



Richards Bay Coal Terminal Proprietary Limited



**RECORD**  
**8 MILLION TONS EXPORTED**  
**IN NOVEMBER 2016**



# Sustainability Report 2016

Coal to the World, Growth to the Nation



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# Company Profile

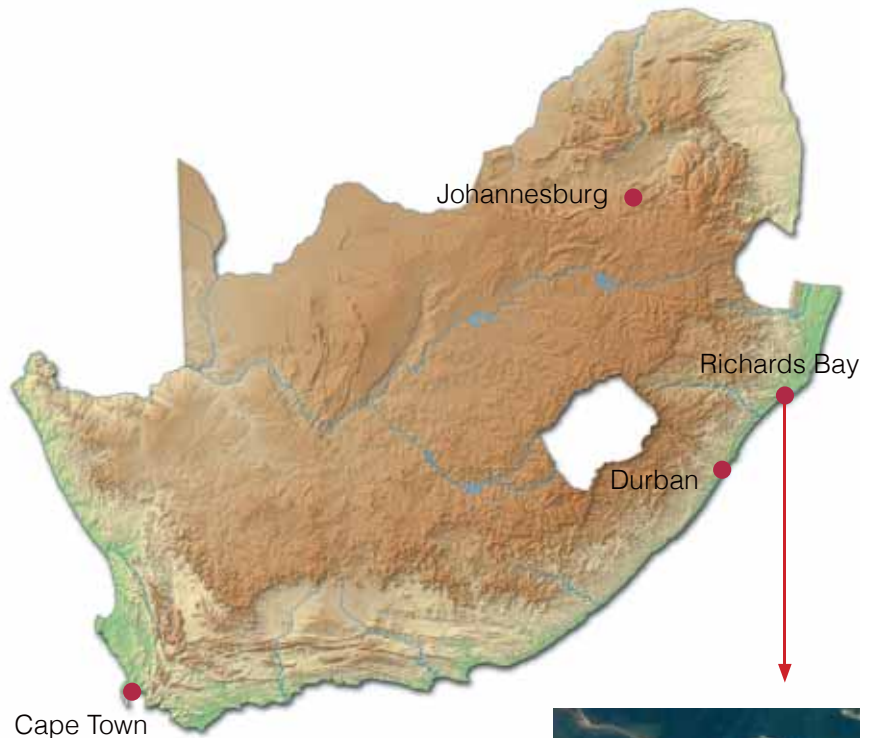
Richards Bay Coal Terminal (RBCT) is a world class coal export terminal situated in the Port of Richards Bay. The terminal was opened in 1976 with an original capacity of 12 million tons per annum (mt/a).

The terminal provides South Africa's Coal Exporting Mining Companies (CEP's) with a world class logistics service that facilitates the export of coal to Asia, Europe and other regions.

RBCT is positioned at one of the world's deep sea ports, and handles large ships and large volumes of coal. The 276 hectare site currently boasts a quay that is 2,2 kilometres long with six berths and four ship loaders, with a stockyard capacity of 8,2 million tons (mt).

RBCT shares a strong co-operative relationship with South Africa's national utility, Transnet, which provides the railway services linking the coal mines to the port, and the shipping coordination of more than 900 ships per annum.

All RBCT's operations and administrative functions are conducted in Richards Bay.



276 Hectares	2,2km Quay	6 Berths
4 Ship Loaders	8,2mt Stockyard	>900 Ships per annum

## RBCT History

1976	1979	1984	1991
RBCT officially opened. Phase 1 of the terminal; with a capacity of 12 Mt/a; started exporting coal	The terminal completed Phase II expanding its exporting capacity from 12 Mt/a to 24 Mt/a	The terminal further expanded its capacity to Phase III taking its export capacity to 44 Mt/a	Phase III was upgraded increasing the exporting capacity to 53 Mt/a

## Stock Yard

2 x Stackers  
- 5 500 tph

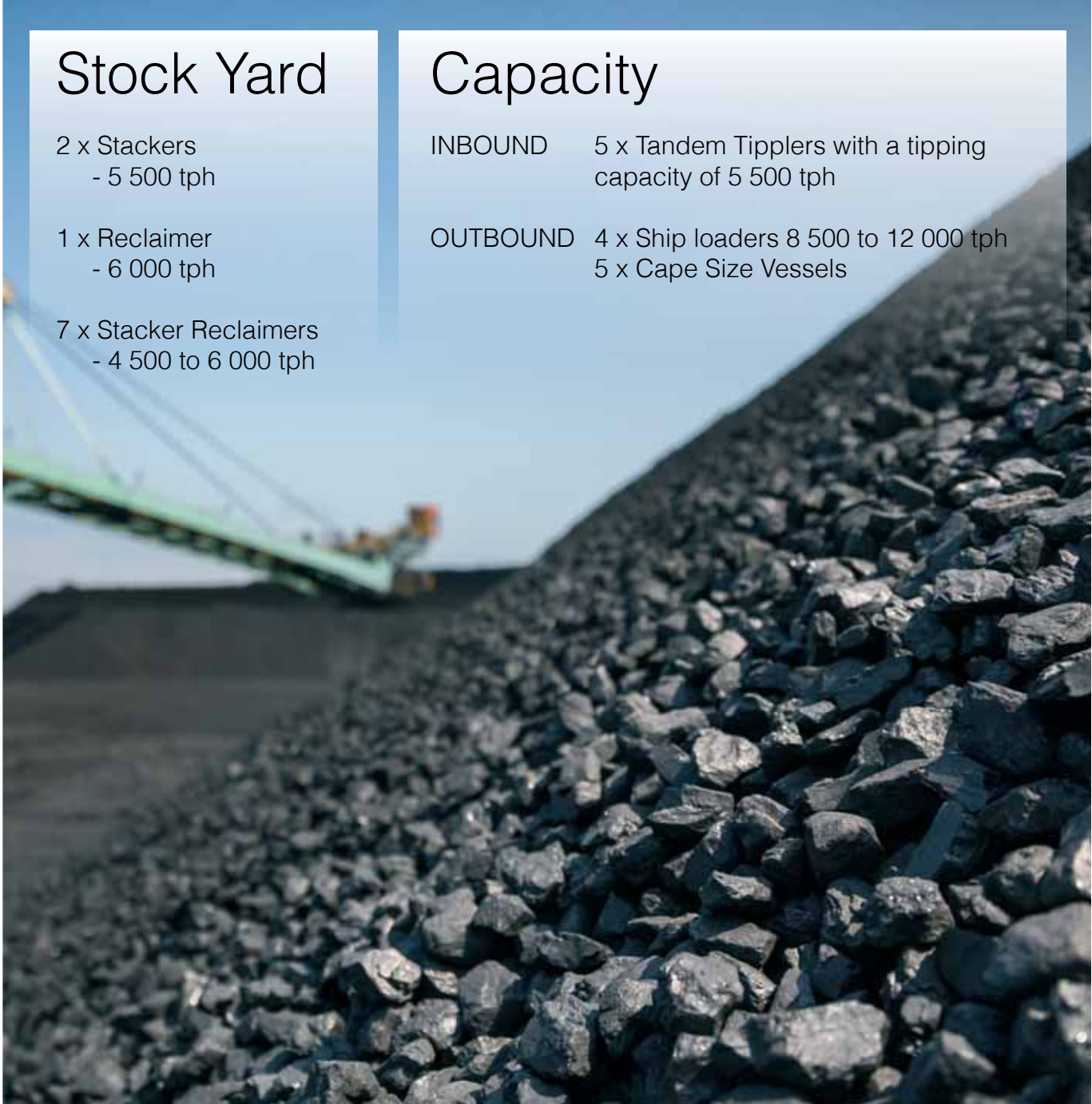
1 x Reclaimer  
- 6 000 tph

7 x Stacker Reclaimers  
- 4 500 to 6 000 tph

## Capacity

INBOUND 5 x Tandem Tipplers with a tipping capacity of 5 500 tph

OUTBOUND 4 x Ship loaders 8 500 to 12 000 tph  
5 x Cape Size Vessels



1995

CAPANCO enhanced its capacity and increased its exporting capacity to 63 Mt/a

1999

The Brownfield's expansion project was completed, increasing exporting capacity to 72 Mt/a

2008

Through the Quattro project the terminal increased its design capacity to 76 Mt/a

2010

The Phase V Expansion increased the design capacity to 91 Mt/a

2015

Machinery Replacement Project launched - Replacement of original 1976 machines

2016

Celebration of 40 years

## Our Mission

Moving coal in a safe, cost effective and efficient manner, safeguarding the environment and stakeholders.

## Our Vision

Moving coal passionately through a world class Port Terminal.

## Our Core Values

We will not engage in any unsafe activity.

We work to the best of our ability.

We treat each other with respect and dignity.

We are innovative and pro-active.

We care for the wellbeing of employees.

We care for the environment



## 2016 Terminal Achievements

- Achieved 5 Million LTI free man-hours
- Celebrated our 40th Anniversary moving coal
- Record 8 Million Tons of Coal exported in November 2016
- Launch of New RBCT/SGS Laboratory
- Achieved an all time record Train Handling Time of 2h33 in October
- Obtained our WUL (Water Use License)
- Hosted the 16th Annual CETOA Conference
- Premium award winner at the ZCCI Business Excellence Award ceremony



## Statement by the Chief Executive Officer



In this message to our stakeholders we reflect on key areas of our performance as it relates to our sustainability over the current year, and provides an outlook on our prospects going forward. We continue to tackle the issues that are most material to our business; this incorporates safety, economic, environmental and social imperatives.

### **Providing a safe working environment**

Providing a safe workplace remains one of our core values and is a high priority at RBCT. I am pleased to report that we achieved 5 million LTI Free Man-Hours in May 2016, with no fatalities. We incurred one lost time injury during the year and ended the year with a lost time injury frequency rate (LTIFR) of 0.05 per million man-hours worked. The minor injury frequency rate for the year was 0.30 per million man-hours worked. The overall total injury frequency rate (TIFR) improved from 2.25 in 2015 to 2.05 in 2016 with the total number of injuries decreasing from 39 to 36.

During 2016, we launched the Fatal Risk Control Protocols (“FRCP’s”). These protocols provide the controls deemed necessary to prevent fatalities, serious incidents as well as injuries arising from common hazards and associated risk levels encountered by our business activities. Eleven fatal risks, applicable to RBCT’s operations and associated control protocols, were identified. The rollout of the FRCP’s has commenced and will continue through 2017.

As per our plan we will again solicit the views of our employees on the overall safety culture through a Culture Survey to be conducted in 2017. Our last survey in 2015 indicated that we had moved from a culture of Compliance to that of Proactive and even Resilient in certain areas.

Again with the significant progress that has been made over the past four years, the emphasis is on sustainability with continuous improvement.

### **Managing our environment**

Moving coal in a safe, cost effective and efficient manner, safeguarding the environment and stakeholders is our mission. RBCT recognises that by its very nature, the movement of coal can and will have an impact on the environment. RBCT’s coal logistics activities are conducted within the framework of ISO 14001:2004 and a site specific Environmental Management Program. Compliance with ISO 14001:2004 is audited annually and recertified every 3 years. Protection of the environment and compliance to environmental legislation remains paramount to RBCT. A new certification for ISO 14001 was granted by Soaété Générale Surveillance (“SGS”) during September 2016, with no major findings. This is in line with RBCT’s commitment to maintaining excellence in environmental management systems. RBCT seeks to comply with, and remains committed to environmental legislation, regulations and permits that govern its operations. RBCT has prevention strategies which, together with ongoing mitigation



measures, are aimed at reducing and mitigating the impact of its activities on the environment.

### **Natural resources**

Water and Energy remain, both a challenge and an opportunity. Kwazulu Natal continues to experience significant drought conditions with 2016 recorded as the worst drought in the past 100 years. This continues to pose a challenge to all industries to reduce water consumption, with potable water consumption at RBCT being reduced by a massive 59% compared to 2015. A significant milestone was the issuing of the RBCT Water Use Licence in 2016.

With regards to energy consumption the goal remains to reduce energy consumption by up to 15%. We are on track to meet our energy-reduction objectives and targets.

### **Valuing and empowering our people**

We continue to communicate closely with employees and unions regarding our progress as a Company; and also about the continuing economic downturn.

We see employees as partners in innovation and cost optimising measures. We are proud to report that many of the cost optimising solutions that came directly from our employees have been implemented

and employees remain cost sensitive. We are in this together.

Over 90% of colleagues took part in the 2016 Organisational Health Survey. The staff results improved (from 2015) by 5.8% in the overall mind-set of employees. What signifies this achievement is the fact that this improvement was achieved during the year in which Wage Negotiations were held. The Organisational Health Survey assessed the following elements: Direction, Leadership, Culture and Climate, Accountability, Coordination and Control, Motivation, Learning as well as Innovation and Building Capabilities. We aim to continue to engage, nurture and develop our people to enable our terminal to perform at it best. In line with our skills development during 2016, RBCT recorded 38 262 training hours. Over and above our own staff, we trained a total of 17 Apprentices, 12 Operator Trainees and 4 Post Graduate/Diploma Trainees in Engineering and Human Resources. Our labour turnover increased from 6.7% in 2015 to 8% in 2016.

Small businesses are crucial to RBCT because they remain critical to economies, and to communities. In our direct buying business dealings relationships, we give preference to small enterprises. Our long-term growth is dependent on small business to grow and thrive with us. This is in line with our responsible procurement strategy.



At RBCT, our purpose is to contribute to the economy's growth through moving coal, if we do this passionately and safely we will improve livelihoods and help build local communities.

### **Enterprise development**

One of our major initiatives facilitated through our shareholders is to make available four million tons of export capacity to junior miners at commercially attractive rates. This means that junior miners can have access to export markets through RBCT. The allocation of this capacity contributes significantly to enterprise development within the mining environment. Unfortunately, the economic downturn has adversely impacted on the utilisation of this tonnage.

### **Our product and performance**

RBCT received a total tonnage of 72,58mt in 2016 which translates to a decrease of 2% from the 73,93mt that was achieved in 2015. This performance is indicative of the partnership between Coal Exporting Parties ("CEPs") and Transnet Freight Rail ("TFR") in delivering coal to the terminal while acknowledging the overall downturn in world commodity markets.

### **Rail performance**

RBCT achieved an average of 3 hours, 42 minutes Train Turnaround Time in 2016. This is 8 minutes (3%) better than the targeted turnaround time.

### **Coal Exports**

RBCT exported 72,57mt in 2016, which is marginally down by 4% from the 75,37mt that was exported in 2015. This sterling performance was achieved in the face of an economic downturn. RBCT continues to strive and make meaningful contributions to the lives of all its stakeholders.

### **Shipping performance**

The turnaround time of the vessels is what the terminal uses to measure world class performance and RBCT achieved an average of 36hrs in 2016 compared to 45hrs in 2015, as a result of the efficient performance of RBCT and the reduced parcel sizes.

### **Plant maintenance**

In the previous years we noted that through the maintenance of our machines we continue to improve the overall reliability and availability of the terminal

infrastructure with continued focus on proactive maintenance as opposed to reactive response that maybe imposed by breakdowns. This strategy and practice remains in place and effective.

Plant availability and reliability remains the integral measure of maintenance performance. Plant availability of 96.51% was achieved against a target of 90%, plant reliability of 95.7% against the target of 95%. These results are showing continuous improvement against the 2015 results, where we achieved Plant availability of 95.23% against a target of 90%, and plant reliability of 95.31% against the target of 95%.

### **Equipment Replacement**

The Phase 1 Machine replacement project is at an advanced stage, with the project currently, on time and within budget. Although global markets remain challenged, there has been some upside in commodity prices including coal. The commodity industry is a long term industry and the strategic replacement of these machines will stand the South African Coal Export industry in good stead for many years to come. The capital expenditure, although significant, ensures the long term sustainability and efficiency of RBCT together with the greater SA coal export industry.

It is also important to remember that RBCT operates on a cost break-even basis and although the capital expenditure will have an impact on its cost per tonne, increased projected tonnage will progressively lower that impact.

To be installed are two 6 000 tonnes per hour (tph) rail-mounted stacker reclaimers, with the capacity to stack at an average rate of 5 500 tph and reclaim at 4 500 tph and two new 10 000 tph rail-mounted shiploaders, which will have a capacity to load ships at an average rate of 8 500 tph. The machinery now in service will not be taken out of service until the new machinery is ready to operate resulting in minimal operational delays during the transition period.

This project is on track and is due for completion by the end of quarter one 2018.

### **Finance**

2016 was yet another challenging year for us and we continued to optimise costs. The year was dominated by the unprecedented depressed price of coal, although there was some relief in the second half with prices starting to recover. RBCT management together

with employees continued to join forces, and through this we were able to contend with the difficulties we faced. The majority of costs saving initiatives were successfully implemented with the benefits reflecting in the overhead cost. The hard work has been done, and the intention is to maintain a lean organisation into the future.

### Looking ahead

The events of the past year as with previous years have further highlighted the business significance of societal issues, and underlined the importance of maintaining a strong focus on sustainability. We will continue to build on the good work we have done, reflected in this report, in building relationships with our employees, unions, government and local communities. In pursuing this goal, we will draw on all our past and present investments: in safety, employee development, union engagement, community development, enterprise development and environmental management.

Despite the ongoing economic challenges facing our industry, we remain optimistic. Our efficient organisation and value-driven strategy aims to create a sustainable, competitive and profitable business that will deliver value to all our stakeholders in the short, medium and long term. In the next year, we will continue to focus on infrastructure development, plant health and cost optimisation strategies. Our five year strategy remains relevant and aligned.

The year ahead will continue to be challenging and we thank all our employees for their continued commitment to the Company. We also wish to thank our partners, shareholders, contractors and suppliers for their substantial contributions in supporting our efforts to create sustained value. We will continue to work to the best of our abilities to ensure the sustainability of the Terminal.

**Alan Waller**  
**Chief Executive Officer**  
Richards Bay



## Our Strategy

### Framework of RBCT Strategy

In 2016, we continued our focus on working safely, the machinery replacement project and cost optimization. We believe the focus on these core critical areas will deliver value for all stakeholders in the short, medium and long term.

We were successful in 2016 in maintaining and improving on safety and on organizational health results we had achieved in 2015.

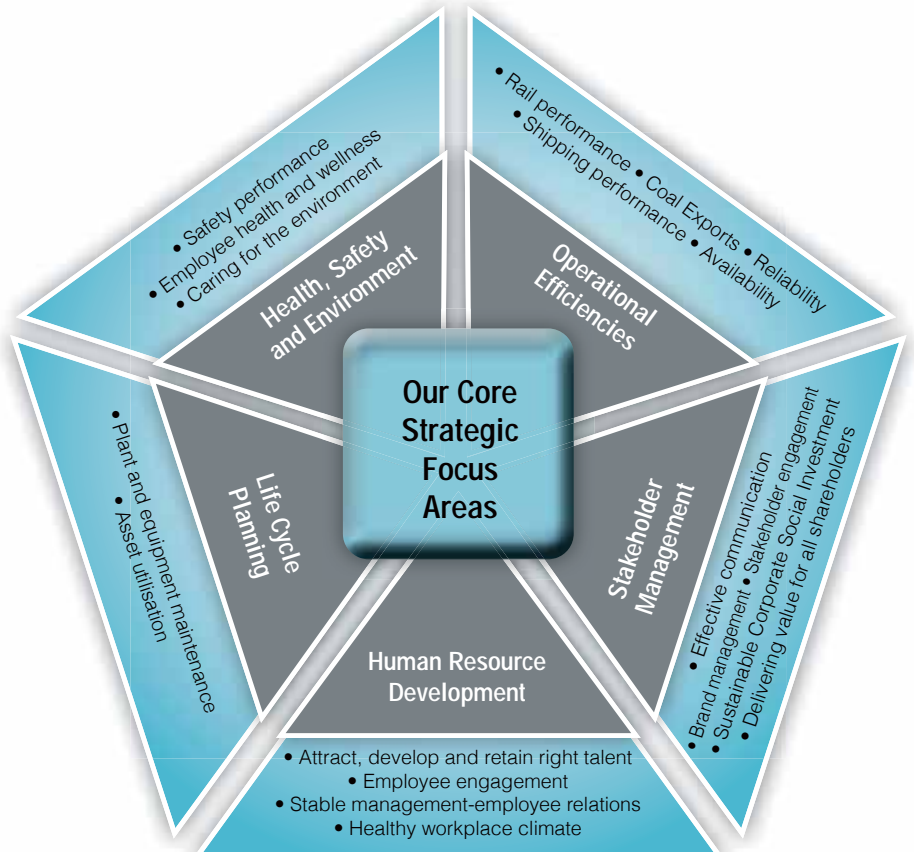
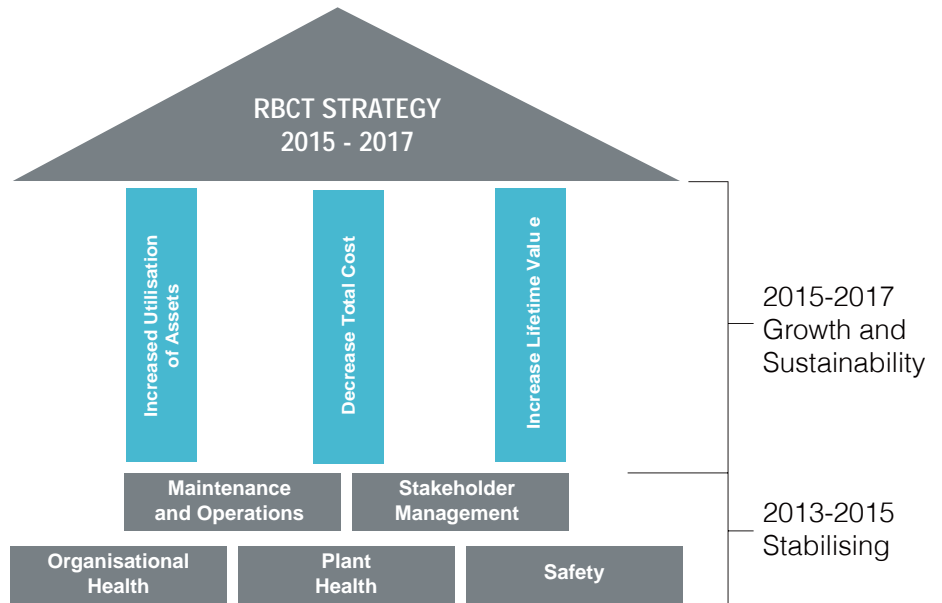
On safety we achieved 5 Million Lost-Time-Injury Free Man-hours. We were audited and found fully compliant to ISO, OHSAS and to the Railway Safety Regulator (RSR) requirements. Our target remains Zero Injuries.

Our Labour turnover rate at 7.06% is respectable against an acceptable 10% industry rate. Our Occupational Health Survey indicated a 5.8% improvement.

A further 3 Year Wage agreement was reached enhancing the stability of the Terminal.

The true value of RBCT lies in the EFFICIENCY and RELIABILITY with which the Terminal can move a ton of coal. Record breaking Export performance in November 2016 - Exporting 8.03Mt. At an annualized rate of 96MT/a this record cements the Terminal ability to meet its design capacity of 91MT/a.

A total of R3 million was invested in Corporate Social Investment programmes in our local communities. The main focus was on Education and Early Childhood Development.



# Organisational Profile

## The Board of Directors

There are 12 director positions, of which 10 have been filled: 6 non-executive directors (with two vacancies), together with their 6 alternate directors, 2 independent non-executive directors, 1 executive director and the independent Chairman of the Board

## Directors

N Siwisa-Damasane (Ms) (Chairman)  
 MS Teke  
 ND Baloyi  
 Z Docrat  
 CM Ephron  
 MJ Fraser  
 FJ Lopez Campo (Spanish)  
 KT Nondumo (Ms)  
 AJ Rogan  
 IA Swanepoel  
 P van der Merwe  
 AJ Waller

## Alternate Directors

RV Chetty  
 MJ Houston  
 PK Masia  
 MR Walker  
 J Lucini Baquerizo (Spanish)

## General Managers

AJ Waller (CEO)  
 C Mbuyazi  
 J Mdaki  
 Z Mthiyane (Ms)  
 W Murphy  
 K Naidoo  
 J Nzimande (Ms)

## Company Secretary

AD du Toit (Ms)

## Registered Office

South Dunes  
 Richards Bay Harbour

P O Box 56  
 Richards Bay 3900

## Auditors

Deloitte and Touche  
 P O Box 10167  
 Meerensee  
 3901

## Registration No.

1973/014256/07

# Visionary Leadership

## Ownership

- Anglo Operations (Pty) Ltd
- ARM Coal (Pty) Ltd
- Exxaro Coal (Pty) Ltd
- Exxaro Coal Mpumalanga (Pty) Ltd
- Exxaro Coal Central (Pty) Ltd
- Glencore Operations South Africa (Pty) Ltd
- Kangra Coal (Pty) Ltd
- Koornfontein Mines (Pty) Ltd
- Optimum Coal Terminal (Pty) Ltd
- Sasol Mining (Pty) Ltd
- South 32 Coal SA (Pty) Ltd
- South Dunes Coal Terminal (SOC) Limited
- South African Coal Mine Holdings Limited
- Tumelo Coal Mines (Pty) Ltd
- Umcebo Mining (Pty) Ltd

## Our Board



Nosipho Siwisa-Damasane  
RBCT Board Chairman



Standing from left: Swanepoel S, Ephron C, Rogan AJ, Lopez F, Fraser M, Siwisa-Damasane N,  
Chetty R (alt) and Marrian G (alt)

Seated from left: Teke MS and Waller AJ

Absent: Nondumo KT, Baloyi ND, Docrat Z and van der Merwe P

## RBCT Senior Management as at 31 December 2016



Back Row, from left: Casper Mbuyazi (GM Finance)  
Kuben Naidoo (GM Asset Management)  
Alan Waller (Chief Executive Officer)  
Jabu Mdaki (GM Operations)  
Bill Murphy (Gm Capital Projects)

Front Row, from Left: Judith Nzimande (GM Human Resources)  
Zanele Mthiyane (GM HSEC)



## Board Purpose and Function

The Board of Directors carry out fiduciary duties with a sense of objective judgement and independence in the best interests of the company, providing strategic direction to RBCT through quarterly Board meetings and the delegation of authority to Board sub-committees and executive management. The Board reviews and directs the company's strategic objectives and annual budget. Professional standards and corporate values are put in place that promote integrity of the Board, Senior management and employees, it further provides guidance on the performance of the company and ensures that RBCT adheres to triple bottom line reporting.

During 2016 N Siwisa-Damasane served as the CEO (ex-officio director) for the period 1 January 2016 to 30 June 2016, where after AJ Waller took over as CEO (ex-officio) with effect from 1 July 2016.

## Board Committees

To enable the Board to efficiently carry out its responsibilities and duties, certain responsibilities have been delegated to the sub-committees as recommended by King III. Each subcommittee has a detailed terms of reference approved by the Board.

Our Sub-Committees are as follows:

- Operations Committee (OPCO) - Chaired by the CEO
- Finance Committee (FINCO) - Chaired by one of the Shareholder nominated members
- Remunerations Committee (REMCO) - Chaired by an Independent Board member
- Social and Ethic Committee (SECOM) - Chaired by an Independent Board member
- Projects Committee (PROCOM) - Chaired by the CEO

These sub-committees do not diminish the Board's overall responsibilities. The Chairman of each sub-committee reports, as well as makes recommendations to the Board at each Board meeting. The minutes of all sub-committee meetings are submitted to all directors prior to Board meetings and any matters of concern or progress are discussed by the Board.



### OPCO

The OPCO operates in terms of its mandate from the Board of Directors. The Committee deals with mutual matters relating to the operations of the Terminal in order to provide an effective and efficient service to all RBCT users. The following members form part of the Operations Committee:

Members	Alternates
N Siwisa-Damasane (Ms) (Chairperson)	
AJ Waller (Chairperson from July 2016)	
A Bernic	N Gooding (Ms)
N Burger (Ms)	
RV Chetty	J Ramdass
B Dalton	V Deeplaul
J Jonker	SJ Ferreira
M Lamprecht	R Essay
KC McNeice	
A Moepadira	L Andrews
M Netshipale	
R Nothnagel	
M Steyn (Ms)	
E Theron	S Mely (Ms)
H Viljoen (Ms)	C Taljaard
GFT Warnasuriya	
D Yiotopoulos	C Burns (Ms)
N Ziphethe	

### FINCO

The FINCO functions include matters relating to finance, Shareholders Agreement ( governing relations between shareholders and the company ), taxation and various administrative matters.

The audit committee of FINCO assist the Board on

## Corporate Governance

matters of monitoring and control as well as the practice of good corporate governance.

The committee also oversees the internal audit function.

Anglo Operations (Pty) Ltd, through their assurance division ABAS, was the Risk and Assurance provider for the past three years, their term came to an end on 31 December 2016. During November 2016, the Finance Committee approved the appointment of Glencore Operations South Africa (Pty) Ltd as the Risk and Assurance provider for a period of three years, however, FINCO will review the performance of the Service provider on an annual basis. The mandate of the Risk and Assurance provider is to review the reliability and integrity of financial and operating capabilities, as well as systems of internal control and the safeguarding of RCBT's assets and financial information.

The following members form part of the Finance Committee:

Members	Alternates
R Cohen (Chairperson)	
Z Borhat (Ms)	NG Schneider
N Cebekhulu (Ms)	
I Desai	M Tshabalala
E Hanekom (Ms)	
M Immelman (Ms)	
M Lamprecht	
RJ Langford	V Chaitram (Ms)
R Lawson	
FJ Lopez Campo	
P Mohan	
KT Nondumo (Ms)	
N Siwisa-Damasane (Ms)	
G van den Heever	
MR Walker	I Coetzee (Ms)
AJ Waller	

### REMCO

RBCT's philosophy is to set remuneration levels that are able to attract and retain the executive director and General Management needed to manage RBCT successfully. A portion of executive director and General Management's remuneration is structured so as to link corporate and individual performance ensuring a sustainable organisation.

In accordance with these objectives, the REMCO annually reviews and evaluates the contribution of the executive director, as well as the General Management members and determines their annual salary adjustments.

For this purpose, it considers salary surveys compiled by independent organisations. No executive director or general manager is involved in any decisions as to his/her own remuneration.

The committee also determines the annual and long term performance bonus of the executive director while it confirms that of the General Management, as determined by the executive director.

The following members form part of the Remuneration Committee:

Members	Alternates
AJ Rogan (Chairperson)	
MS Teke	
Z Docrat	R Chetty
C Ephron	MJ Houston
MJ Fraser	PK Masia

### SECO

At the annual General Meeting held on 17 May 2016, M Teke was appointed as the Chairman of the Social and Ethics Committee for a period of one year, as was approved by the Board of Directors.

The responsibilities of the committee are as follows:

- Monitoring the Company's activities with regard to matters relating to:
  - Social and economic development, including RBCT's standing in terms of the goals and purposes of -
    - »» The ten principles set out in the United Nations Global Compact Principles
    - »» The recommendations of the Organisation for Economic Co-operation and Development, regarding corruption
    - »» The Employment Equity Act
    - »» The Broad-Based Black Economic Empowerment (BBBEE) Act

- Good corporate citizenship, including the Company's commitment to the promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to development of the communities in which its activities are predominantly conducted, the environment, health and public safety, including the impact of the company's activities and of its products or services like:

»» Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws,

»»Labour and employment

- Monitor the company's performance and interaction with its stakeholders and ensure that this interaction is guided by the Constitution and Bill of Rights
- Determine clearly articulated ethical standards and ensure that RBCT takes measures to achieve adherence to these in all aspects of the business, thus achieving a sustainable ethical corporate culture within the company
- Provide effective leadership based on an ethical foundation and ensure that the company is a responsible corporate citizen

RBCT subscribes to the highest ethical standards and behaviour and requires total honesty and integrity from its employees at all times. A "Code of Business Conduct and Ethics" has been approved by the Board of Directors and all employees are required to subscribe to the code.

The following members form part of the Social and Ethics Committee:

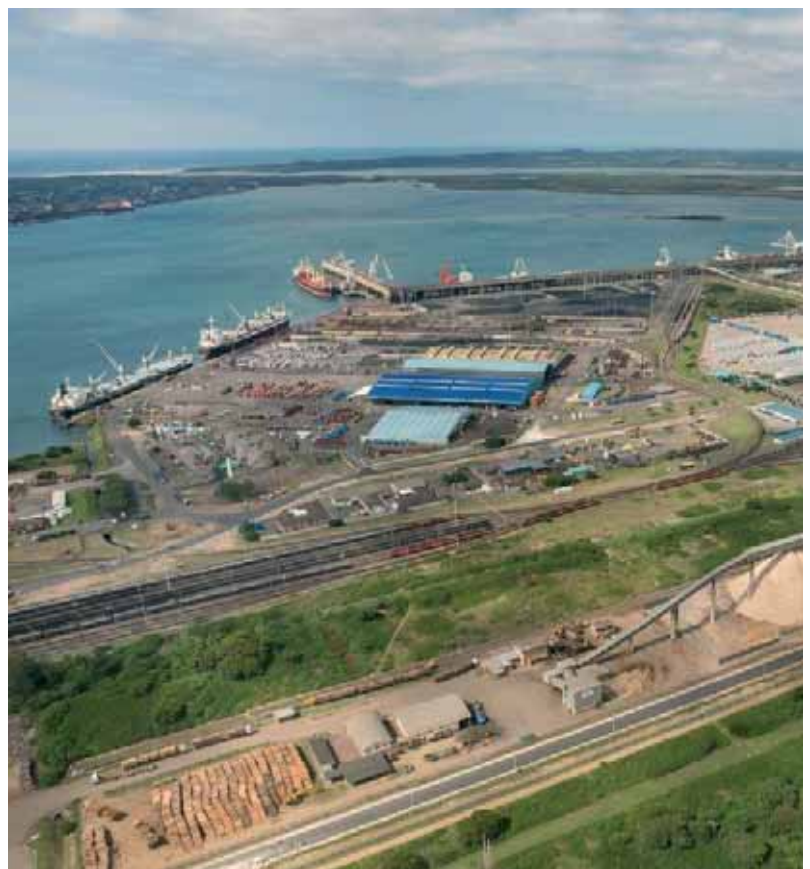
Members	Alternates
AJ Rogan (Chairperson before May 2016)	
MS Teke (Chairperson from May 2016)	
Z Docrat	R Chetty
C Ephron	MJ Houston
MJ Fraser	PK Masia

**PROCOM**

PROCOM members deal with Major Projects , as well as Engineering and other matters referred to it by the Board, recommendations are also made by the Committee for the Boards final decision. The Committee is required to hold quarterly meetings.

The following members form part of the Projects Committee:

Members	Alternates
N Siwisa-Damasane (Ms) (Chairperson)	
AJ Waller (Chairperson from July 2016)	B Murphy (Vice Chairman)
W Bezuidenhout	
AE Conradie	BH Miles
M du Plessis	
A Butcher	
P Venter	
RP Hugo	
GC Leibbrandt	N naicker
J Lucini Baquerizo	
T Schmidt	D Power
L Turvey	



# Health and Safety Performance

RBCT continued to focus on safety, health and wellbeing of employees as well as on environmental stewardship during 2016.

RBCT's HSEC Management systems are assessed against the requirements of OHSAS 18001:2007 and ISO 14001:2004. In 2016 RBCT was successfully certified to ISO 14001 and OHSAS 18001.



## Safety

Providing a safe and healthy workplace is a core RBCT value and remains our priority.

Effectively and efficiently managing workplace safety is a direct objective in our workforce and the business. RBCT's HSEC policy sets out our commitment to eliminating illnesses, injuries and fatalities from our business. RBCT maintains a comprehensive HSEC management system which is fully aligned to OHSAS 18001:2007.

## Delivering on our Safety Strategy

Our safety strategy and management approach focuses on improving our ability to anticipate and prevent injuries to our people. Our principal safety risks relate to railway, vehicles and mobile equipment, rotating machinery, working at heights, energy and machinery isolation, lifting equipment and material handling. In 2016 RBCT focused on the following golden safety rules:

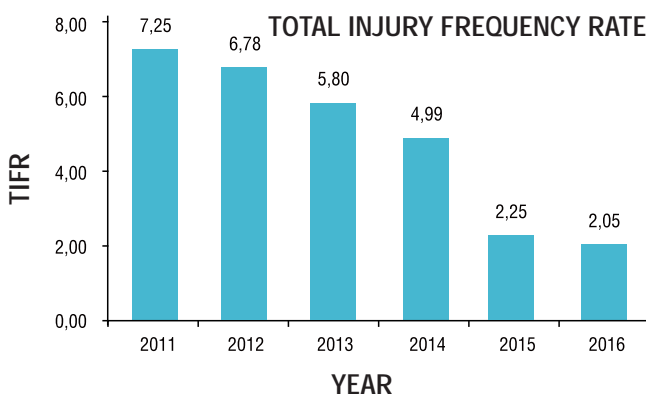
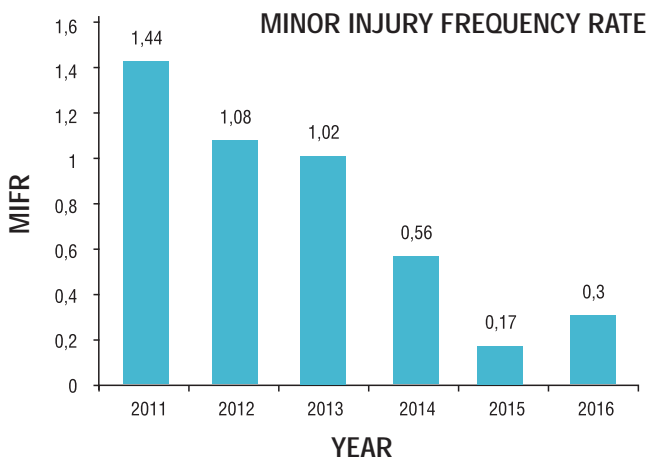
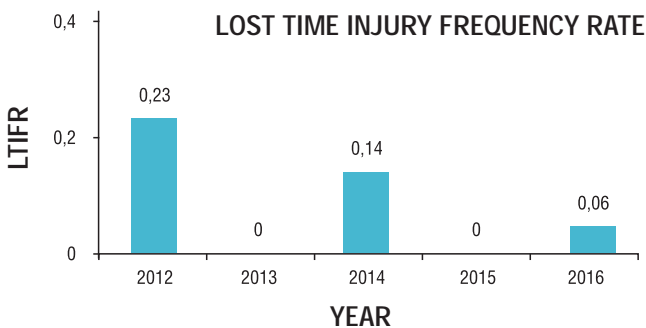
- Lifting equipment and material handling
- Railway safety
- Vehicle safety
- Working at Heights

2016 Objective	2016 Target	2016 Performance	Comment
<b>SAFETY</b>			
Maintain OHSAS 18001:2007 certification	OHSAS 18001 certification	Certification to OHSAS 18001	Achieved
Fatality free year	No fatality	No fatality	Achieved
Reduce Loss Time Injury	LTIFR = 0	LTIFR at 0.05	Not Achieved
Reduce Minor Injuries	MIFR <= 0.41	MIFR at 0.30	Achieved
Reduce Total Injury Frequency Rate (TIFR)	TIFR <= 3.65	TIFR = 2.05	Achieved
<b>ENVIRONMENT</b>			
Maintain ISO 14001:2004 Certification	ISO 14001:2004 Certification	Achieved	Achieved
Zero environmental public complaints	No public environmental complaints received	Achieved	No public environmental complaints received

**Safety Performance**

RBCT is proud to report that we continued to make a significant improvement in safety performance. Our quest to create and sustain an injury free environment for our employees and contractors continued during 2016 and our safety performance improved. There were no fatalities at RBCT and we incurred one lost time injury. The Lost Time Injury Frequency Rate (LTIFR) for the year was 0.05 and the Minor Injury Frequency Rate (MIFR) was 0.30.

Ensuring the safety of our employees and contractors in the workplace is of paramount importance and RBCT continues to focus on leading and lagging indicators as tools to improve safety performance.



**Lifting and Railway safety Workshop**

In the first quarter of 2016 a safety workshop was conducted with Operations railway employees to discuss issues affecting rail employee safety and areas of improvement. The workshop involved Loco drivers, Shunters, Rail Controller and the Rail Supervisor. This has yielded improvements in the RBCT rail yard.

In the last quarter of 2016 a safety workshop was conducted with the asset management division to discuss RBCT safe lifting requirements and other challenges that can cause safety incidents.

**5 Million LTI Free Man-hours and Business Excellence Award - Safety Awareness**

On 19 May 2016 RBCT achieved a significant milestone in our safety performance i.e. we achieved 5 Million LTI-Free man-hours. We are exceptionally proud of this safety achievement and attribute it to our pursuit for a safe workplace together with our target of zero injuries.

We have had impressive gains with the implementation of the COBRA process, near miss reporting, hazard identification and risk assessments, and an overall interaction amongst the workforce on health and safety issues.

The above great achievement was also recognised by RBCT winning the Business Excellence Safety Award, this award is given to an organisation that demonstrates diligence in safety awareness.

**Fatal Risk Control Protocols**

RBCT's Vision is to achieve Zero Harm through the effective management of safety in our operations. RBCT has developed a set of mandatory standards to address hazards and to eliminate or minimise the risk of fatalities and injuries. RBCT's Fatal Risk Control Protocols have been developed by examining industry best practice and by utilising our own experience of fatal incidents. These Fatal Risk Control Protocols focus on control of specific identified fatal risks and these controls have been derived from detailed risk assessments, past incidents and the experiences of other industries. The Fatal Risk Control Protocols set the minimum performance requirements for managing the identified fatal risks.

**Managing our Environment**

RBCT has a legal and social responsibility to minimize

the impact on the environment, as well as to eliminate

unplanned events, such as unsanctioned water discharges and exceeding air emission standards.

### Delivering on our Environmental Strategy

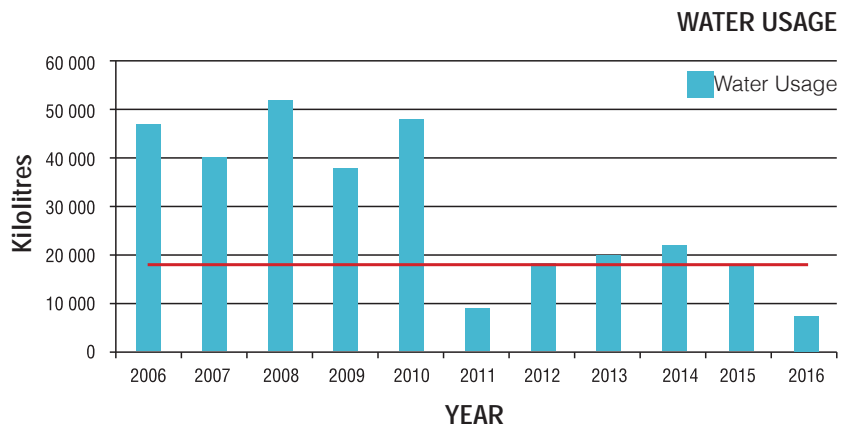
RBCT's coal logistics activities are conducted within the framework of ISO 14001:2004 and a site specific Environmental Management Plan. Compliance with ISO 14001:2004 is audited annually and recertified every 3 years. Protection of the environment and compliance to environmental legislation remains paramount to RBCT.

In 2016, the ISO 14001 certification audit was a success. This is in line with RBCT's commitment to maintaining excellence in Environmental Management Systems. RBCT seeks to comply with, and remains committed to environmental legislation, regulations and permits that govern its operation. RBCT has prevention strategies which, together with ongoing mitigation measures, are aimed at reducing and mitigating the impact of its activities on the environment. Responsibility for environmental management at RBCT rests with senior management, supported by the HSEC team. Operations and maintenance departments also play a vital role in the management of our environment.

### Our Environmental Performance

During the year, there were no major environmental incidents or external environmental complaints. This performance comes under extremely unfavorable conditions where we experienced the lowest average rainfall per annum in 24 years. Stringent environmental monitoring and site cleaning

services can be attributed to the good environmental performance during the year. The environmental systems upgrade project to harness all processed water to prevent pollution of the harbour and to recycle water, was commissioned in 2009. An analysis carried out in 2016 shows that potable water consumption has been reduced by approximately 59% compared to 2006. A serious drive towards conservation of energy was also maintained during the year and significant savings have been realised. Energy saving programmes continue with the goal being to achieve the site's objective for reducing energy consumption by up to 15%.



RBCT is firmly committed to protecting the environment together with resource conservation. RBCT has assessed the environmental impacts of our operation and keeps an environmental impacts and aspects register. Controls have been put in place to reduce the negative impact of our business on the environment.

Currently, our primary environmental focus areas are:

- Air quality management
- Reducing the impact of coal handling on the environment
- Controlling the water quality of our storm water
- Reducing our fresh water usage
- Energy efficiency
- Waste management

### Water Usage and Management

The Integrated Waste and Water Management Plan (IWWMP) is central to the application process for a water use licence with the Department of Water and Sanitation (DWS).

The main objectives of the IWWMP are to:

- Provide technical and management related information to underpin the application for the water use licence
- Update RBCT's water balance plan
- Identify (qualify and quantify) water and waste related impacts from RBCT's activities
- Comply with Regulation 704 of the National Water Act 36 of 19

The nature of the product we handle has a potential to contaminate storm

water. To prevent contamination of the surrounding environment, storm water and water collected from the coal stockpiles does not go directly into the marine environment; instead it is drained into settling ponds. In the settling ponds, contaminants are separated from the water before it can be pumped into an offsite storage dam known as “the ESUP dam”. At the ESUP dam water is further chemically treated through a chlorination process and RBCT uses this recycled water for the suppression of dust, mostly from coal stockpiles. RBCT treats and recycles its sewage effluent and the quality of the final effluent has in the past 12 months met the requirements of the National Water Act, 1998. The quality of our underground water is monitored quarterly through borehole sampling to ensure no adverse pollution of the underground water. The results are sent to independent laboratories for analysis and all samples were within legal limits. In 2016 RBCT received a Water Use License for the following water uses:

- a) impeding or diverting the flow of water in a watercourse, (Section 21 c);
- b) (g) disposing of waste in a manner which may detrimentally impact on a water resource (Section 21 g);
- c) disposing of waste in a manner which may detrimentally impact on a water resource (Section 21 i).

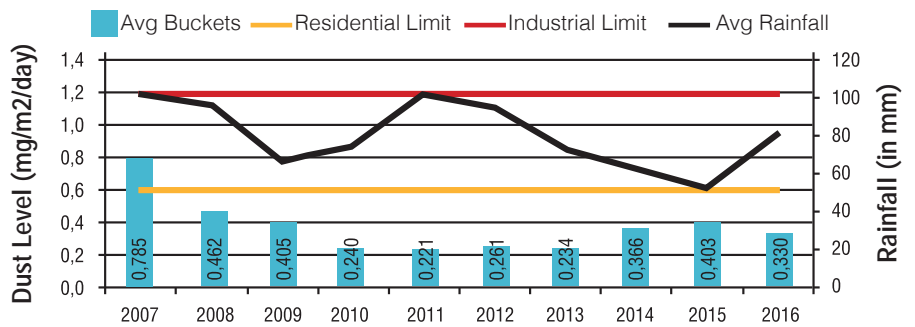
**Potable Water Usage**

The quality of potable water is continuously monitored and treated to prevent and minimize the risk of potable water contamination. In 2016, 7352 kilolitres of potable water were used compared to 17927 kilolitres used in 2015. This is a 59% improvement in water usage during a tough year in which the site experienced low rainfall.

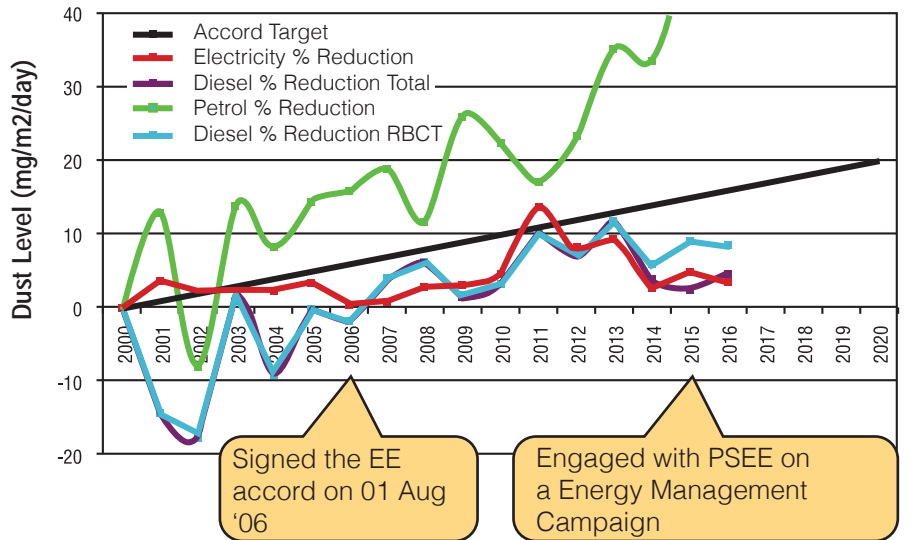
**Air Quality**

Dust management is a priority at RBCT. There was a slight decrease in dust fallout recorded in 2016 compared to 2015, the results averaged well below 0.6 g/m<sup>2</sup> which is the maximum allowable residential level. In line with RBCT’s focus on the well-being of employees and our stakeholders, RBCT monitors ambient dust through real time particulate dust monitors. RBCT Monitors PM10 as well as PM2.5 to effectively deal with dust ambient and currently uses RDC20 as a dust suppressant on dirt roads around the stockpiles. RDC20 is a water based binding agent that forms a layer on the road surface to suppress dust.

**AVERAGE DUST FALLOUT LEVEL**



**RESOURCE AND ENERGY USE**



**Waste Management**

The management of waste remains one of RBCT’s environmental challenges. RBCT believes that protection of the environment is an integral part of good business practice and that it has a duty to minimize and manage waste without any environmental risks. RBCT provided separate waste bins for different types of wastes generated that can be recyclable. Improving waste sorting and disposal has become an extremely important aspect for RBCT.



RBCT's waste streams are, but not limited to the following:

- Used oil
- Oil contaminated waste
- Clinic waste
- Sewerage effluent
- Settling pond effluent
- Electronic waste
- Paper
- Rubber

In 2014 RBCT obtained a Waste License 59 of 2008, RBCT improved its waste management programmes by improving its waste audits and implementing sustainable plans. The implementation of a comprehensive waste management strategy aims to reduce the amount of waste being consigned to local dumpsites. The generated waste is measured on a monthly basis and targets have been set to reduce the quantities. Some waste is recycled and some disposed of in an environmentally responsible manner.

On the 27 May 2016 HSEC, Asset Management Departments and General Management collaborated in making RBCT a clean and safe place to work in. We conducted a walkabout of sections of our plant to address areas that require the necessary housekeeping. RBCT employees cheerfully gave of their time to ensure RBCT plant is safe and clean.

## OCCUPATIONAL HEALTH AND WELLNESS

Effective management of health risks protects our people, enhances productivity and is essential for minimising potential long term liabilities.

### Delivering On Our Health and Wellness Strategy

In 2016, RBCT put a number of occupational health and wellness strategies in place, including:

- Biggest loser competition – all employees are encouraged to adopt a healthy lifestyle by exercising and eating healthy. A healthy workforce is a happy workforce
- An ongoing occupational hygiene programme for monitoring stressors in the workplace i.e. noise, gravimetric dust and silica, ergonomic, illumination, vibration, diesel, belt splicing and welding fumes, thermal stress, fatigue risk assessment and health risk assessment
- Development of a plan to reduce the above based on recommendations from the occupational hygienist
- Risk based medical surveillance programme
- A programme to manage and reduce the impact of musculoskeletal disorders such as repetitive strain injuries and backaches of our workforce through early identification, tracking and incidence reporting.



A qualified Biokineticist is working with RBCT medical staff on an ongoing basis to identify opportunities to improve employees' posture through adjustments to the working environment and individual behaviours.

## Occupational Health and Hygiene

The health and well-being of our employees is important to us and a healthy workforce means a productive, efficient, and energized workforce. RBCT aims at providing a working environment that maximizes wellness and minimizes incidents, illnesses and disorders through health related activities. Our occupational health programme seeks to prevent and mitigate occupational health risks that may impact the health and wellbeing of our employees.

The wellness management programme focused on the overall wellness of employees and contractors. RBCT has an onsite Biokineticist working hand-in-hand with the company doctor and clinic to improve the wellness of employees and contractors in order to sustain a healthy and productive workforce.

RBCT's approach to managing health related issues in the workplace covers the following:

- Health risk management which focuses on occupational health and hygiene- thus ensuring legal compliance
- Employee wellness programme (EWP) is a promotive exercise that seeks to optimize employee productivity
- Primary Health care (support services) provides for treatment of health issues thus minimizing lost time through ill health
- Strategic management includes environmental health, HIV/Aids, incapacity and any other conditions which may affect the long-term success of the business.

## Our Occupational Health and Hygiene Performance

Primary Healthcare Management (PHC) RBCT provides a first level/essential diagnostics and therapeutic Health Care Service founded on the principals of evidence based medicine to accurately diagnose and treat acute/ common ailments. Our PHC programmes include the following components:

- Assessment and treatment of illnesses;-e.g. (Colds, diarrhoea, headaches etc.)
- Reproductive health programme

Health screening and promotion programme including vaccination of our employees and tests such as:

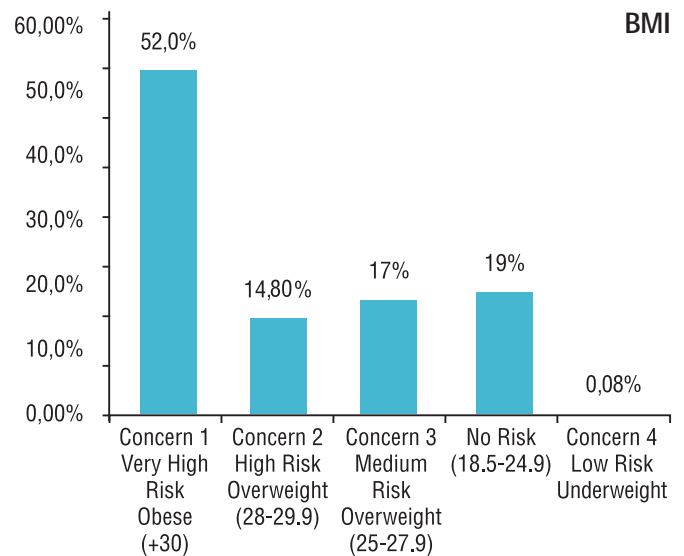
- Blood pressure
- Blood sugar
- Cholesterol
- HIV counselling and treatment
- Emergency care
- Chronic disease monitoring (Anaemia, diabetes, hypertension, gout, high cholesterol, TB etc.)

## Non-Occupational Disease Management

RBCT continued to focus on Wellness for both employees and contractors during 2016. Monitoring and management of employees with clinical risk factors (Body Mass Index (BMI), Blood Pressure (BP), glucose, cholesterol) remained a priority during the year. We saw some improvements in these chronic conditions during the year 2016 compared to 2015.

## Lifestyle related conditions

BMI remained the same at 56% for the year 2016; however, an increased number of employees committed to lose weight and are seeing the Biokineticist and adopting a controlled exercise regime.

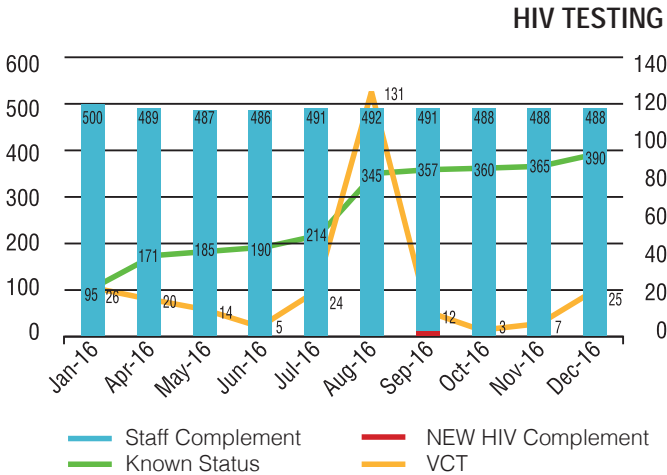


In 2017, we will continue to focus on awareness of healthy lifestyle programmes, especially weight control management. Awareness and engagement of employees on these clinical risk factors, as well as the top 4 wellness risks, which are the major contributors to the burden of disease at RBCT, is an ongoing process.

## Health and Safety Performance

There was an improvement in the number of employees doing monthly checks for their chronic conditions.

The status of the 2016 medical surveillances is at 100%. The HIV prevalence rate at RBCT is 14.34%, with 82 % of the HIV positive employees on Anti-retroviral (ARV's). 80% of our employees know their HIV status.



### Occupational Health Management

Occupational Hygiene surveys conducted for the year were Lighting whole body vibration, diesel emission, Noise for Rail Operations, dust, silica monitoring and welding fumes.

### Coal Dust and Silica

Our principal occupational health risks relate to coal and silica dust, ergonomics and noise. RBCT has taken reasonable steps to ensure dust and silica exposures to employees and contractors are kept to a minimum. Dust and silica monitoring takes place annually, and where dust levels are found to be high, measures to minimize dust are applied.

### Noise

Accredited occupational health and hygiene specialists conduct baseline, periodic, transfer and exit audiometric examinations on employees. Noise is generally treated at source but where noise cannot be eliminated, signage is posted to remind employees and contractors to wear their hearing protection. All affected personnel are appropriately trained and provided with the necessary personal protective equipment to deal with possible dangers.

Medical surveillance, including examinations,

biological monitoring and specific testing (such as lung function and audiograms) are scheduled and conducted in order to meet legal and company requirements. Lung function testing by spirometry is carried out regularly to address concerns regarding dust and silica exposure in conjunction with chest X-rays. Last year, no occupational illness or noise-induced hearing loss (NIHL) cases were identified.

### Health Risk Assessment (HRA)

The review of the HRA and occupational risk and exposure profiles (OREP) is an ongoing process. Preliminary preparation for HRA and OREP was conducted and medical baselines per position at RBCT identified. Each year RBCT conducts a HRA in order to identify, evaluate, quantify and control all non-occupationally induced health risks that may impact negatively on RBCT employee's health status. HRA Conducted by RBCT risk Assessment Process utilising the following Methodologies – SANS 16001:2013 Wellness and Disease Management System (WDMS) e.g. SANS 16001: 2013 certification

### Ergonomics Management Programme

An onsite Biokineticist works with Clinic staff with the aim of improving the wellness of our employees thereby ensuring a healthy and productive workforce. The Biokineticist operates from our fitness centre and runs the rehabilitation programme for employees recovering from different conditions i.e. stroke, musculoskeletal injuries etc and conducts various ergonomic assessments of employees driving and operating mobile equipment.

### RBCT's EWP

SANS16001:2013 (Wellness and disease management system standard – including HIV and TB) requires the employer to assess non-occupationally induced health risks that may negatively impact the workplace. Research has shown that most workplace health cases are not caused by occupationally induced injuries or illnesses but by non-occupationally induced illnesses or injuries.

The key priority areas identified from our risk assessment analysis were headaches, BMI, flu and financial wellbeing. To mitigate the risk our areas of intervention are on prevention, early diagnosis, treatment, care and support. As at end of 2016 significant improvements in these areas were noted.

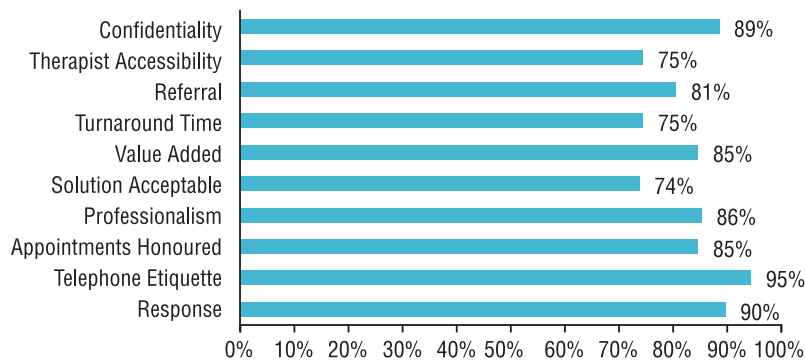
RBCT recognizes that personal problems may have

an impact on work performance, production and behaviour thus RBCT has an onsite EWP which works in partnership with Careways. This service is an integral part of the EWP and operates 24 hours per day, seven days a week and 365 days a year. Employees and their immediate family members are able to access the service via short message sending (SMS), telephone or e-mail.

The purpose of the EWP is to have a referral system in place through which RBCT employees can use the services provided by Careways to overcome personal, performance and behaviour problems. The EWP is a voluntary and confidential programme that provides problem identification and referral services for RBCT employees and their families.

The scope of interventions provided within the EWP addresses all aspects of health and wellbeing.

**% RESPONDENTS WHO ARE SATISFIED WITH CAREWAYS SERVICES**



**Employee satisfaction results-2016: Wellness Week**

The first step to improving the health status of our employees is to identify the areas of risk. Unlike reactive health care, RBCT proactively identifies the symptoms of diseases, providing the opportunity for maximizing prevention and aims to treat the root cause of the disease followed by the implementation of measures to prevent the progression of the disease.

Annual RBCT wellness week offered the following services:

- Health screening and assessments
- Vision screening
- V Box classes
- Psychological assessments
- Flu vaccines
- Free massages & Beauty care treatment
- Biokineticist services
- Financial wellness and wills
- Awareness on drug and alcohol abuse



**ZCCI Business Excellence Awards**

RBCT is committed to employee wellness and has taken related initiatives in ensuring a healthy and productive workforce hence the recognition afforded. The award recognised that RBCT has successfully demonstrated leadership in health and wellness programmes and services by implementing related initiatives that have resulted in significant and measurable benefits to the organization.

**HIV Counselling and Testing**

HIV/Aids remain a significant risk to the South African society. RBCT recognises that the management of HIV/Aids is an integral part of its approach to ensuring the wellbeing of its employees and raising awareness of HIV/Aids among employees remains a high priority. Access to help regarding HIV related problems is available on a 24hr basis at our onsite occupational health centre where we are working in partnership with the Life sense disease management programme. The purpose of the programme is to assist RBCT employees with maintaining ARV adherence, to help them overcome any



barriers that may prevent adherence to coordinate and centralize the HIV treaters and treatment records and to ensure that employees are able to maintain a healthy, productive lifestyle.

RBCT has a WDMS policy in place thus ensuring that the workplace is free of unfair discrimination of HIV/Aids sufferers. Our policy aims to create and sustain a work environment that will support and promote quality of life, healthy development and healthy behaviours through various programmes

developed for RBCT. In 2016, we continued our efforts through initiatives such as our World aids day campaign, wellness week, clinic consultations and annual medical testing. At the same time we ceased providing employees with incentives when testing. In 2016, 80% of our employees tested without being incentivised. RBCT is targeting 100% of employees to know their status by the end of 2020.

**World Aids Day**

On 30 November 2016, RBCT commenced a week of voluntary HIV/Aids testing in commemoration of World Aids Day. On 1 December, a candle lighting ceremony was held in every division in remembrance of those who have lost their lives to HIV/Aids. Pamphlets were also handed out with information pertaining to HIV/ Aids.



RBCT's Progress towards 90-90-90 target is promising. The UNAIDS 90-90-90 target calls on countries to reach the following goals:

- 90% of people living with HIV diagnosed by 2020
- 90% of diagnosed people on antiretroviral treatment by 2020
- 90% of people in treatment with a fully suppressed viral load by 2020

Employees who tested for HIV	80%
Employees on ARV. Treatment	82%
% Viral suppression	79%

## SANS 3000-4: 2011 RAILWAY SAFETY REGULATOR (RSR):

### Human Factors

SANS 3000-4 is a national standard for health assessment of rail safety workers that RBCT subscribes to and is based on a risk management approach. RBCT has adopted this standard and has developed procedures for the management of human factors in order to mitigate the potential effects of these factors on railway safety. These factors include:

- Human factors in design (human-system interface)
- Psychological factors: e.g. shift work, physical and mental stress, return to work after a period of absence

- Psychosocial factors e.g. substance abuse (the abuse of medication, drugs and alcohol)
- Psycho physiological factors e.g. chronic, acute and life threatening illnesses, impact of medication on the ability of affected employees to execute their duties
- Physical environmental factors e.g. noise, lighting, vibration, toxic substances and thermal conditions
- Organizational factors e.g. shift pattern, procedures and policies

The RSR conducted a human factors audit at RBCT during September 2015 and the audit report confirms that we have made good progress. The RSA audit for 2016 was a success.

### RISK MANAGEMENT

Risk Management previously reported to the Strategy and Compliance Division and now reports within the Health Safety Environment and Compliance Division. The change in the reporting structure has seen Risk Management separating from Internal Auditing. RBCT considers risk management as an essential practice in compliance with King IV Corporate Governance requirements. The risks are identified when work is carried out daily, measured and managed. The risks are classified into two main categories:





- Strategic risks including a possible source of loss that might arise from the pursuit of an unsuccessful business plan. For example, strategic risk might arise from making poor business decisions, from the substandard execution of decisions, from inadequate resource allocation, or from a failure to respond well to changes in the business environment.
- Operational risks including a probability of loss occurring from internal inadequacies of a business or a breakdown in its controls, operations or procedures.

The Board of Directors is ultimately responsible for governance of Risk Management. Risk governance defines the parameters of acceptable risk, monitors strategic alignment and sets the overall risk management expectation. The Board of Directors liaise with the Chief Executive Officer and General Management to identify, assess, manage and monitor all forms of known risks. Risk appetite and tolerance are high on RBCT Board's agenda.

The FINCO (through its Audit Committee function) seeks to ensure that there are adequate systems of

internal control in place to mitigate significant risks faced by the company to an acceptable level, together will oversee regular review of risk management activities. Systems are designed to manage, rather than eliminate, the risk of failure or to maximise opportunities to achieve business objectives.

RBCT management team is inherently accountable to the Board of Directors for designing systems, implementing and monitoring the process of effective Risk Management and integrating this process into day- to- day activities at RBCT including the management of risks to ensure adherence to the risk tolerance levels set by the Board.

### **Risk Management Gap Analysis**

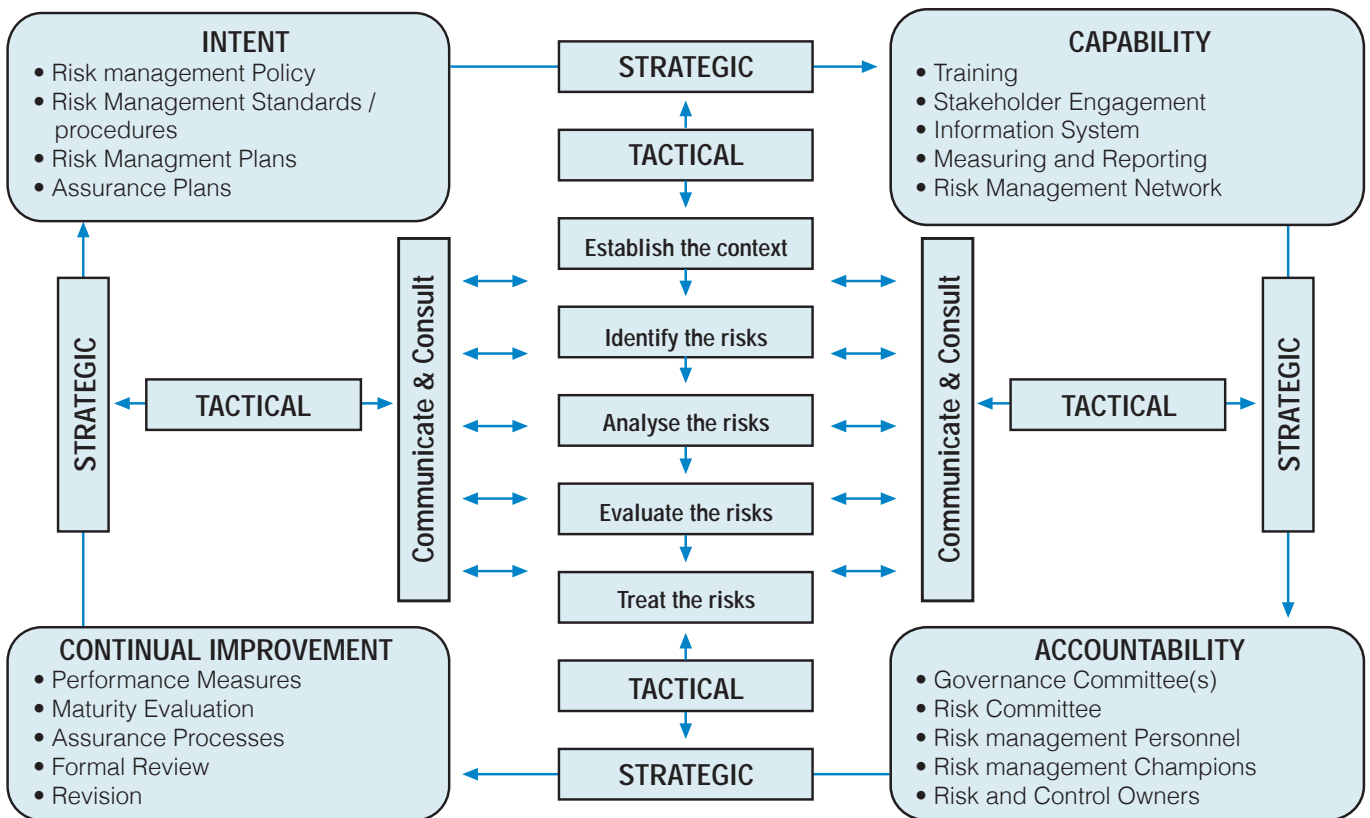
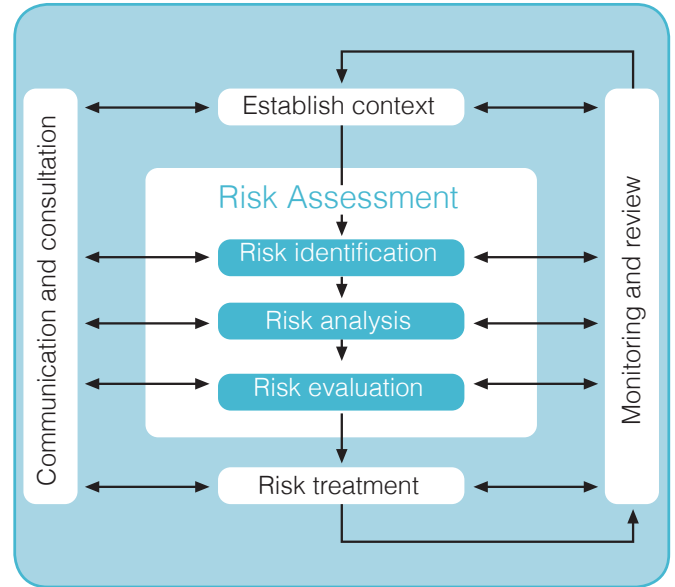
A Risk Management gap analysis was conducted by Kwanto Risk Management to assess RBCT's risk maturity level. The gap analysis identified areas where RBCT's Risk Management is properly embedded as well as areas of improvement. An action plan was compiled and RBCT is progressing well with the implementation of the identified improvements.

**ISO 31000 Risk Management Process**

RBCT Risk Management has been aligned to comply with ISO 31000:2009. The purpose of ISO 31000:2009 is to provide principles and basic guidelines of Risk Management. By aligning Risk Management with ISO 31000:2009, RBCT will implement risk management consistently and effectively.

**Risk Management Framework**

The Risk Management framework details the systems that RBCT uses to manage risk. The purpose is to provide the structure and tools that will facilitate the use of a consistent risk management process whenever decisions are made at RBCT. The framework will be applied across all activities, projects, functions and processes at all levels of RBCT to ensure resources to treat risks are applied efficiently and effectively.



**Risk Management Policy**

The Risk Management Policy was also developed to emphasise that risk management is an important process at RBCT. The purpose of this policy is to provide guidance regarding the management of risk to support the achievement of corporate objectives, protect staff and business assets and ensure financial sustainability. An effective risk management culture is important and a good practice for corporate governance, which supports the

achievement of RBCT's objectives and ensures that we remain relevant and sustainable into the future.

### Transnet Freight Rail and RBCT Interface Risk Assessment

In our pursuit to export and move coal through a world class Terminal efficiently while meeting our customer's needs, RBCT relies on TFR to deliver the trains. The interface risk assessment is aimed at understanding each other's business as well risks that may affect our collective daily operations. An interface risk assessment was conducted with TFR to identify, measure and assess those risks as well as risks that could prevent both businesses from achieving their objectives. The controls that are currently in place were identified as well as future actions aimed at further minimising or mitigating the risks identified.

### South Dunes Business Continuity Plan Forum

The residents of South Dunes (RBCT, Engen Oil, BTT, TFR and TNPA) met to formulate a combined Business Continuity Plan. The primary objective is to review risks which would affect the South Dunes Region, as these risks will have an impact on the respective value chains in which these organisations operate. This meeting is facilitated by TNPA who is the South Dunes Landlord. A detailed risk assessment was done in order to understand the scenarios that might occur.

### CURA System

The Cura system version was updated from 3.7 to the latest 3.9. All risk registers and risk information is captured using the CURA system which is our chosen risk management tool. The risk assessments were done with relevant divisions and Cura was updated accordingly. The system also sends out reminders for the tasks due that were identified to minimise the risk or its impact should it materialise.

### Protection of Personal Information (PoPI)

Protection of Personal Information Act (PoPI), No 4 of 2013 gives effect to the constitutional right to privacy, regulates the manner in which personal information may be processed, and provides rights and remedies to protect personal information. RBCT is obliged to comply with the Protection of Personal Information Act. RBCT guarantees its commitment to protecting personal information and ensuring that it is used appropriately, transparently, securely and in accordance with the Law. The Regulator was appointed on 01 December 2016 and we have a year to ensure compliance to the Act.

RBCT embarked on an exercise of identifying data of personal information that each department handles. This exercise is done to ensure compliance to the Act, identify gaps and compile a RBCT compliance guide. A PoPI policy was formulated to ensure that RBCT complies with the law and good practice while protecting the company from the consequences of a breach of its responsibilities.

The PoPI process is currently in the implementation stage.

### Risk Management Tools

RBCT uses a number of business tools in the management of risk which include:

- Declaration of interest annually or whenever there is a change in the conflict of interest status of the employee.
- A Code of Conduct booklet issued to employees annually.
- Formal policies and procedures are in place to assist with the application of company standards.
- Gift registers to manage gifts received by employees and management with reports issued to the RBCT Risk Committee to ensure adequate monitoring is in place to comply with RBCT policy.
- Monthly inspections are conducted by management to identify risk areas.
- Through Jardine Lloyd Thompson (JLT) as an insurance broker, RBCT runs an insurance program which covers Assets and Liabilities.
- Monthly reviews of the Operational Risks Report with General Management which address the operational risks at RBCT.
- RBCT has zero tolerance on fraud, bribery, corruption and unfair business and labour practices. All employees can anonymously report such issues through our secure tip off line "Whistleblower".
- Risk registers are kept in Cura and action items are monitored.

### Functional Structures

RBCT has standing committees that are assigned to manage, monitor and guide the organisation with regard to good corporate governance. These committees are tasked to discuss matters related to their respective mandate and make decisions in compliance with RBCT values and business strategy.

### Tender Committee

The Terms of Reference of the committee ensure



procurement activities are in compliance with RBCT procurement processes and procedures.

The Committee comprises of:

- General Manager Capital Projects
- General Manager Finance
- General Manager Health, Safety, Environment and Compliance
- General Manager Human Resources
- General Manager Asset Management
- General Manager Operations

### Risk Committee

As part of risk management strategy, RBCT uses the Risk Committee as the final gate keeper of risk within the company. This committee consists of the Chief Executive Officer, GM Finance, GM Health, Safety, Environment and Compliance, Risk Officer and Senior Internal Auditor. Any matter that may implicate a GM or CEO is elevated to the Chairman of Remco as well as the Chairman of the Board.

### Corporate Social and Investment Committee

The committee is responsible for executing RBCT's CSI initiatives.

The committee is made up solely of RBCT employees.

### Executive Safety, Health and Environment (SHE) Committee

The executive SHE committee is the custodian of health, safety and environment compliance at RBCT. The committee meets monthly to discuss, evaluate and make decisions pertaining to occupational health, safety and environmental matters. This Committee is Chaired by the CEO. The committee comprises of 22 members, including all General Managers, 7 x divisional committee chairpersons, 2 x union shop stewards, 2 x health representatives, 4 x safety and

environment specialists. The divisional committees are an important link between the executive SHE committee and employees. The divisional committees meet monthly and the meetings are attended by the section managers, safety representatives, employee wellness representatives and site contractor representatives.

### RBCT Business Continuity Plan

Every organization is at risk from potential disaster. RBCT has a developed Business Continuity Plan that contains critical information that is needed to stay running in spite of adverse events. The testing is essential to ensure that the plan is current, fully functional, addresses the current operational processes and procedures and that staff have a good understanding of their responsibilities as defined in the Business Continuity Plan. The selected three scenarios were tested and documented accordingly in 2016. The next phase is to develop the departmental Business Continuity Plans and the testing thereof.

### RBCT Woman's Month 5km Walk

On Friday, 12 August, RBCT ladies supported by the RBCT men gathered outside the Clinic to participate in the first ever RBCT Woman's Month 5km Walk.

In keeping with the RBCT wellness theme, it was decided to hold a 5km walk to celebrate woman's month this year. This event attracted ladies from all ranks at RBCT.

Health and wellness talks were conducted and a wellness pledge was signed on the day to commit to change aspects of each ladies health and wellness.

The ladies all then signed the Wellness Pledge Board promising to change one aspect of wellness in their lives.

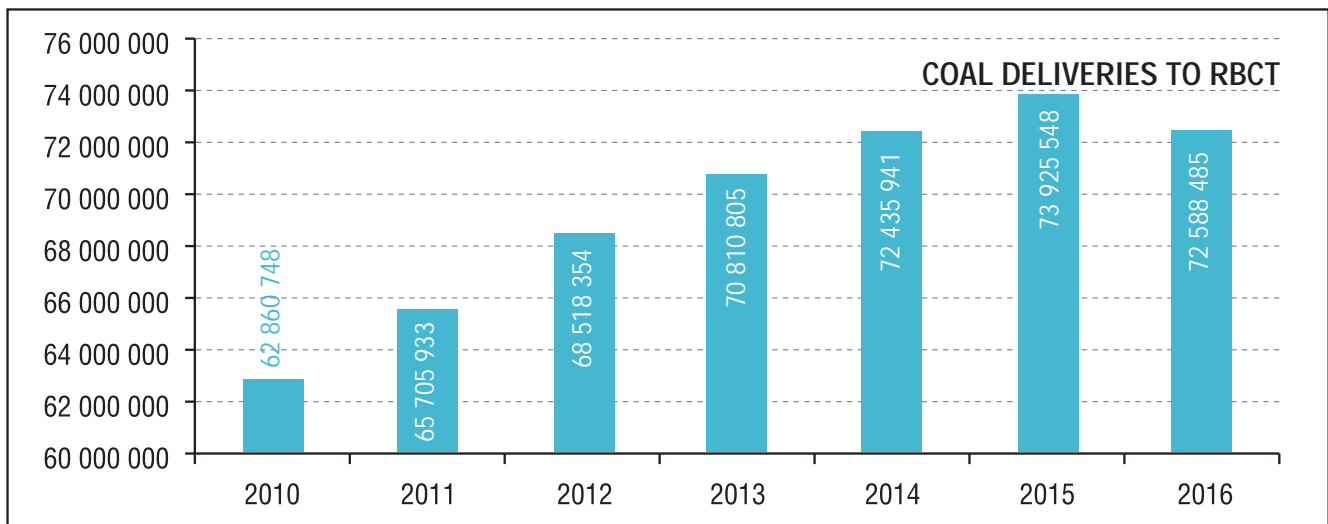


# Operational Performance

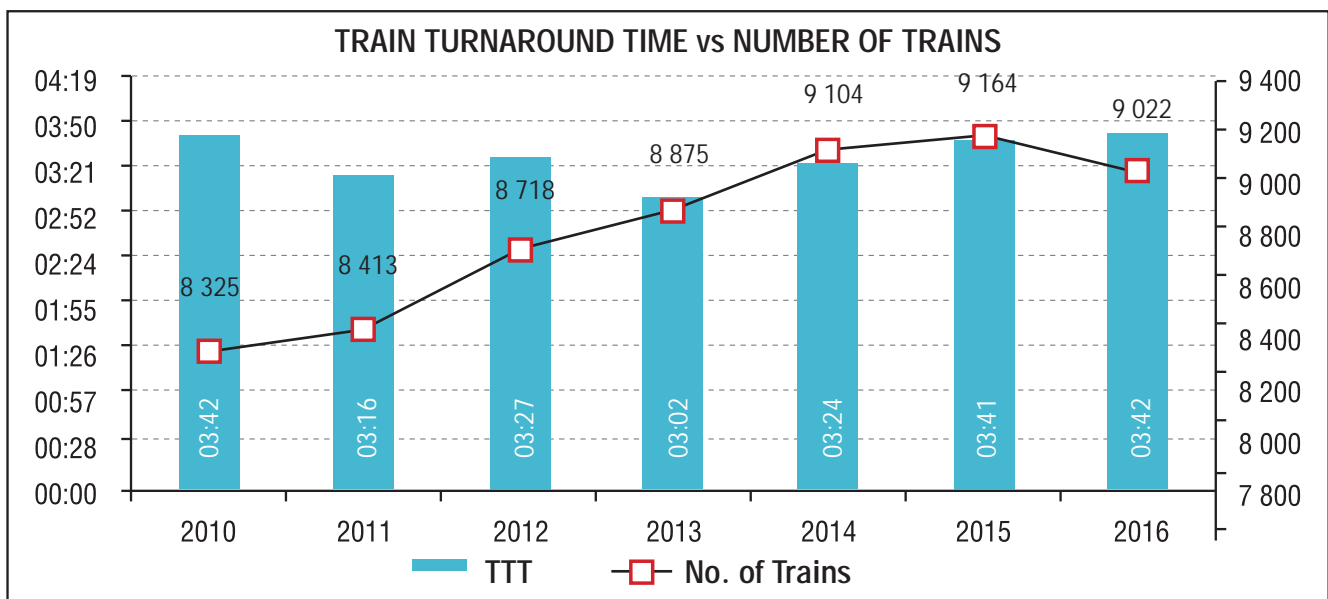
## COAL DELIVERIES TO RBCT - RAIL PERFORMANCE

The tonnage received in 2016 decreased from 73.92 Mt in 2015 to 72.58 Mt (2% lower). The 2016 tonnage is the second highest tonnage delivered by TFR within a calendar year. The Train Turnaround Time (“TTT”) remained at 3 hours 42 minutes in 2016 against the target of 3 hours 50 minutes. The TTT is the contracted duration for handling the train after it is handed over to RBCT by TFR, offload it and hand it back to TFR. The TTT is reflected in the signed Service Level Agreement between the terminal and TFR and the target is an average of 4 hours 18 minutes.

Trains that were tipped and bypassed directly to the vessels were 17% in 2016 compared to 18% achieved in 2015. We continue to be aligned with our business partner, TFR, to ensure the supply chain performs well and contributes to increasing volumes. The rail budget for 2017 is 77 Mt.



## TRAIN TURNAROUND TIME

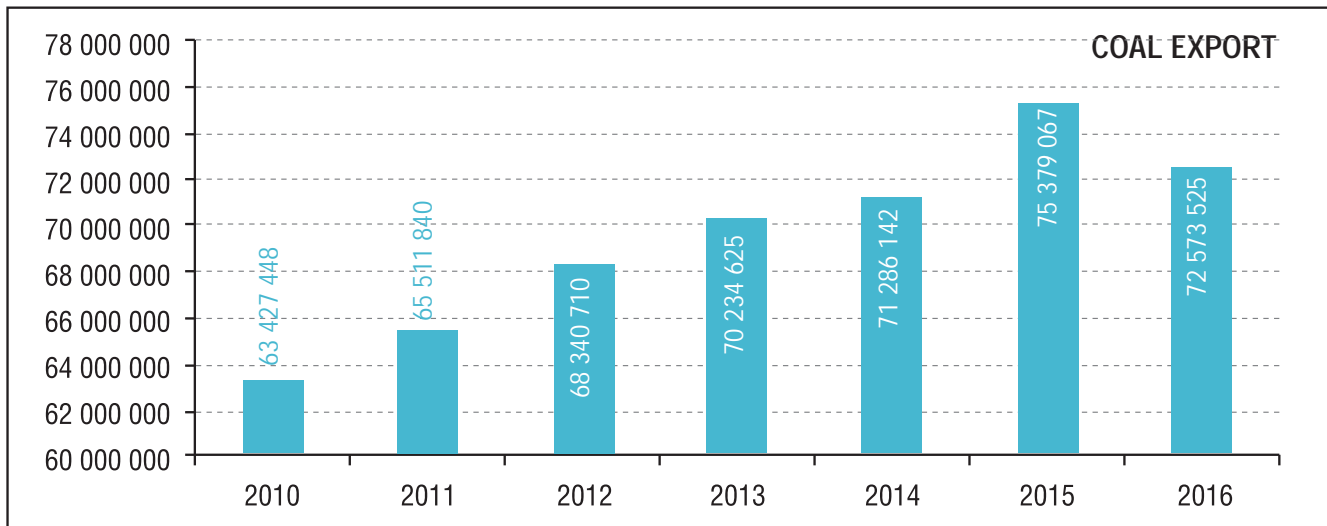


**COAL EXPORTS - SHIPPING PERFORMANCE**

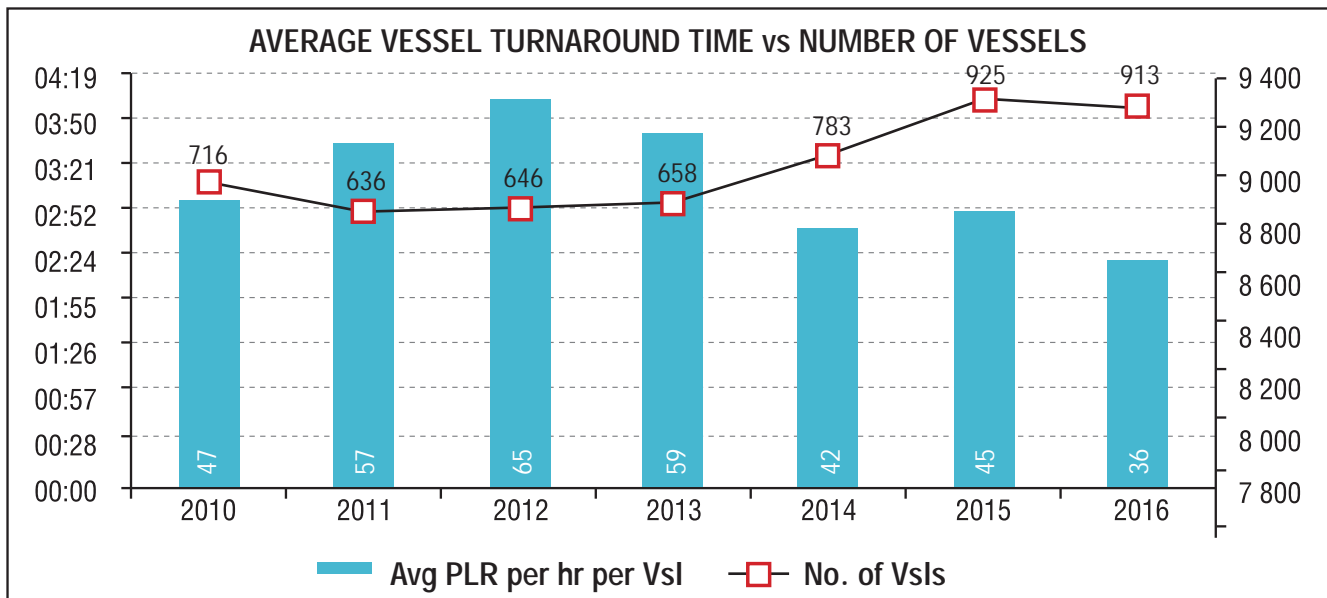
Exported tonnage in 2016 decreased by 4%, from 75.37 Mt in 2015, to 72.57 Mt. The export performance is strong considering the tough economic conditions that persisted throughout 2016. The exports recovered in the last quarter of 2016 as we exported at an annualized rate of 82 Mt/a.

The terminal achieved a Port Load Rate (“PLR”) of 778 tons per hour and Terminal Load Rate (“TLR”) of 2216 tons per hour. In 2016 RBCT introduced TLR and revised the PLR measure making it more representative of the bonus/penalty as felt by the CEP’s. The previous PLR cannot be compared to the revised PLR, therefore the true comparison of annual PLR and TLR performance can only start at the end of 2017. The challenging market conditions impacted on the Terminal operating efficiencies, requiring the Terminal to adapt to market requirements.

RBCT cleared 280 stock piles during the year, a 12% increase from 2015. There was a significant increase in the number of smaller vessels visiting the Terminal with the average cargo size reducing by 2.4% from 81 491 tons to 79 489 tons in 2016, this puts increased pressures on the operational efficiencies. The average vessel turnaround time improved from 45 hours in 2015 down to 36 hours in 2016, largely impacted by the efficient performance of RBCT and the reduced parcel sizes.



**VESSEL TURNAROUND TIME**



# Valuing and Empowering our People

## Pillar 7: Performance and Talent Management

### Employment Equity Consultative Committee (EECC)

EE is one of RBCT's strategies towards achieving operational excellence and it is through the implementation of EE that we can achieve diversity in the workplace.

The objectives of EECC at RBCT are:

- To eliminate employment practices and procedures that are barriers to employment equity
- To review career management practices
- To ensure equitable access to training and development opportunities
- To eliminate employment barriers for people with disabilities
- To promote a culture that values diversity in the workplace
- To ensure effective communication of the objectives of EE to all staff in order to ensure understanding and buy-in

### Talent Management

At RBCT we apply a rigorous approach to managing employees, especially in identifying those employees who bring competitive advantage to the business. The talent management strategy continues to add significant value to the organisation. The process embodies a nine box matrix and requires open and transparent discussions between managers and subordinates while at the same time incorporating the greater view of the larger organisation. Employees are provided with a clear understanding of their performance while at the same time formulating individual development plans. This also provides a key input into future succession planning which is part of the process.

Our formal talent management process yields benefits for both employees and the business. Employees enjoy increased satisfaction with current and future career development opportunities.

The business benefits from improved workforce skills and competencies, long-term planning, cost saving through staff retention and narrowing of the skills gap.

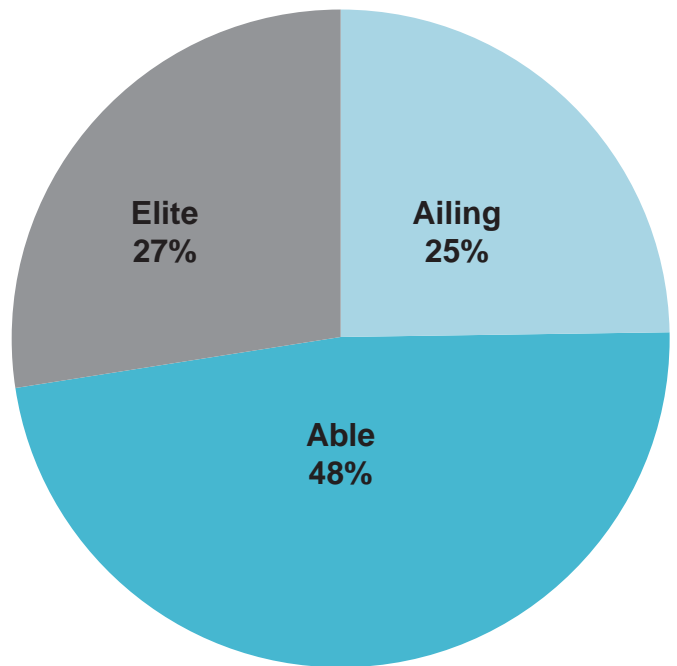
In a skills constrained environment such as South Africa, effective management of talent is critical to achieving business goals.

Talent management assists not only in identifying talent in middle management but also assists in creating a talent pool from the lower levels right up to top management.

### Organisational Health Survey

RBCT conducts an annual Organisational Health Survey that is aimed at validating how healthy RBCT is. The process is built on a test-action-re-test approach. Organizational Health of RBCT improved by 5.8% in 2016.

#### Overview



- Ailing:** Below Expectations
- Able:** Meeting Expectations
- Elite:** Exceeding Expectations

RBCT's health was rated by both employees and management as healthy in the following categories:

- Direction
- Leadership
- Culture and climate
- Accountability

- Coordination and control
- Motivation
- Learning and innovation
- Building capabilities

In 2016, the results showed a 5.8% improvement in the overall attitude of employees. What makes this achievement more impressive is the continued difficult economic climate, together with the pressures that this places a business and its people under.

### Communication

A transparent and open line of communication with all our stakeholders remains integral in fostering a shared vision. In 2015, RBCT management and employees were informed, consulted and provided with feedback about company performance. Cost optimisation measures were discussed with employees and all employees were given an opportunity to ask questions, and to suggest more cost optimising ideas. In each department, employees are empowered to run their area of operation as a mini business and to be entrepreneurs in their area of operation. This is further embedded in their teams through the Mission Directed Work Teams (MDWT) process.

Information was communicated swiftly and in an open and honest manner.

### Pillar 8: Training and Development

The overall goal of training and development at RBCT is to ensure that RBCT permanent staff have the correct skills, knowledge, motivation and alignment to perform optimally in support of the company's vision, mission, values and strategic/operational objectives.

Training and Development is primarily carried out to meet the business needs of RBCT while, where necessary and possible, also addressing the wider skills development needs of the country.

Our focus is to facilitate continual operational improvement through the development of intellectual capacity. Therefore it is our aim to provide everyone in RBCT with an environment in which they can flourish based on well-defined and developed competencies.

Our process offers employees a clear purpose and roles that will develop knowledge, skills and attributes in a focused manner while providing clear objectives that are linked to the concept of reward for performance.



Training and development was provided in line with the following guidelines:

- All training and development will be based on the needs of the company, as well as wider stakeholder engagement, especially, at strategic levels, as established through a needs analysis.
- Managers are responsible for the competency levels of their staff in order to ensure adequate succession management in their departments.
- All activities will aim at optimally satisfying the long and short term needs of various competencies required by RBCT.

Training and development at RBCT is delivered through the most appropriate medium for the organisation in line with national requirements.

In order to maximise the investment in our staff and training development programs, managers and staff who have attended training or development programs may be requested to provide mentorship and coaching where necessary.

Specific policies and programs for skills management or for lifelong learning are designed to empower employees who aspire to be in management positions.

## Valuing and Empowering our People

To achieve Operational Excellence, Superior People Performance becomes key to succeeding in a challenging business environment. As part of RBCT's company-wide commitment to attract, develop and retain valuable talent, skills management programs are in place in all divisions.

### Average Hours of Training for 2016

The average hours of training per year per employee by Occupational Category of employee as at 31 December 2016 were:

NB: While 10000 is not a standard category we have used this to show hours done by interns and trainees on SETA contracts.

Occ. Category	Occ. Cat. Text	Total	No. Staff	Avg. Hours
1000	Legislators, senior officials and managers	1419	29	48.93
2000	Professionals	228	5	283.80
3000	Technicians and associate professionals	2824	72	19.71
4000	Clerks	2282	44	32.25
7000	Craft and related trades workers	6732	74	19.18
8000	Plant and machine operators and assemblers	7731	172	8.25
9000	Elementary occupations	7754	42	33.79
10000	Craft and related trades workers	7503	10	141.90
	Plant and machine operators and assemblers	153	1	1419.00
	Technicians and associate professionals	1636	12	118.25
<b>Grand Total</b>		<b>38262</b>	<b>461</b>	<b>3.08</b>

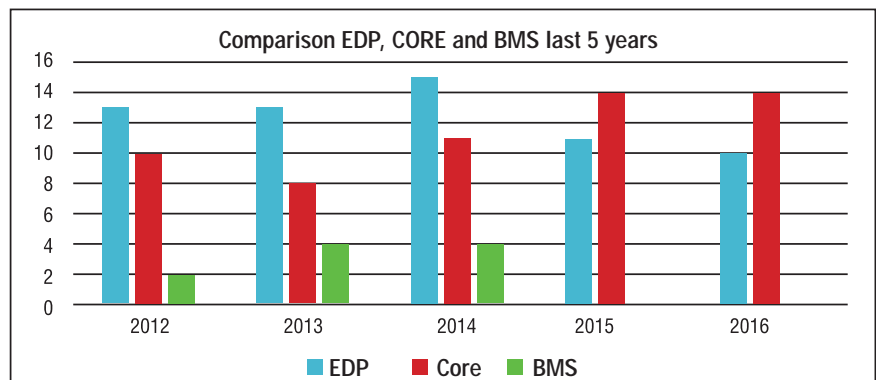
### Staff Development

RBCT's career development strategies continued to focus on management development, supervisory and leadership development, the Employee Development Program (EDP), operator training, technical and general skills development of employees. The implementation of the coaching and mentoring processes are on-going.

### Management Development

During 2016 the focus was on leadership and growing the CORE skills of supervisors and potential supervisors. Map Assessments and 360 degree sessions followed up by training where completed for the DL and CU employees.

Due to cost saving, programs such as MDP and FMP were put on hold except where people were completing programs.



### Management Development Program (MDP)

RBCT continues to develop Management and Supervisory skills, through an intense Management Development Program aimed at creating critical management capacity amongst our employees. The main aim is to bridge gaps

in previous qualifications and to address those who do not have any formal qualification, in particular in management science. The Formal Program being the UNISA MDP and FMP programs, while Foundational Skills are laid through more hands-on SAQA accredited skills programs at the Supervisory (CORE) and Management (BMS) levels.

### Employee Development Program (EDP)

Having begun as a program for staff from previously disadvantaged groups, this program has developed into a company-wide program, taking employment equity requirements into account. The aim of the program is to develop the core competencies required by employees making the transition to management or supervisory positions. The key focus is on managing yourself and a project is identified, investigated and where possible completed. After completion of this program, delegates present their projects to the General Managers, those requiring further work or CAPEX and deemed suitable are then further developed via the bright ideas system.

### Bursaries

RBCT grants bursaries in various forms, Open Bursary Scheme, Closed Bursary Scheme (Study Grants) and Staff Education Assistance.

### Open Bursary Scheme

RBCT grants bursaries to assist with sourcing and developing bright young talent in anticipation of meeting our future skills requirements and in key

areas of the community. We sponsor learners, in fields such as Engineering, Industrial Psychology, Finance, Education and Nursing. Employment equity targets require at least 80% of bursaries to be awarded to previously disadvantaged persons; during 2016 RBCT achieved 100% in this area.

To ensure that bursars succeed in their studies, individual progress is monitored and assistance is provided where required. During holidays, bursars work at RBCT where they are helped to grow their knowledge through practical application. This approach helps each bursar bridge the gap between education and the world of business.

### Closed Bursary Scheme

As an extension of the bursary system, each year RBCT offers 20 study grants to employees' children who are registered to study at a recognised tertiary institution, 50% of which should be focused on continued education.

### Education Assistance Program

Employees have access to funding for part-time education through our Education Assistance Programme (EAP) where RBCT pays for tuition and employees are only required to repay should they

not pass the courses. This encourages employees to improve their knowledge and work-related skills and to prepare them for the next step in their careers; 84 staff members participated in this scheme during 2016.





candidates were sent on the apprenticeship modules with the aim to write Section 28 Trade tests in 2015/16, depending on the individuals pace of learning and application of the skills.

### Technical Training Infrastructure

With RBCT technical training being outsourced, it was identified that staff have difficulty transferring the knowledge learnt into plant specific equipment. Taking this into consideration, RBCT created a Technical Training Workshop during 2013, a mini substation, PLC racks and small conveyor system were completed to assist with Electrical Fault Finding and

### Apprenticeships and Traineeships

At RBCT we have an apprenticeship system registered with TETA (Transport Education and Training Authority); apprentices are registered with the MERSETA (Manufacturing, Engineering and Related SETA) via a Memorandum of Agreement (MOA) between the SETA's. Bursars who have completed their Degrees and Diplomas are often given opportunities to gain the experience required.

In 2016, RBCT's commitment was as follows:

Trainee Type	Number	Comment	Bursar
Apprentices	16	Millwright Apprentices	
Electrical Engineer	1	Diploma Technician	Y
ART/AIT Trainees	10	Current maintenance assistants identified for artisan development	
Electrical Technician	1	Diploma Technician doing P1 and P2	Y

### Artisan Recognition Training/Artisan in Training (ART/AIT)

The Artisan Recognition and Artisan in Training program was introduced with potential Maintenance Assistants being selected for Artisan Training. These

a larger number of RBCT specific technical training programs were run with the aim to improve the quality of artisans and reduce down time, based on a skills set identified by line managers. During 2014/15 this was further developed to include backstops training and basic Hydraulics Training. During 2015 we applied for MERSETA accreditation, This was granted in March 2016 and we have Trained the first pilot group of MA's in the center in 2016, reducing costs and disruption to the sections, by matching the release requirements of the line managers. This training will now to be moderated by the MERSETA.

The centre is also used as an artisan assessment centre to test new artisan during the recruitment phase ensuring they have the appropriate minimum skills.

### Plant Operator Traineeships

RBCT also has a one year training program for plant operators to ensure succession is in place and operations are therefore not interrupted in the event of a resignation. RBCT has reviewed and implemented Key Operations Training Programs as part of our ongoing continuous improvement program. A learnership in logistics was registered with the TETA and the first 6 Operations Trainees were registered and have completed the learnership, once again the outcomes need to be moderated by the TETA in 2017 before a qualification will be awarded.

### Training Accreditation



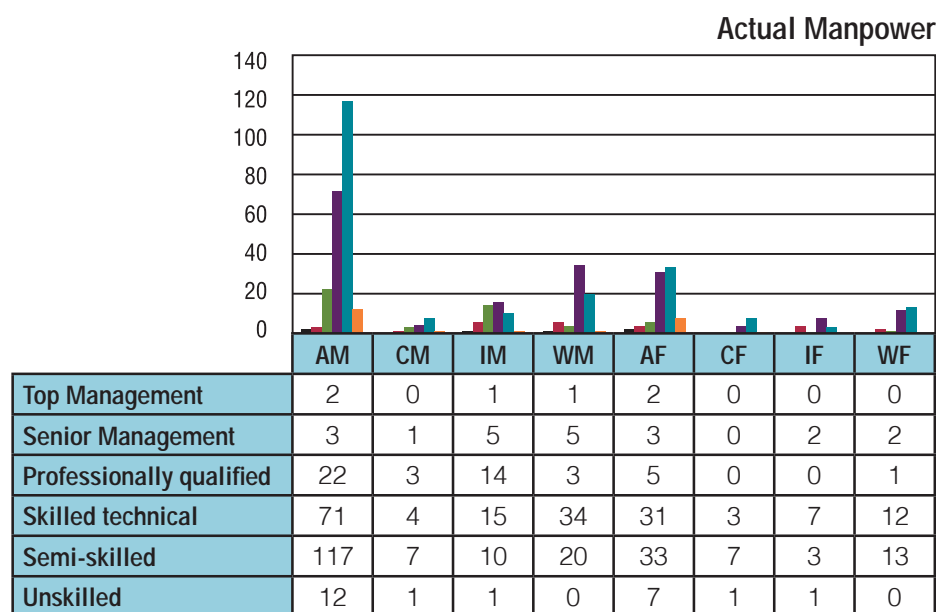
In addition to being accredited with the MERSETA for on-site training of Millwrights and Boilermaker Apprentices, RBCT is also a fully accredited training provider with the TETA for Operations Training courses that include courses in Ship-loading, Bulldozing, Tipping, Stacking and Reclaiming, Shunting and Loco Operating. All trainees who undergo this training can have their credits registered on the National Learner Record Database. Assessments on the programs above are done by accredited line assessors with a training assessor in attendance. The assessments are then internally moderated and are further moderated by the TETA on an annual basis. During 2016 RBCT's TETA accreditation was reviewed and renewed. Furthermore we had audits from the Auditor General and the TETA on Discretionary Grants, with no findings.

### Our People

#### Recruitment and Selection

Recruitment and selection forms a core part of the central activities underlying human resource management, including but not limited to, talent attraction, employee remuneration, training and development. All these activities play a supportive role towards RBCT's operational strategy. In an increasingly global competitive market there is a constant endeavour for operational efficiencies, the role of recruiters becomes more pressurised, as they are expected to identify and recruit people with high-quality skills and capacity to deliver and achieve RBCT's goals and objectives.

Hiring a competent workforce is of paramount importance and this is



dependent on effective recruitment and selection procedures and practices. It is through these procedures and practices that we were able to identify job candidates with the right skills, right behavioural traits for the right jobs. Another important factor in the recruitment and selection process is the speed of closing vacancies. Recruitment speed could translate into better use of

the existing workforce, by minimising extra-ordinary hours of work and the reduction of associated costs.

In the 2016 financial year, 48 new recruits, from local communities, joined RBCT and 5 employees were promoted to senior roles, thus contributing to a reduction of unemployment figures and boosting the local economy.

#### Remuneration Policy

Our remuneration policy is based on decision making model and employee performance. In our effort to ensure that the Company's remuneration philosophy remains competitive, every aspect within the remuneration framework is:

- Analysed – remuneration packages are designed to meet each job task intended purposes and how it would serve RBCT's performance.
- Quantified – the remuneration framework is based on meeting Company and employee needs and to find common business rationale.
- Compared – participation in salary surveys and local benchmark enables the Company to attract talent and retain key skills. Benefits of comparing our remuneration framework and strategy play a major role in our IR climate.
- Monitored – remuneration philosophy is a dynamic practice that is permeable to external factors that could influence internal decision making in this regard. Therefore, RBCT constantly monitors these factors, such as, statutory changes and other employee benefits that



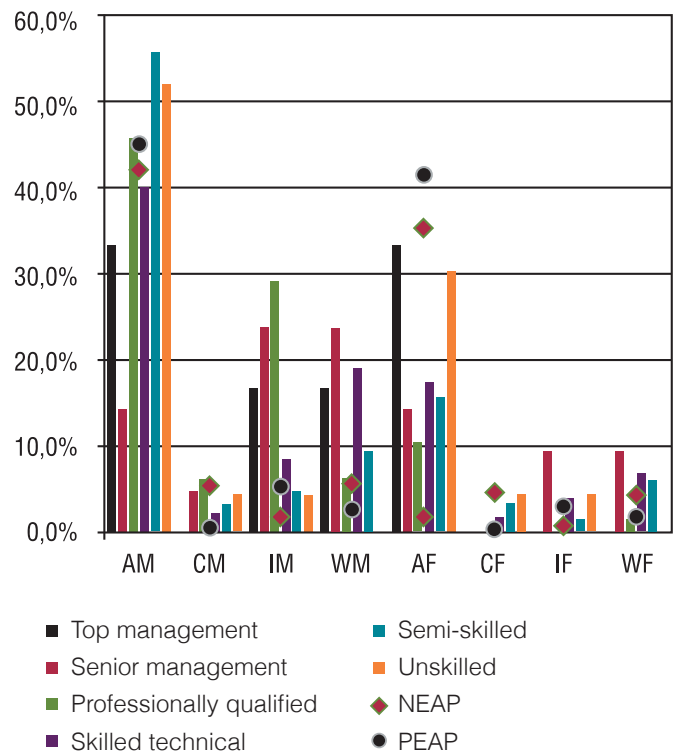
could affect the Company's remuneration philosophy and its ability to compete for skills.

- Communicated – where needs be, changes in the remuneration philosophy were communicated clearly and timeously. Monthly and annual performance achievements are communicated to keep employees abreast of company performance. The communication motivates employees to identify under-performing areas, whilst sustaining good performance.

**Employment Equity**

Diversity and transformation are critical imperatives in the company. Significant progress has been made in building a more representative workforce. We continue to identify occupational levels that are having challenges in meeting and maintaining EE targets. Our new EE Plan commenced in October 2016 and ends in September 2019. The under-achieving occupational levels, in relation to 2016, were reported to management, to sensitise them on the potential impact on the 2016 - 2019 EE Plan.

**Employment Equity Analysis**



Pensioners' Lunch

RBCT honored all retirees on the 27 September. It has become RBCT custom to host an annual pensioners lunch with their retirees.





## LAB LAUNCH

On Wednesday, 22 June 2016 Richards Bay Coal Terminal (RBCT) unveiled a new world class coal sampling laboratory. This is a R49-million, state-of-the-art laboratory which will bring a 25% improvement in sample turnaround time. This top-notch facility was built in partnership with a leading sampling service provider - SGS South Africa.

## CETOA

RBCT hosted the 16th assembly of the Coal Exporting Terminal Operators Association event with members from different terminals across the globe, facilitating exchange and sharing of best practice management. All in attendance had a memorable experience.



## 40th Anniversary Imbizo

RBCT commemorated their 40th anniversary on 1 April 2016. It was a prestigious day where a host of events were planned to mark the occasion, reflecting upon the companies achievements and its evolution over the last 40 years.

This landmark year serves as an indication of economic development, job creation, skills development and the importance of sustainable development and the harmonious relationship between communities and the environment.



## ZCCI Business Excellence Awards

The prestigious Business Excellence Awards held on 27 October is a platform established by the Zululand Chamber of Commerce and Industry (ZCCI) to highlight and celebrate the outstanding performance and results achieved by local businesses.

RBCT was awarded the Premium Award for the Night being the Company to have received the most awards of the evening.

Well Done to the RBCT team for flying the RBCT flag high - we do not just move coal, we move it with zeal, passion and dedication. These Accolades are testament to the passion of the people of RBCT.

We came first in the following categories:

- SABCOHA WELLNESS AWARD
- LOGISTICS BUSINESS OF THE YEAR
- SAFETY AWARENESS AWARD

We were runners up in the following awards:

- EMPLOYER OF THE YEAR AWARD
- CORPORATE SOCIAL RESPONSIBILITY AWARD



# Delivering Sustainable Social Value

## ENGAGING OUR COMMUNITIES THROUGH CORPORATE SOCIAL INVESTMENTS

As part of our commitment of being a responsible corporate citizen, it is our policy to conduct business in a manner that is compatible with the economic, social and environmental needs of the communities in which we operate.

RBCT's corporate social investment strategy plays a constructive role in enhancing the quality of life in the communities within which our people live. The purpose of CSI at RBCT is to promote the development of the quality of the underprivileged communities living around us.

Over the past few years, RBCT's approach to Socio-Economic Development (SED) has moved towards a philosophy that is fully accountable and geared towards providing sustainable solutions to real needs identified in the community. The success of this philosophy hinges on the recognition that any social involvement should make a meaningful improvement to the lives of the people and communities that it is designed to benefit.

Our primary focus is on education, early childhood development, skills development, community welfare,

environment, crime prevention, HIV/Aids as well as sport development. Our employees also play a significant role through our CSI Committee, consisting of volunteers from all levels within the company, as well as union and employee representatives. Our main aim is to promote the development of self reliant communities and to facilitate sustainable community development programmes.

The CSI committee is guided by the CSI procedure that is in place. Strict adherence to the CSI procedure is maintained and followed when making a decision pertaining to funding of projects. Again, committee members are required to, from time to time, plan visits to projects to monitor the progress and make further recommendations where applicable. Our criteria for funding of projects are as follows:

- It must benefit a wider community
- It must be developmental in nature
- It must be sustainable

### Our Commitment

Our slogan, "Coal to the world, growth to the nation" depicts our sustainable commitment to community development over the years. Our aim is to participate in programmes that benefit the wider community and



Trees for Life Project

## Delivering Sustainable Social Value

sustainable projects that can build a better South Africa. In 2016 we recognised the need to focus on early childhood development, education and environment. Due to the Water Shortages we faced, we regarded this as an integral component in building a better future and life for all.

### RBCT's CSI Investment

Our relationship with our local community has been substantially boosted by various social involvement initiatives:

#### Trees for Life

RBCT currently sponsors over 850 learners identified from the Dube and Esikhwini areas to participate in the Indigenous Trees for Life project which is run by the Wildlands Conservation Trust. This really shows that RBCT does not only make a difference to the lives of people, but also to the environment. Each year RBCT is a catalyst for many Trepreneurs to be able to feed their families, buy school uniforms, receive bicycles, and purchase basic building materials for their homes. This is achieved by Trepreneurs growing indigenous trees and then exchanging the trees for items or consumables they need. The project aimed at giving the poorest of the poor the opportunity to literally "grow" their way out of poverty.



Facelift for Ikhwezi Welfare Organisation

In 2016, RBCT once again supported this project by donating R350 000 to the Wildlands Conservation Trust who oversees the management and long term sustainability of this project. The handover took place at Ntabeni Primary School in December 2016 and the Ndidima community was there in large numbers to be part of this annual occasion.

#### Ntabeni Primary School

Prior to RBCT's involvement with Ntabeni Primary School, lessons were conducted under a tree. Over the years RBCT, through the CSI Committee has assisted the school to the value of over R4.5 million for the construction of classrooms, ablution facilities, playground equipment, fencing, a kitchen, an administration block as well as a fully equipped computer centre.

Currently, more than 850 students are registered at the school which is a truly remarkable achievement for the community of Ndidima, clearly depicting RBCT's commitment to community development.



Umfolozi College Training Aids Handover



**Facelift for Ikhwezi Welfare Organisation**

RBCT supported Ikhwezi welfare organisation with much required paintwork on their buildings to the value of R169 000. This is a home for the elderly as well as children and youth who are living with a disability (mental and physical).

Taking firm action to address imbalances by caring for the previously disadvantaged is a journey that RBCT continues with tirelessly.

**Walk for Water**

RBCT was one of the local businesses who stepped up to help answer the desperate calls for water from communities heavily affected by the drought. Five local schools who entered the Walk for Water best saving initiative competition won Jojo water tanks, two of which were sponsored by RBCT. These donations will help the schools minimize the effects of the drought.

**Jojo Tanks Handovers**

RBCT handed over 2 Jojo Tanks to the winners of the Walk for Water competition. One was donated to Arboretum Primary School and the other to Enhlanzini Primary School. Both school principals thanked RBCT for being a responsible corporate citizen and for doing their part in the fight to save water as the City of Umhlatuze were badly affected by the drought and thus every citizen needed to take accountability for saving water. They applauded RBCT for the initiatives



Amangwe Village

taken towards saving water.

**Amangwe Village**

RBCT once again showed commitment to Amangwe Village by donating R350 000 in 2016. Amangwe Village renders services to people infected by HIV/Aids through strengthening communities by implementing activities that will enable and empower communities to take care of their vulnerable members.

The funds will be used to support numerous projects run by Amangwe including home based care, self help groups, HIV Aids awareness and early childhood development to name a few.

**Eniwe Primary School Shoes Project**

In May 2016, RBCT came to the aid of Eniwe Primary School by responding to the plight of the Faith, Hope and Love organisation (FHL) to support Eniwe by donating 342 pairs of school shoes to learners in need.



Jojo Tanks Handovers



Eniwe Primary School Shoes Project



Thambolini High School

### Thambolini High School – School Desks Project

RBCT supported a science school by the name of Thambolini High School situated at Esikhawini. The donation comprised of 10 x Desktop computers as well as 180 school desks and chairs to the value of R208 000. RBCT highlighted the importance of supporting education to the local schools because it is in their best interest to invest significantly in education spectrum as these are our future employees and entrepreneurs.

### Umfolozi Tvet College

RBCT donated training aids to the value of R150 000 to the 29 visually impaired learners at the Umfolozi Tvet College in Esikhawini. These training aids will afford them an equal opportunity towards further Training and Development.

### Zimeme High School

RBCT assisted in keeping a girl child in school when they donated sanitary towels to girl learners at Zimeme High School in Kwa Dlangezwa. Research has shown that at least nine million girls aged between 13 and 19 miss a week of school every month due to lack of sanitary pads. They further supported the school by donating a photocopier machine as well as 3 desktop computers to the school.



Zimeme High School

### Mobile Libraries

As part of Mandela Day initiative, RBCT donated 3 mobile libraries to the value of R100 786 to local primary schools. These were:

- Floraton Primary School (Aquadene)
- Nguluzana Primary School (Enseleni)
- Ntabeni Primary School ( Ndindima Reserve Esikhawini)

All donated mobile libraries were branded according to the individual school and have the artwork quote “Education is the most powerful weapon we can use to change the world” Nelson Mandela.



Mobile Libraries

## Annual Standard Donations

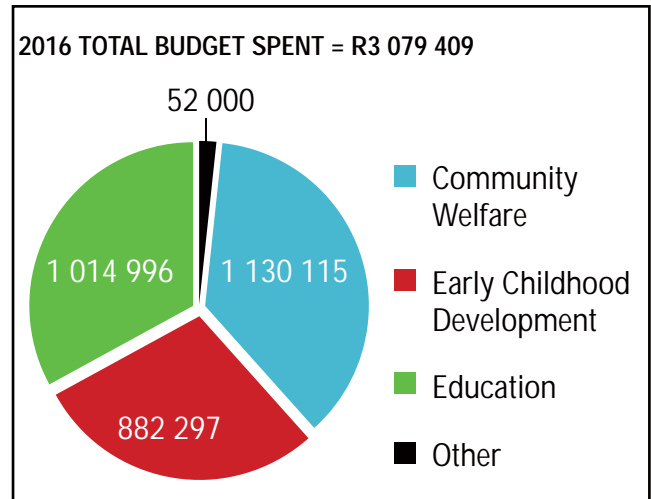
RBCT fully understands that it is operating within local communities and thus always strives to ensure growth through its community development initiatives.

In September 2016, RBCT invested an amount of R747 500 in its local communities through the annual standard donations. These funds go a long way in helping charities with all the wonderful work that they do in the communities.

The receiving charities were:

- Richards Bay Family Care
- Empangeni Family Care
- Richards Bay SPCA
- Zululand SPCA
- The SA Red Cross Society
- SANCA Zululand
- National Sea Rescue
- Siyabonga Shelter
- Thuthukani Special School
- Zululand Mental Health
- Zululand Hospice
- Life Line Zululand
- University of Zululand Science Centre
- DICE

- Uthungulu Community Foundation
- Pathways School for Autism
- Business Against Crime
- Hluhluwe Hilltop Honorary
- Ikhaya Likababa
- Izulu Orphan Projects
- Richards Bay Round Table
- Richards Bay Sea Scouts
- Richards Bay Rotary Club



Annual Standard Donations

# Driving Enterprise and Supplier Development

## Procurement

2016 has been a challenging yet rewarding year within RBCT's procurement environment. There has been increased procurement activity due to the extensive Capital Projects spend, combined with understanding and executing on the initiatives aligned to the changes within the elements of the Department of Trade and Industry's Broad-based Black Economic Empowerment (BBBEE) Codes of Best Practice. RBCT has worked closely with our suppliers to ensure compliance thereby embracing the changes within the codes and assisting in the empowerment of our business partners.

Aligned with driving sustainability in the Zululand environment, procurement preference is often focused on local suppliers with additional considerations to the small and medium enterprise categories where ever possible.

RBCT has actively and progressively driven preferential procurement spend for the past 14 years and insists on suppliers providing approved verification certificates to ensure compliance within the Codes. We maintain an extensive, customized database in our SAP system and are able to continuously improve our position with up to date and reliable statistics on the various criteria as defined in the codes. Decision making is therefore easily facilitated when considering elements such as black ownership, as well as black woman controlled businesses that are suppliers or potential suppliers to RBCT. To ensure maximum procurement spend contributes towards RBCT's empowerment performance, it is our preference to engage with businesses that maintain a minimum level four BBBEE rating.

Where commercial criteria are the same, preference is given to the higher BBBEE rated supplier. RBCT does not pay a premium to empowered companies, as commercial competitiveness is a key determinant in decision making. From time to time, RBCT may require long-term contractors and suppliers to share their plans to maintain and improve their empowerment ratings.

### Standard Procurement Criteria

- Compliance with RBCT's health, safety and environmental standards
- Adherence to RBCT's quality specifications
- Competitive market related pricing
- Valid BBBEE verification certificate
- Service excellence

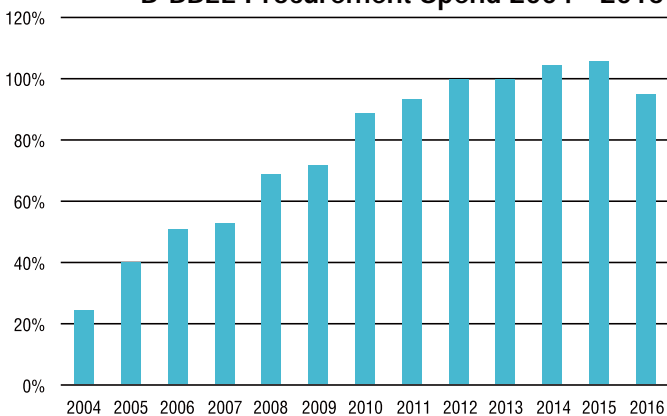
## Enterprise and Supplier Development

Enterprise development remains a key focus at RBCT, and one of our ongoing initiatives facilitated through our shareholders was making available four million tons of export capacity to junior miners at commercially attractive rates. The allocation of the four million ton capacity is managed by the Department of Mineral Resources.

This means that junior miners can now have access to export markets through RBCT, and maintain improved operational performance and profitability within their businesses. The South African export facilities are often constrained due to infrastructure challenges, so the allocation of this capacity contributes significantly to enterprise development within the mining environment.

Supplier and Enterprise developments initiatives within the procurement area further contribute to RBCT's responsible procurement strategy. We partner with Black owned micro enterprises and qualifying small enterprises that are both suppliers and potential suppliers to RBCT in developing self sufficient business partners. This is achieved through working with committed suppliers, and ensuring that the all selection criteria are adhered to. Due to the nature of the terminal's maintenance spend being predominantly on specialized high quality engineering items, managing the achievement of the quality standards and specifications presents RBCT with good mentoring opportunities to develop and grow the skills within our suppliers.

**B-BBEE Procurement Spend 2004 - 2016**



# Glossary

Aids	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by HIV infection	CURA	Governance Risk and Compliance Software/Enterprise Risk and Compliance Software
AIT	Artisan in Training	DI- D LOWER	This is a grading statement level, a level assigned to a manager responsible for the department
ART	Artisan Recognition Training		
ARV	Anti-retroviral	DWS	Department of Water and Sanitation
BBBEE	Broad-based black economic empowerment. This represents a broadening of earlier BEE (see below) policy and attempts to spread the benefits of economic empowerment to the widest possible spectrum of black South Africans	EAP	Education Assistance Programme
		EDP	Employee Development Programme
		EE	Employment Equity
		EECC	Employment Equity Consultative Committee
BMI	Body Mass Index	ESUP	An Offsite storage dam known as ESUP Dam
BMS	Best Management Skills		
BP	Blood Pressure	EWP	Employee Wellness Programme
BTT	Bidvest Tank Terminals	FHL	Faith Hope and Love Organization
CAPEX	Capital Expenditure	FINCO	Finance Committee Fuels Diesel, petrol and paraffin consumed by processes and utilities
CEO	Chief Executive Officer		
CEP	Coal Exporting Parties	FMP	Fundamental Management Program
CETOA	Coal Exporting Terminal Operators Association	GM	General Manager
COBRA	Change of behaviour reduces Accidents	HIV/Aids	Human immunodeficiency virus/ acquired immune deficiency syndrome
CSI	Corporate Social Investment	HRA	Health Risk Assessment
CU-C UPPER	This is a grading statement level, a level assigned to a manager responsible for the department	HSEC	Health, Safety, Environment and Community
		IDPS	Individual Development Programs

IMBIZO	An open forum chaired by the CEO to address all employees on business performance and all key matters.	LTIFR	Lost-time injury-frequency rate. The number of lost-time injuries (see above) per 200,000 hours worked.
ISO	International Standard for Organisation.  Published in 1996 by the International Organisation for 14001 Environmental Standardisation, it specifies the actual requirements for an environmental management system.	MDP	Management Development Programme
ISO 14000	An environmental management system standard published by the ISO	MERSETA	Manufacturing, Engineering and Related SETA
IWWMP	Integrated Waste and Water Management Plan	MI	Minor Injury
JLT	Jardin Lloyd Thompson	MIFR	Minor Injury Frequency Rate
King Report	The King Report on Corporate Governance is a ground-breaking booklet of guidelines for the governance structures and operation of companies in South Africa. It is issued by the King Committee on Corporate Governance. The Institute of Directors in Southern Africa (IoDSA) owns the copyright of the King Report on Corporate Governance and the King Code of Corporate Governance. Compliance with the King Reports is a requirement for companies listed on the Johannesburg Stock Exchange	MOA	Memorandum of Agreement
LT	Lost-time injury. Refers to an injury resulting in the injured person being unable to attend/return to work to perform the full duties of his/her regular work, as per the advice of a suitably qualified medical professional, on the next calendar day after the injury.	Mt	Million Tons
		Mt/a	Million ton per annum
		NEAP	National Economically active Population
		NIHL	Noise-induced Hearing Loss
		OHS	Organisational Health Survey
		OHSAS	Occupational Health and Safety Assessment Specification
		OPCO	Operations Committee
		OREP	Occupational Risk and Exposure Profiles
		PEAP	Provincial Economically Active Population
		PHC	Primary Healthcare Management
		PLC	Programmable Logic Controller
		PLR	Port Load Rate

PM2.5	is particulate matter 2.5 micrometers or less in diameter	TFR	Transnet Freight Rail
PM10	is particulate matter 10 micrometers or less in diameter	TIFR	Total Injury Frequency Rate
PoPi	Protection of Personal information	TLR	Terminal Load Rate
PROCOM	Projects Committee	TNPA	Transnet National Port Authority
RBCT	Richards Bay Coal Terminal	TTT	Train Turnaround Time
RDC20	A dust suppressant used onsite to suppress dust on the ground	UNAIDS	The Joint United Nations Programme on HIV/AIDS
REMCO	Remunerations Committee	VSLs	Vessels
RSR	Railway Safety Regulator	WDMS	Wellness and Disease Management System
SABCOHA	SA Business Coalition on Health and Aids	WUL	Water Use License
SANS	South African National Standard	ZCCI	Zululand Chamber of Commerce and Industry
SECOM	Social and Ethic Committee		
SED	Socio-Economic Development		
SETA	Sector Education and Training Authority		
SGS	Societe Generale Surveillance		
SHE	Safety, Health and the Environment		
SMS	Short Message Sending		
SPCA	Society of Prevention to Cruelty to Animals S.A		
TB	Tuberculosis		
TETA	Transport Education Training Authority		

# Boundary and scope of this report

The 2016 Sustainability Report covers the period 1 January to 31 December 2016.

This report shows a brief analysis of the companies operational logistics and performances in the following criteria's.

- The Health and Safety of employees and the environmental impact on surrounding areas.
- Strategies and policies that have been implemented to achieve optimal results in the above regard.
- Current goals that have been achieved and future goals to be obtained.
- Outreach program's, delivering social value by giving back to schools and charities, empowering local communities. Structure of the board and Management, Employee and Recruitment program's.
- Operational Activities such as:
  - Rail performance, Coal is handled effectively and efficiently once it is in our possession from the TFR, no data has been captured for this report on derailments as it is not a direct part of our operational activities.
  - Shipping performance, The arrival and departure of all vessels is managed and coordinated by the TNPA. The quality and analysis processes of the coal is excluded from this report as it is conducted independently by an on-site laboratory.









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