important strategic tool to assist the organisation in the identification and development of employees who display the potential to fulfil leadership positions in the future. At the end of the two-year programme all participants receive a Higher Certificate in Generic Management (NQF Level 5).

The LDP consists of various elements, such as classroom learning, mentoring, coaching and formal technical training, in order to ensure that the graduates can effectively fulfil future leadership positions in the Company.

During FY 2018, 35 employees participated in the LDP. The LDP is considered to be an important opportunity to improve management diversity, both by race and by gender, with 23% of participants being female. From inception of this programme in 2008, a total of 115 employees have graduated. Of the graduates, 73 were promoted, 22 of whom in the last Year. To date, 24 female graduates have been promoted (six of these during FY 2018). Three female graduates were appointed to middle management positions.

In addition to the LDP, and as a response to Petra's commitment to succession planning and the Company's focus on developing and empowering middle and senior management, we introduced the Management Development Programme ("MDP") and Senior Management Development Programme ("SMDP") presented by the University of Stellenbosch Business School in FY 2018. In FY 2018, nine employees completed the MDP (33% of the candidates were females) and three the SMDP. The formal programme is complemented by leadership and management coaching sessions to further contribute to performance improvement and personal efficiency.

A range of supervisory development interventions are also presented, ranging from short courses to skills programmes. 31 candidates were enrolled in the Supervisory Development Skills Programme, 29 of whom completed the programme successfully. 108 experienced supervisors attended 'True Blue', a bespoke short course on supervision. This intensive course is conducted over three days and focuses on providing supervisors with the skillset to effectively engage their teams in the workplace.

Learnerships

In South Africa, a learnership is a registered and accredited learning programme which combines practical work experience with academic learning. This mechanism is considered a very important career development opportunity seeing that most qualified learners, both current employees and non-employees, go on to be appointed as artisans or miners within our operational structures.

Learners are recruited from inside and outside the Company. Currently we have learners on a number of programmes ranging from various engineering disciplines (e.g. electrical, fitter and instrumentation) through to rock breaking and metallurgy.

We had 191 learners in FY 2018, of which 83 were engineering related, 35 mining related and 73 participated, on a part-time basis in the field of metallurgy.

Study Assistance Scheme

Petra provides a Study Assistance Scheme, which is available to support employees to obtain tertiary qualifications or other training relevant to their current positions or positions that they can reasonably be expected to hold in the future.

The objectives of this scheme are to not only promote employability at the end of a career in mining, or in the event of mine closure, but also to provide employees with the opportunity for career progression, thereby qualifying the employee to apply for alternative positions in the Company. Assistance is provided in the form of a service obligation, an interest-free loan or study leave.

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EMPLOYEES SUPPORTED BY STUDY ASSISTANCE SCHEME IN FY 2018

Information available indicates that employees who were promoted in FY 2018 based on qualifications achieved through the Study Assistance Scheme include three female employees, respectively promoted from change house cleaner to HR officer, from miner to safety officer and from training co-ordinator to senior training officer. Two males were also promoted – one from artisan to acting safety officer and one from miner to trainee mining engineer.

Portable skills training for employees

One of the issues facing employees at South African operations is the transferability of their skills, i.e. their skills do not allow them to enter self-employment at the end of their careers or at mine closure. Our operations therefore plan and budget for training to equip employees with transferable skills, such as mechanical repairs, electrical, welding and cutting technology, business skills, carpentry, the ability to qualify for their driver's licences and a number of computer training modules.

The positive trend of FY 2017 continued with employees committing to transferable skills training; however, the total number decreased to 154 employees (FY 2017: 265), mostly due to high production requirements.

Adult education and training ("AET")

Due to the country's unique history and the comparatively poor standard of education, South Africa has relatively high levels of adult illiteracy.

For this reason, we make it possible for all employees who want to improve their literacy and numeracy skills to do so via our AET Programme (previously referred to as Adult Basic Education and Training). AET is provided free of cost or obligation to all learners and is implemented through the use of multimedia computer-based training or facilitated learning via facilities available at all of our South African operations.

In total the AET facilities were used by 94 enrolled learners in FY 2018, including 22 community members. Read more about the education and training opportunities we provide to our local communities on pages 56 to 63.

Williamson commenced the provision of AET for the first time in FY 2017 and, whilst the initial reception was positive, implementation has been slow in FY 2018.