



United Nations Global Compact Communication of Progress

**Richards Bay Coal Terminal Company Limited**

March 2010

**Executive statement of commitment to United Nations Global Compact (UNGC)**

Richards Bay Coal Terminal (RBCT) is committed to engaging with all its stakeholders. RBCT stakeholders are identified as coming from the following groups:

- Shareholders and Users
- Employees
- Government
- Media
- Suppliers
- Communities
- Strategic business partners

RBCT understands the value of effective stakeholder engagement and the potential costs of falling short of stakeholder expectations. In a very real sense, sound stakeholder engagements are the foundation of our license to operate.

Being a good corporate citizen is an objective enthusiastically embraced at all levels within RBCT. As a member of the Global Compact, we believe that our business policies incorporate the ten principles. Our Board fully supports our actions in working towards sustainability goals – in particular those contained in the UN Global Compact.

Through our support of the UNGC, we also aim to advance the agenda on performance related to human rights, labour rights, the environment and the fight against corruption.

Our status as a signatory to the UNGC and our active participation in the UNGC South African Advisory Committee is viewed as strategically important for reinforcing ethical and sustainable business practices while responding to changes in local and global best practice in these areas.

RBCT continues to pledge its full support to the UNGC and of driving adherence to the ten principles in our sphere of influence.

Here we summarise the progress we have made against these principles.

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## **Human Rights**

### **Commitment**

*Principle 1: RBCT supports and respects the protection of internationally proclaimed human rights*

*Principle 2: RBCT is committed to ensuring that it is not complicit in human rights abuses*

## **SYSTEMS, ACTIVITIES AND PERFORMANCE**

Corporate Governance plays a significant role in RBCT's business philosophy. Our philosophy endorses the values of ethical behavior, accountability and trust with all stakeholders in our quest to remain the single largest export coal terminal in the world.

RBCT is committed to providing rewarding employment and career opportunities for all its employees. The company will not discriminate unfairly on the grounds of race, religion, sex or age.

### **Respecting the rights of our employees, suppliers and contractors**

#### **Actions included:**

1. Company induction for all new employees
2. Safety induction for all employees and contractors
3. Annual safety re-induction of existing employees
4. Involvement in community projects locally
5. Ongoing awareness of HIV/AIDS
6. Diversity training for employees to accept each other's differences and be culture tolerant
7. Annual BBBEE verification and compliance

### **Respecting the rights of communities we engage with through our sustainable community development programmes**

- Donations to communities in line with company slogan of "Coal to the world, Growth to the nation" leads to employee pride.
- Changes in workforce demographics in previously male dominated fields. Younger generation and females being employed.
- Ten new students from surrounding communities awarded bursaries each year. Qualifying employees' children can apply for study grants. Employees have opportunities to apply for educational assistance to further their studies.
- Instilling a culture of community volunteerism amongst staff through planned community outreaches.

## **Labour**

### **Commitment**

*Principle 3: RBCT upholds the freedom of association and the effective recognition of the right to collective bargaining*

*Principle 4: RBCT upholds the elimination of all forms of forced and compulsory labour*

*Principle 5: RBCT upholds the effective abolition of child labour*

*Principle 6: RBCT upholds the elimination of discrimination in respect of employment and occupation*

## **SYSTEMS, ACTIVITIES AND PERFORMANCE**

RBCT employs 520 permanent employees. RBCT views human resources management as a line function and seeks to create an environment in which employees can be developed and trained.

RBCT's systems, activities and performance can be explained under the following headings: internal stakeholder engagement, training and development, employment equity, health and safety.

### **Internal Stakeholder engagement**

Engagement with employees includes face to face communication, electronic media, forums, newsletters and meetings. Formal labour turnover amounted to 5.72% of the average number of employees employed during 2009. RBCT's labour turnover is continuously monitored and, given industry standards and prevailing circumstances, is well within industry norms.

RBCT has an employee award and recognition programme and an innovation system where employees may submit innovative ideas for consideration. The RBCT leadership forum meets monthly to deliberate on issues affecting the company.

### **Training and development**

To achieve superior performance, which is key to success in a challenging business environment, skilled staff of the highest caliber are required. A shortage of skilled people, particularly in the technical disciplines, has resulted in RBCT experiencing challenges in recruiting, developing and retaining key skills in this fiercely competitive environment for scarce talent. RBCT recognizes the need to ensure an appropriate pipeline of skilled people to meet future skills requirements for succession planning.

Training and development is primarily carried out to meet the business needs of RBCT, but is aligned to the wider skills development needs of the country.

### **Training and development is pursued on the basis of the following guidelines.**

- All training and development is based on the needs of the company as established through a needs analysis, conducted at organizational, departmental and/or individual level where applicable.
- Managers are responsible for the competency levels of their staff, ensuring that they are adequately equipped for the work at hand and that sufficient development has taken place to ensure succession in their departments.
- All activities are aimed at optimally satisfying the long and short term needs of education, technical, behavioral, management and leadership competencies required by RBCT.

In order to maximize the investment in our staff and the training development programmes, managers, and staff who have attended training or development programmes are required to provide mentorship and coaching, where required, to candidates on training and development.

**Average Days of Training**

The average number of days training per year per employee by category of employee is as follows:

<b>Average Training Days Per Level 2009</b>		
<b>Occupational Category</b>	<b>Total</b>	<b>Average Training Days</b>
1000000 Legislators, Senior Officials and Managers	226	4
2000000 Professionals	9	3
3000000 Technicians and Associated Professionals	664	8
4000000 Clerks	292	6
7000000 Craft and related trades workers	606	8
8000000 Plant and machine operators and assemblers	3029	19
9000000 Elementary occupations	2854	35
1010000 Other	1360	62
<b>Grand Total</b>	<b>9041</b>	<b>17</b>

**Employment Equity**

Employment equity underpins our Human Capital strategy and is a key transformation imperative. A strong employment equity culture has been entrenched at RBCT with a well-defined employment equity policy comprising specific objectives and action plans which are integral to our strategic objectives.

These strategies are consistently reviewed to promote equal opportunity, diversity and elimination of barriers that could exist and affect progress on employment equity. An indication of RBCT’s commitment to employment equity is that 50% of employees at a senior management level are from historically disadvantaged groups.

## Employment Equity statistics for 2009

2009 ACTUAL %	Male				Female					
EE STATISTICS BY BAND	African	Coloured	Indian	White	African	Coloured	Indian	White	Total EE employees	Total Females
E&F Band	25%	0%	0%	50%	13%	0%	0%	13%	50%	25%
DU Band	17%	0%	17%	48%	9%	0%	0%	9%	52%	17%
DL Band	30%	2%	22%	39%	2%	0%	2%	2%	61%	7%
C Band	46%	1%	10%	23%	10%	0%	3%	8%	77%	20%
B Band	63%	0%	3%	14%	10%	0%	2%	7%	86%	20%
Trainees	41%	0%	18%	14%	23%	0%	5%	0%	86%	27%
Plant Trainees	29%	14%	14%	14%	14%	0%	0%	14%	86%	29%

## Health and Safety

### Safety performance during 2009

- RBCT maintained its OHSAS 18001 certification
- Sadly, one contractor lost his life during the year
- 3 lost time injuries (LTI) and 31 minor injuries were recorded
- The company target of an LTI-free year, a million LTI-free hours and a minor injury frequency rate of less than five was not achieved
- Implementation of Behaviour Based Safety (BBS) progressed well during the year under review, with training of the BBS Steering Committee members complete. Training of observers commenced in February 2010.

Engagement of all stakeholders has been identified as key to achieving SHE excellence. Formal joint health and safety committees, comprising management and the workforce are well established.

### HIV/AIDS

Early detection can save lives. During the year, RBCT's on-site clinic conducted an awareness campaign aimed at encouraging employees to know their status by undergoing Voluntary Counselling and Testing (VCT). The company is pleased to report that as at the end of December 2009, 81% of our workforce had undergone VCT.

Our aim is to continually improve our HIV/AIDS management systems. RBCT underwent the stage 1 audit for SANS 16001:2007 to assess its readiness for HIV/AIDS Management Systems certification, we now have an appreciation of what improvements are required to our systems before attempting full accreditation in November 2010.

## Environment

### Commitment

*Principle 7: RBCT supports a precautionary approach to environmental challenges*

*Principle 8: RBCT undertakes to promote greater environmental responsibility*

*Principle 9: RBCT encourages the development and diffusion of environmentally friendly technologies*

## SYSTEMS, ACTIVITIES AND PERFORMANCE

As a responsible corporate citizen concerned about the welfare and sustainability of the environment, RBCT is committed to managing the impact of its operations on the natural environment in its surroundings.

In 2009, we maintained our ISO 14001 certification, in line with our commitment to maintaining excellence in environmental systems.

During the year, no major environmental incidents and no valid environmental complaints were reported. Protection of the environment remains paramount to us. Stringent environmental monitoring and site cleaning services attributed to the good environmental performance during the year. The Environmental Systems Upgrade Project (ESUP) has been commissioned. A serious drive towards conservation of energy was also maintained during the year. Significant savings have been realized. Energy saving programmes continue, the goal being to achieve RBCT's objective of reducing energy consumption by between 12 to 15% by 2015.

RBCT is firmly committed to protecting the environment and to resource conservation. As part of our risk assessment process we have identified the following key environmental risks:

- Dust generation
- Discharge of coal contaminated water into the harbour
- Used oil generation
- Waste generation
- Use of natural resources

Controls are in place to reduce the negative impact of our business on the environment.

### Environmental performance indicators

The following environmental monitoring is done to measure the impact of our operations on the environment:

- **Dust fallout monitoring**  
Dust fallout rates recorded during 2009 have averaged well below 0.6g/m<sup>2</sup> (which is the maximum allowable level).
- **Sewerage effluent monitoring**  
Sewerage effluent parameters of the final effluent have in the past 12 months have met the requirement of the National Water Act, 1998.
- **Settling pond samples**

The storm water from our site does not flow directly into the harbour; instead it is drained into settling ponds, where contaminants are separated from the water before it is discharged into the ESUP dam. There is little or no water from RBCT that flows into the harbour, and thus RBCT does not have any negative effect on marine life.

- **Borehole samples**

Boreholes samples are taken on a quarterly basis to measure the impact that RBCT has on the ground water, the results are sent to an independent geologist for analysis and all samples were within legal limits in the past year.

## **WASTE MANAGEMENT AND RECYCLING**

RBCT recognizes that managing the environmental impact of its business is an important aspect of the triple bottom line in corporate responsibility. Management of waste remains one of RBCT's most important environmental challenges. The implementation of a comprehensive waste management strategy aims to reduce the amount of waste being consigned to local dumpsites. As one of our waste management strategies, we have started recycling all our paper and cardboard.

### **Waste effluents**

The following waste is generated on site

- Used oil
- Clinic waste
- Oil contaminated waste
- Sewerage effluent
- Settling pond effluent

The waste is measured on a monthly basis and targets have been set to reduce the quantity thereof. All waste is disposed of in an environmentally responsible manner.

### **Recycling**

Used oil taken from site is sold to various companies for re-use. The commissioning of the Phase V ESUP project at a cost of R40 million enables the company to recycle all the ground and run-off water for re-use on site for the heavy water-consuming dust suppression system.

### **Marine Reserve**

Dolphins are regularly seen alongside the coal quay and a flourishing marine reserve exists on RBCT's doorstep – home to pelicans, flamingos, fish eagles, waders, crabs and a host of other bird and marine life. An area within this reserve has been identified as a possible National Heritage Site, bearing testimony to the health of the surrounding natural environment.

## **Anti –Corruption**

### **Commitment**

***Principle 10:** RBCT is committed to working against corruption in all its forms*

An efficient Risk Committee ensures that the management of risk and sustainability is inherent in the operational function, with RBCT's management team being accountable to the Board for designing systems, implementing and monitoring the process of risk management and integrating this process into the day-to-day activities at RBCT. In addition, the Risk Committee ensures that the counter-fraud policy and procedures are adhered to, while establishing and maintaining a sound system of internal controls that support the achievement of the Company's policies, aims and objectives.

Included in these systems is a regular programme of internal and external audits of various aspects of the business, such as legal compliance, projects, review of effectiveness of mitigating controls, human resources, health, safety and environment, emergency planning, business continuity and disaster recovery planning, and information management.

RBCT's Anti-Fraud Policy and procedure encompasses the culture of zero tolerance on bribery and corruption. It also sets out RBCT's responsibilities and fraud response plan. RBCT believes that the creation of a culture of honesty and openness is a key element in tackling fraud, as is raising the level of awareness and understanding of the key policies and procedures and their role in preventing or detecting fraud. All RBCT's stakeholders have been advised of our position concerning fraud and unfair business practices at RBCT (through regular awareness updates / articles) and any instances of which can be confidentially reported to the chief executive officer, our secure tip off line "Whistleblowers" or the Risk Management department.

RBCT staff subscribes to the company's Code of Business Conduct and Ethics and are required to update the conflict of interest register should they have any potential conflict areas.

Employees are reminded to record gifts, hospitality or benefits of any kind received from a third party in our electronic gift register, which must be approved by their relevant line manager.

### **Partnerships for sustainable development**

RBCT is a signatory to the UNGC. RBCT is a member of and plays an active role in the National Business Initiative (NBI) and participates in the UNGC South African Advisory Committee and supports Business against Crime (BAC). These partnerships are seen as strategically relevant in reinforcing ethical and sustainable practices and responding to changes in local and international best practice

Richards Bay Coal Terminal Company Limited

Richards Bay, South Africa

**Coal to the world, growth to the nation**