

## **Annexure A**

**VIRGINIA PRODUCTION RIGHT**

**PASA REF#: 12/4/1/07/2/2 PR**

**SOCIAL AND LABOUR PLAN**

**2021 - 2026**

## CONTENTS

<b>LIST OF TABLES .....</b>	<b>III</b>
<b>LIST OF FIGURES .....</b>	<b>V</b>
<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>VI</b>
<b>1. INTRODUCTION .....</b>	<b>1</b>
1.1 Submission of a Social and Labour Plan.....	1
1.2 Tetra4 (Pty) Ltd.....	2
1.2.1 Location.....	2
1.3 Tetra4 (Pty) Limited Shareholding and Management Structure .....	4
1.4 Preamble .....	4
1.5 Size and composition of the workforce .....	4
<b>2. HUMAN RESOURCES DEVELOPMENT PROGRAMME.....</b>	<b>8</b>
2.1 Introduction .....	8
2.2 Integrated Human Resource Development .....	8
2.3 Skills Development Plan (Regulation 46 (b) (i)) .....	10
2.3.1 Compliance with Skills development Legislation.....	10
2.3.3 Career Progression Plans (Regulation 46 (b) (ii)) .....	10
2.3.4 Hard to Fill Vacancies .....	14
2.3.5 Skills Development Programmes .....	14
2.3.6 AET.....	17
2.3.7 Learnerships.....	20
2.4 Mentorship and Coaching (Regulation 46 (b) (iii)).....	22
2.4.1 Mentorship and Coaching of Employees .....	22
2.4.2 Mentorship plan .....	23
2.5 Internship and Bursary Plan (Regulation 46 (b) (iv)) .....	25
2.6 Employment Equity plan (Regulation 46 (b) (v)) .....	27
<b>3. LOCAL ECONOMIC DEVELOPMENT PROGRAMMES .....</b>	<b>33</b>
3.3 Socio-economic background and key economic activities in the region surrounding Tetra4.....	33
3.2 Key Economic Indicators for the Free State .....	37
3.3 Socio-economic impact of Tetra4 .....	38
3.4 Problems facing the Local Community .....	41
3.4.1 Main Economic problems in the local community .....	41
3.4.2 Main social problems in the local community .....	44
3.5 Tetra4's participation .....	47

3.5.1	<i>Participation in LED and IDP processes</i>	47
3.6	Tetra4 Local Economic Development Projects	47
3.6.1	<i>Introduction</i>	47
3.6.2	<i>LED Projects</i>	49
3.7	Housing and living conditions of employees at Tetra4	59
3.7.1	<i>Overview</i>	59
3.8	Procurement Progression Plan at Tetra4	59
3.8.1	<i>Overview</i>	59
<b>4.</b>	<b>MANAGEMENT OF DOWNSCALING AND RETRENCHMENT PROGRAMMES</b>	<b>62</b>
4.1	Processes pertaining to management of downscaling and retrenchment	62
4.1.1	<i>Overview &amp; objectives</i>	62
4.1.2	<i>Future Forum</i>	62
4.2	Mechanisms to save jobs and avoid job losses and a decline in employment	63
4.2.1	<i>Overview</i>	63
4.2.2	<i>Notification to Government Authorities</i>	64
4.2.3	<i>Strategic plans for providing employment security</i>	64
4.3	Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided	65
4.3.1	<i>Overview</i>	65
4.3.2	<i>Strategic plans for providing alternative employment</i>	67
4.4	Mechanisms to ameliorate the social and economic impact on individuals, regions and economies where retrenchment or closure of the operation is certain	68
4.4.1	<i>Overview</i>	68
4.4.2	<i>Communication with stakeholders</i>	68
4.4.3	<i>Strategic plans for managing the social and economic impact</i>	68
4.4.4	<i>Capacity building in local business</i>	69
4.4.5	<i>Portable skills</i>	69
<b>5.</b>	<b>FINANCIAL PROVISIONS FOR THE SOCIAL AND LABOUR PLAN</b>	<b>71</b>
5.1	Overview of financial provisions	71
5.2	Financial provision for human resource development programmes	72
5.3	Financial provision for local economic development programmes	72
5.4	Financial provision for the management of downscaling and retrenchment programmes	72
<b>6.</b>	<b>STATEMENT OF UNDERTAKING</b>	<b>74</b>
6.1	Statement of Undertaking	74
	<b>APPENDIX A – LETTER FROM MATJHABENG LOCAL MUNICIPALITY</b>	<b>75</b>
	<b>APPENDIX B – FORM T</b>	<b>76</b>

## LIST OF TABLES

Table 1: Tetra4 Employment Demographics as at 30 September 2020.....	7
<b>Table 2: Anticipated staffing figures at Tetra4 for the period 2021 to 2026.....</b>	<b>7</b>
Table 3: Skills Development Legislative Compliance .....	10
Table 4: Career Management Principles to be applied at Tetra4 .....	13
Table 5 : Career Management Implementation Action Plan .....	14
Table 6: Skills Development Programmes at Tetra4 2021 - 2026.....	15
Table 7: Individual Development Plans for Current Employees at Tetra4 .....	16
Table 8: Form Q: Functional literacy at Tetra4 as at 1 April 2020 .....	17
Table 9: AET Strategic Action Plan.....	19
Table 10: AET plan at Tetra4 2021 - 2026.....	20
Table 11: Artisanship/Learnership plan at Tetra4 .....	21
Table 12: Mentorship and coaching principles.....	22
Table 13: Mentoring Strategic Action Plan at Tetra4 .....	24
Table 14: Bursary and Internship Implementation principles .....	25
Table 15: Targets for the Provision of External Bursaries by Tetra4 2021 - 2026.....	26
Table 16: Targets for the Provision of Internships by Tetra4.....	27
Table 17: Form S – Employment Equity Distribution of employees at Tetra4 as at 1 April 2020 .....	28
Table 18: Employment Equity Plan for employees at Tetra4 2021/2026 .....	29
Table 19: Employment Equity Strategic Action Plan for Tetra4.....	32
Table 20: Socio-Economic Profile of Surrounding Region – Population .....	33
Table 21: Socio-Economic Profile of Surrounding Region – Housing .....	34
Table 22: Socio-Economic Profile of Surrounding Region – Education .....	35
Table 23: Socio-Economic Profile of Surrounding Region – Employment .....	36
Table 24: Socio-Economic Profile of Surrounding Region – Household Income .....	36
Table 25 : Key Indicators for Free State .....	38
<b>Table 26 : Socio-economic impact of Tetra4.....</b>	<b>38</b>
Table 27: Main economic problems experienced by the local community .....	43

Table 28: Main social problems experienced by the local community .....	45
Table 29 : Engagement with LED and IDP Process .....	47
Table 30 : Summary of Infrastructure Development and LED Projects to be undertaken by Tetra4 2021 – 2025 .....	49
<b>Table 314: Community Upliftment/ Women Entrepreneurship /Youth Development - Meloding Community Hall .....</b>	<b>52</b>
<b>Table 32: Youth Development/ Infrastructure / Extracurricular Investment - Tikwe Primary School .....</b>	<b>55</b>
<b>Table 33: Youth development/ Infrastructure development - Reatilehile Secondary School .....</b>	<b>57</b>
Table 34: Strategic Housing Plan for Tetra4.....	59
Table 35: Strategic Procurement Plan for Tetra4 .....	60
Table 36: Preferential Procurement Targets at Tetra4 .....	61
Table 37: Five Year Financial Undertakings in respect of Tetra4's SLP 2021 - 2026.....	71

## LIST OF FIGURES

Figure 1: Locality map showing the location of the production site in relation to major roads and neighbouring towns. ....	3
Figure 2: Tetra4 production area. ....	3
Figure 3: Labour Sending Areas for Renergen and Tetra4 employees as at 30 September 2020. ....	5
Figure 4: Integrated Human Resource Planning Approach .....	9
Figure 5: Anticipated Career Paths at Tetra4 .....	12
Figure 6: Flowchart: Statutory Requirements iro Large-scale Retrenchments.....	66

## ACRONYMS AND ABBREVIATIONS

Below a list of acronyms and abbreviations used in this report.

<b>Acronym / Abbreviation</b>	<b>Definition</b>
AET	Adult Based Education and Training
BEE	Black Economic Empowerment
DMR	Department of Minerals Resources
EIA	Environmental Impact Assessment
EMP	Environmental Management Programme
ETQA	Education Training Quality Assurance
FET	Further Education Training
GDP	Gross Domestic Product
GET	General Education Training
HDSAs	Historically Disadvantaged South African(s)
HET	Higher Education and Training
HR	Human Resources
IDP	Integrated Development Plan
LDM	Lejweleputswa District Municipality
LED	Local Economic Development
LRA	Labour Relations Act
MLM	Matjhabeng Local Municipality
Tetra4	Tetra4 South Africa Exploration and Production (Pty) Ltd
MHA	MHA Petroleum Consultants LLC
Molopo	Molopo South Africa Exploration and Production (Pty) Ltd
MPRDA	Mineral and Petroleum Resources Development Act
MQA	Mining Qualifications Authority
NQF	National Qualifications Framework
PASA	Petroleum Agency South Africa
SEIA	Socio-Economic Impact Analysis
SETA	Sector Education Training Authority
SLP	Social and Labour Plan
SMME	Small Medium Micro Enterprise

# 1. INTRODUCTION

## 1.1 Submission of a Social and Labour Plan

A Social and Labour Plan (SLP), which is a requirement of the Mineral and Petroleum Resources Development Act (28/2002) (MPRDA), is a prescribed plan of the social and labour programmes to be in place for the remaining life of every production right<sup>1</sup>. The objectives of the SLP (section 41 of the Regulations) are to:

- promote employment and advance the social and economic welfare of all South Africans;
- contribute to the transformation of the production industry; and
- ensure that holders of production rights contribute towards the socio-economic development of the areas in which they operate.

Tetra4 (Pty) Ltd (Tetra4), formerly known as Molopo South Africa Exploration and Production (Pty) Ltd (Molopo) is the License Holder of an onshore Production Right issued by the Petroleum Agency South Africa (PASA) and formally executed on 20 September 2012.

Tetra4, as required in terms of the MPRDA, submitted a SLP as part of the application for a Production Right. Once the Production Right was approved, the SLP was formally amended as per the conditions of the granted right in February 2015.

However, the amended SLP for the period of 2015 – 2019 was not formally approved by the Department of Mineral Resources (DMR). This is because the Local Economic Development (LED) projects proposed by Tetra4 were not formally approved by the Matjhabeng Local Municipality (MLM) despite numerous consultations and the drafting of Memorandums of Understanding (MoU) between the parties.

To date, the 2015 – 2019 SLP remains unapproved but is used to track compliance to the commitments made in the SLP. This is achieved through the submission of bi-annual compliance reports submitted to the PASA.

Tetra4 is has identified new LED projects to implement. This SLP establishes commitments for the next 5-year period and is submitted in terms of Section 102 of the MPRDA.

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<sup>1</sup> It is noted that the SLP is applicable until the closure certificate (under section 43 of the Mineral and Petroleum Resources Development Act (2002)) has been issued.



## 1.2 Tetra4 (Pty) Ltd

The Virginia Gas field was well documented but of little interest as a commercial venture as it is an unconventional resource.

In 2006 interest was first shown in this field being a commercially viable entity by Foree International a subsidiary of Foree Oil a small independent oil company based in Dallas Texas. They formed a company Highland Exploration who applied for exploration rights over some 330 000 hectares granted in May 2007.

Foree sold the project to Molopo (now Tetra4), and a R90 million exploration program was completed in 2010. Based on the outcome of the exploration program a production right was applied for which was granted on 20 September 2012. This is South Africa's first onshore gas production right. The gas is deep biogenic gas and is a renewable hydro- carbon source.

This gas field is a one-of-a-kind which has proven to be self-replenishing due to continued microbial activity deep within the earth's crust as some of the boreholes have been emitting gas for up to 40 years. Gas flows have been measured by Tetra4 for seven years and there is no indication of a decline in gas production

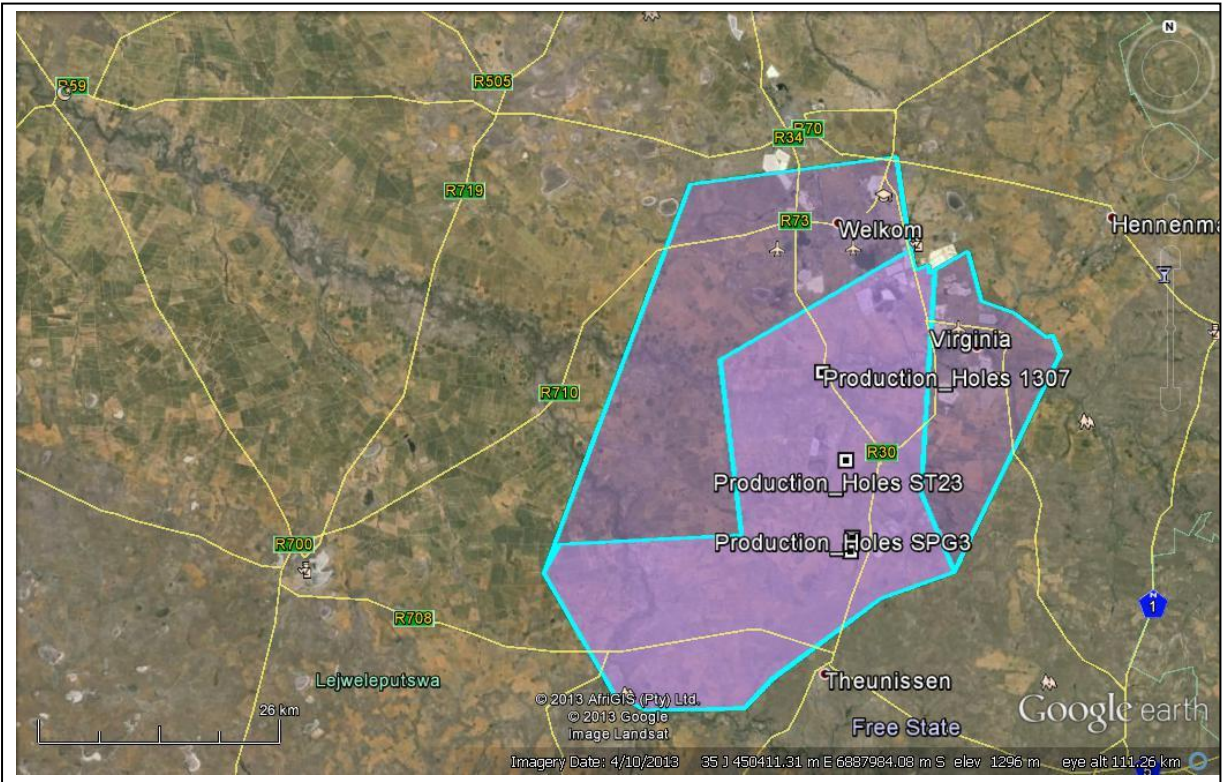
The externally certified estimate of Tetra4's reserves and resources in the Virginia license area was carried out by MHA during the exploration phase in 2010. At that time, the P1 reserves were estimated at approximately 9.2 Bcf and P2 reserves of approximately 23.0 Bcf, and the production right application was based on this exploration work. The initial phase of development of this project will be the tie-in of four of the 11 pilot production wells where gas flow of approximately 1.2 MMcf/d continues.

Commercialization of initial volumes of 600 Mcf/d of natural gas is anticipated to be through the provision of compressed natural gas for transportation. In the longer term, the full field development could result in the development of more than 200 wells, depending on success in further delineation of the resource as well as progress on gas commercialization opportunities.

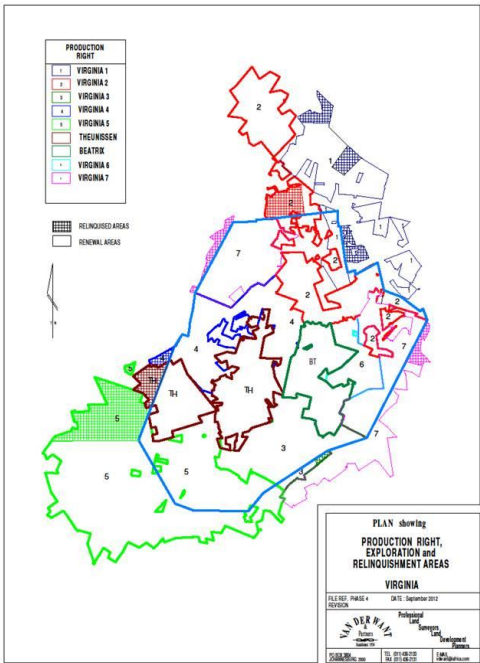
### 1.2.1 Location

The production area covers numerous properties in the Virginia and Ventersburg area as shown in Figure 1 and

Figure 2 below.



**Figure 1: Locality map showing the location of the production site in relation to major roads and neighbouring towns.**



**Figure 2: Tetra4 production area.**

### 1.3 Tetra4 (Pty) Limited Shareholding and Management Structure

Tetra4 (Pty) Ltd. is 100% owned by Renergen Limited, a Johannesburg Stock Exchange (JSE) listed ALTX company. Details of the Production Right and License Holder are provided in Table 1.

### 1.4 Preamble

Summary details of the Production Right and License Holder are provided in Table 1.

**Table 1: Details of Production Right and License Holder**

<b>Tetra4 Operations</b>	<b>Requisite Detail</b>
Name of entity holding Production Right:	Tetra4 (Pty) Ltd
Company registration number:	2005/012157/07
Production Right reference number:	12/4/07/2/2 PR
MPTRO reference number:	15/2013
Location of production operation:	Virginia, Free State Province
Life of production operation:	+/- 30 years
Extent of Production Right	187 000 hectares
Commodity:	Gaseous phase hydrocarbons
Geographic origin of employees	Virginia, Free State Province
	Johannesburg, Gauteng Province
Financial Year:	February
Operations office physical address	Portion RE Mond Van Doornrivier No. 38
Head office physical address:	1 Bompas Road, Dunkeld West, Johannesburg, 2196
Head office contact details:	Tel: (010) 045 6010
	Fax: (010) 045 6001
	Postnet Suite 610, Private Bag X10030, Randburg, 2125
Head office contact person:	Khalid Patel ( <a href="mailto:Khalid@renergen.co.za">Khalid@renergen.co.za</a> )

### 1.5 Size and composition of the workforce

Current and anticipated future production operations are not labour intensive. As such, Tetra4 requires only limited employees to carry out and oversee gas production operations. Parent company Renergen and Tetra4 employ a total of thirty-seven (37) individuals. Two (2) individuals are employed by Renergen and are also Tetra4 directors. The company has also been reorganized into formal units, namely Technical Services, Safety, Health, Environment and Quality (SHEQ), Business Development, Legal, IT and Business Services, Operations, Finance and HR.

Tetra4 has seven (7) vacancies available (Truck Driver, Junior Legal Counsel, Business Process Engineer, Procurement Specialist, IT Network Support Administrator, Senior Project Planner and Junior Procurement Administrator). The previously vacant positions of QA/QC specialist are not required anymore due to Tetra4 having in-house engineering consultants who focuses on our drilling projects.

Figure 3 sets out the labour-sending towns for the employees of Tetra4

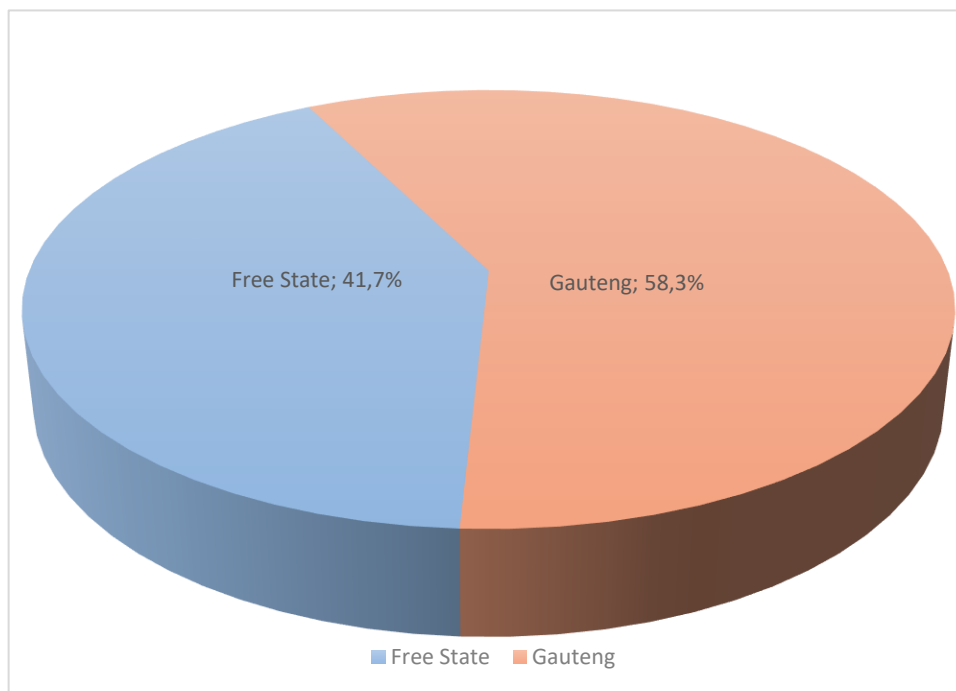


Figure 3: Labour Sending Areas for Renergen and Tetra4 employees as at 30 September 2020.

Employees from Gauteng come from either Johannesburg or Tshwane, while those employees from Free State reside in either Virginia or Welkom. The total number of Tetra4 employees as of 30 September 2020 and their demographic information such as racial group, gender and disability status is provided in

**Table 1 below.**

**Table 1: Tetra4 Employment Demographics as at 30 September 2020.**

Male Employees				Female Employees				Disabilities
African	Coloured	Indian	White	African	Coloured	Indian	White	
11	0	2	9	9		2	4	3
Totals								37

**Table 2** shows the anticipated growth of the size of the workforce over the next five (5) years of the extended production operations.

**Table 2: Anticipated staffing figures at Tetra4 for the period 2021 to 2026**

2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
40	51	51	51	51

## 2. HUMAN RESOURCES DEVELOPMENT PROGRAMME

### 2.1 Introduction

Tetra4 is committed to developing processes and systems that will allow an integrated approach to its Human Resources practices. This approach will complement the requirements as detailed in Section 46 of the MPRDA which sets out to address the following issues:

- The promotion of employability and the advancement of the social and economic welfare of all South Africans;
- Contributing to transforming the industry;
- Contributing towards the socio-economic development of the areas in which the production site operates as well as the areas from which most of the workforce is sourced.

### 2.2 Integrated Human Resource Development

The approach that Tetra4 will adopt with respect to Human Resource Development is shown in Figure 4. This approach has been used as a framework for the process of human resource development planning and implementation, including the human resource development programmes outlined in this section, and will continue to drive these processes once the employment of the workforce commences.

The starting point for this approach is the strategic resource requirements of the production site, arising from the nature and scale of the operation, as set out in the MWP. This drives the need for specific types and combinations of skills that are defined in skills matrices and/or job profiles (Tetra4 will have these in place for each job). Having established the nature of the skills that will be required, these are compared to the skills available in the existing or proposed workforce. This skills analysis provides the basis for the workforce plan. In addition, it provides input into the career progression plans for individual employees by comparing their existing skills levels with those required by the company and the generic career path structure. Thus, employee skills gaps are identified both in terms of initial job requirements and those of future jobs within the career paths as mapped by the company's career path structure.

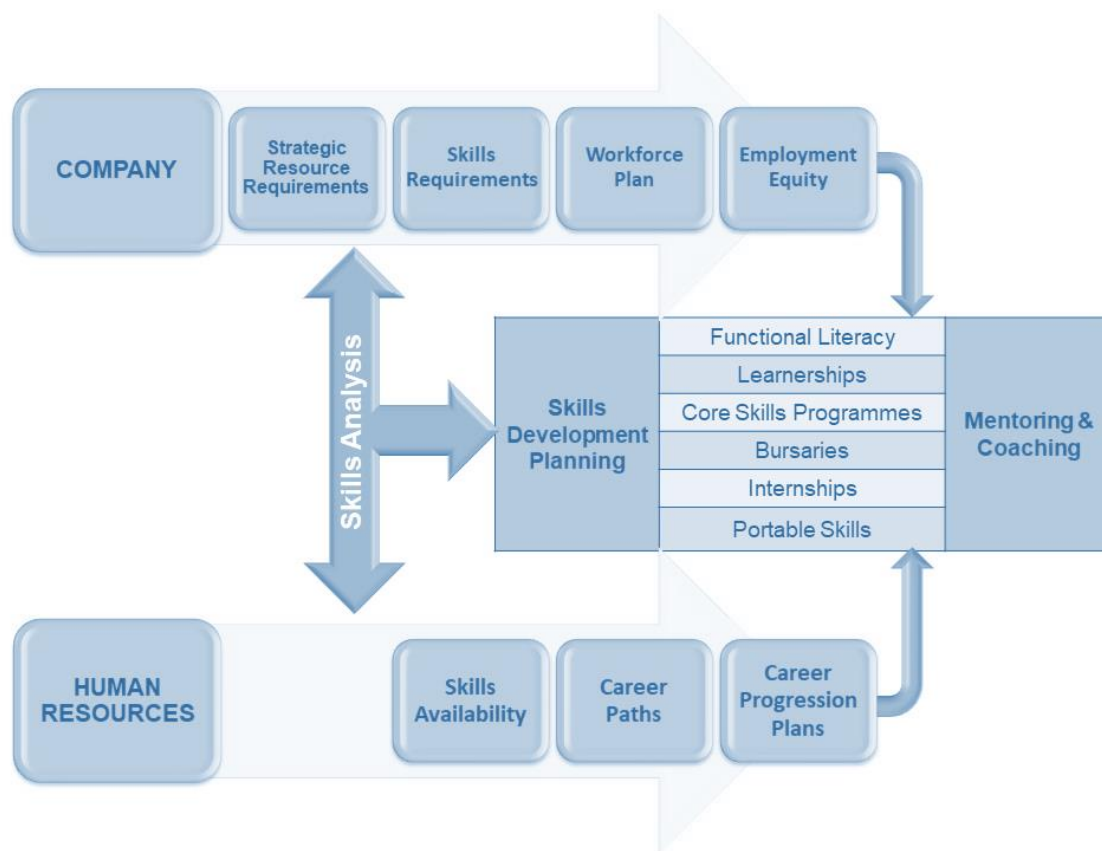
The skills analysis and the resultant workforce plan and career progression plans provide the foundation for the skills development plan. It identifies the mechanisms, such as AET, learnerships, core skills training, bursaries and internships that must be put in place to ensure that the organization has the right level of skill to meet its operational needs.

The workforce plan does more than provide a basis for planning skills development. It is also a tool used to identify those positions that can be tagged as positions for women in operations, as well as, provide input to the recruitment process and/or identifying the training and development process to ensure that women, placed in these positions, have the required competencies. Further, in order to achieve and maintain HDSAs in management positions, the workforce planning process provides a

mechanism for identifying those positions where HDSAs can be placed as well as the skills and competencies the incumbents will require to develop successfully into those positions.

Because it is derived from the strategic resourcing requirements of the company, the workforce planning process also provides a tool for determining the parameters for downscaling and/or retrenchment as it identifies the human resource requirements for the future. Since any potential reduction in workforce requirements can be identified early, appropriate and timely plans can be put in place to ameliorate the socio-economic impact of these potential job losses, as well as, providing additional portable skills not already provided during the life of operation.

**Figure 4: Integrated Human Resource Planning Approach**





## 2.3 Skills Development Plan (Regulation 46 (b) (i))

### 2.3.1 Compliance with Skills development Legislation

Tetra4 is registered with the Services Seta and submits its WSPs annually in April of each year. An Inter-Seta Transfer Application (IST-01) has been approved transferring Tetra 4 to the Mining Qualifications Authority.

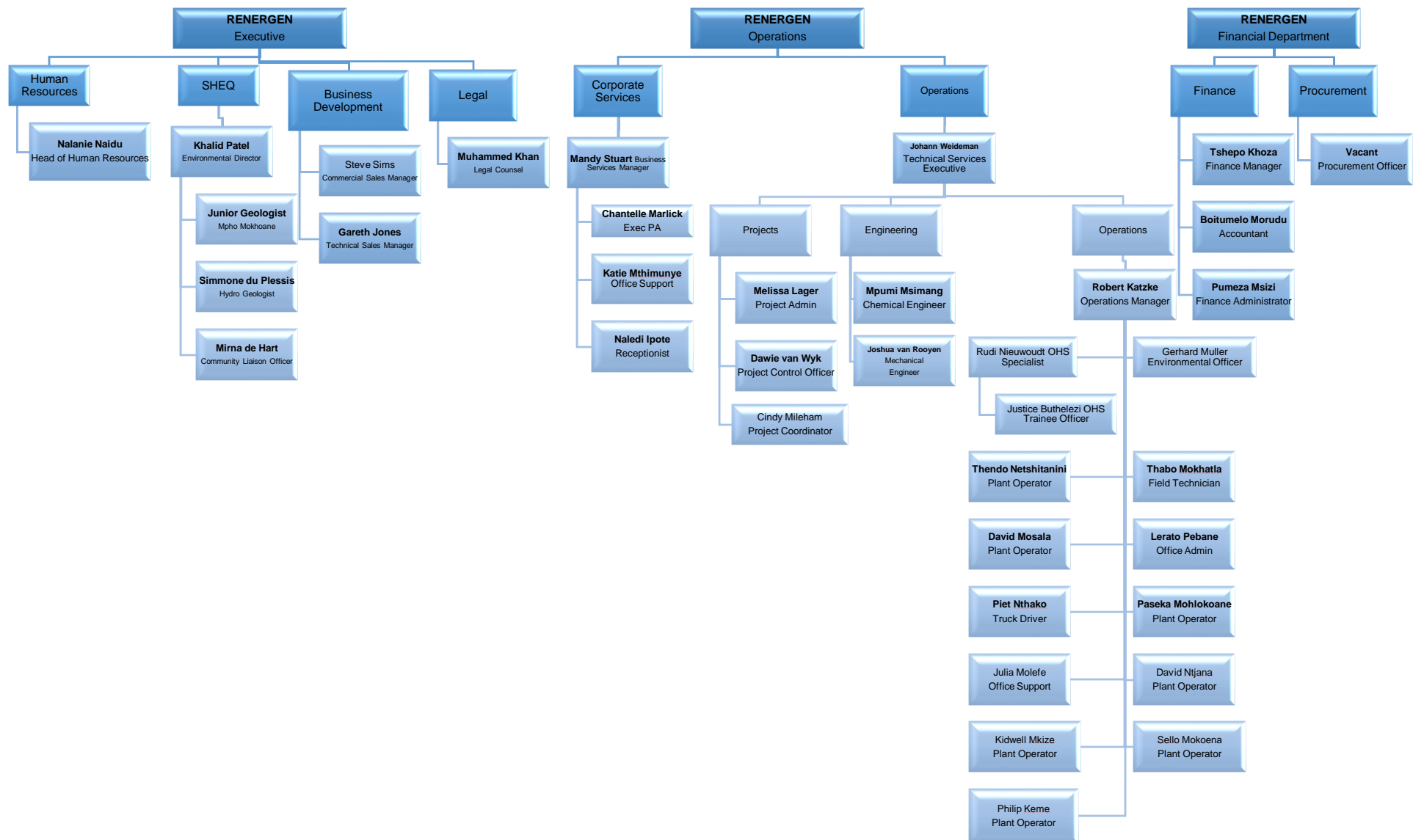
**Table 3: Skills Development Legislative Compliance**

Information	Details
Name of SETA	Services SETA (Inter-Seta transfer application to MQA has been submitted)
Registration number with SETA	L250768225
Appointed skills development facilitator	Nalanie Naidu
Contact details of skills development facilitator	Nalanie@renergen.co.za
Proof of submission of workplace skills plan	Submitted April 2020

### 2.3.3 Career Progression Plans (Regulation 46 (b) (ii))

Reenergen and Tetra4 have, as indicated in Section 1.3, been re-organised into formal units, namely Safety, Health, Environment and Quality (SHEQ), Business Development, Legal, Corporate Services, Operations, Finance and HR. Tetra4 currently has seven (7) vacancies available (Truck Driver, Junior Legal Counsel, Business Process Specialist, Procurement Specialist, IT Network Support Administrator, Scheduler and Junior Procurement Administrator). The previously vacant positions of QA/QC specialist are not required anymore due to Tetra4 having in-house engineering consultants who focuses on our drilling projects.

Figure 5 reflects the formal units and positions.



### Figure 5: Anticipated Career Paths at Tetra4

We have a younger leadership group that are developing their ability to groom employees for future roles. The company has since its last Social and Labour Plan introduced a performance management system measuring qualitative work outputs while engaging employees on their career aspirations. The process for the financial year were initially anticipated for 30 April 2020, but due to COVID-19 the deadline was shifted to 30 October 2020.

Career progression plans at Tetra4 entail the process used by an employee to chart a course within the organization for his/her career and professional development. The purpose of the career progression plan involves understanding what knowledge, skills, experience, and other requirements are needed for an employee to progress his or her career both laterally and vertically.

Career progression planning is optional at Tetra4. However, all employees are encouraged to develop a plan in conjunction with their direct line managers and the human resources practitioner. At Tetra4, career progression plans are also aimed at developing specific competency and specialization in the oil and gas sector.

While Career progression is a key retention initiative the company is small and has a flat lean structure, which does not allow for promotional opportunities within the business. With the creation of new jobs and several youth employees in the business, the focus has been to develop skills to carry out specialised functions. This included the absorption of a learner through our learnership program and learners on our pivotal programs to be placed in other organisations.

A further key to career development planning at Tetra4 is the development of holistically skilled employees who can assist in all sections of the business which in turn broadens their skill set and experience. Career progression plans have been drafted for Tetra4 employees up until April 2018. There has been an increase in the number of employees since November 2018 which requires a revision and update of career development plans, where necessary. These were provided to the PASA in the 2020 compliance report.

Tetra4 implements a thorough Career Management Process based on the following principles:

**Table 4: Career Management Principles to be applied at Tetra4**

### Principles

1. The Career management System will support the development of current and future skills and through this ensure the production site meets its objectives.
2. Employees will actively participate in the process and know where their careers are headed and what is required to acquire the necessary competencies in relation to their current and potential future positions.
3. The process will open communication channels between employees and management in that discussion will be held that clearly outlines job requirements and responsibilities
4. The process will create an environment which allows for realistic feedback to employees regarding their career aspirations – this eliminates unrealistic expectations and disappointments in terms of career growth and promotions.
5. The process will allow an opportunity to provide organisational career information; support process and resources required including on-the-job experience, training, education, and mentoring.
6. A stringent record system will be created that will provide accurate and value-add information in terms of employee development and progress thereof.
7. Continuous updating of the career plans will take place when specific goals have been reached or when promotions take place and fed back into the record system.
8. Serve as a planning framework to determine how people, particularly HDSAs and women in production positions, should be trained and developed so that they can be promoted into positions within the workforce plan.

Table 5 sets out the strategic action plan for rolling out the career management process that will form the basis of Tetra4 career planning:

**Table 5 : Career Management Implementation Action Plan**

Action	Responsible Person/s	Timeframe
Define the organisation's business strategy.	Board of Directors	Completed
Determine the organization structure required to support the business strategy.	Management	Completed
Define job roles.	Management	Completed
Define skills and competencies for each role.	Management	November 2020
Place individuals into positions based on the skill and competency requirements.	Management	Ongoing
Identify employees for talent-pool to be developed <ul style="list-style-type: none"> <li>• All employees to undergo literacy/numeracy assessment and other assessments, where appropriate;</li> <li>• Undertake skills analysis against defined skills matrix/job profiles;</li> <li>• Review development plans and prepare Career progression plans for identified individuals.</li> </ul>	Management	September to November 2020
Review compensation and other HR programs.	Management	Ongoing

#### 2.3.4 Hard to Fill Vacancies

Tetra4 was looking for a suitably qualified drilling engineer as per the November 2019 report. This position is not required anymore due to Tetra4 having in-house engineering consultants who focuses on our drilling projects.

#### 2.3.5 Skills Development Programmes

The career paths shown in Section 2.3.3 above identify the functional units and the hierarchical levels that allow an employee to advance from one job to another within the career stream through the development of further skills and competencies. Individual Development Plans are being put in place to identify the person-specific training required to ensure employees have the skills to fulfil their current positions effectively and that they are given the opportunity to grow their skills to be able to move up the career stream.

While core-skills training is targeted at addressing both the company's and the individual's training needs, it is also important that this provides the employee with marketable skills beyond his/her

employment at the company. Thus, skills training should, wherever feasible, be portable outside the onshore gas production sector and address the need for skills that are portable beyond the industry.

In addition, all training and development will seek to address the anticipated hard-to-fill vacancies.

Table 6 sets out the targets for skills development programmes to be undertaken at the production site.

**Table 6: Skills Development Programmes at Tetra4 2021 - 2026**

Disciplines or type of training	Category	Time Period (per year) (Number of employees provided with the specific type of training, per year)					TOTAL
		2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	
<i>Hazchem</i>	Regulatory	2	4	2	2	2	12
<i>Financial Accounting</i>	Technical		1		1		2
<i>Advanced Driving Skills</i>	Technical		1		1		2
<i>Plant Operations</i>	Technical		4	1		1	6
<i>Project Management</i>	Technical	1			1		2
<i>Environmental Management</i>	Technical		1			1	2
<i>Health &amp; Safety Management</i>	Technical	1		1		1	3
<i>Process Engineering</i>	Technical				1		1
<i>Mining/Production Legislative Issues</i>	Regulatory	1		1		1	3
<i>Management/Leadership Skills</i>	Soft Skills		1		1		2
<i>Quality Control</i>	Technical		1			1	2
<i>Engineering</i>	Technical			1			1
<i>HR Management</i>	Technical		1			1	2
<b>Total</b>		5	14	6	7	8	34
<b>Budget</b>		<b>R30 000</b>	<b>R75 000</b>	<b>R52 500</b>	<b>R45 000</b>	<b>R52 500</b>	<b>R255 000</b>

Table 7 sets out the Individual Development Plans (IDPs) for each of the current employees over the five years of this SLP.

**Table 7: Individual Development Plans for Current Employees at Tetra4**

Training Programme within Progression Path	Position Starting From	Current Training Intervention	Target Position Working Towards	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<i>Workplace Experiential Training</i>	Trainee Health & Safety Officer	SAMTRACK	Health & Safety Officer	1	0	0	0	0
<i>Workplace Experiential Training &amp; Skills Development</i>	Shift Controller	<ul style="list-style-type: none"> <li>Plant Operations</li> <li>Leadership Development</li> </ul>	Plant Supervisor	1	1	0	0	0
<i>Workplace Experiential Training &amp; Skills Development</i>	November 2020 Intern Document Controller	MS packages Report writing Admin support	Document Controller	0	2	2	2	2
TOTAL				3	4	2	2	2

**Note:** The numbers for each year reflect the **total number** of employees and **NOT** new intake.

### 2.3.6 AET

According to Census 2011 60.3% of people 20 years or older in the Matjhabeng Local Municipality (MLM) have not completed secondary school. Of these people, 23% have an education level lower than AET 4.

AET is viewed as the starting block for illiterate or semi-literate employees as it paves the way forward should they want to progress either laterally or vertically through the ranks of the operation. Career Development Planning is, therefore, just as important for employees with low literacy as for those who do not require AET development. The development needs of employees are identified during the recruitment process and the results lead to a career discussion where the employee individual development plan is discussed and formulated.

Form Q below indicates the highest education levels of the current employees at Tetra4.

**Table 8: Form Q: Functional literacy at Tetra4 as at 1 April 2020**

Band	10 Point Scale- NQF Level	Education Classification System Interim	African		Coloured		Indian		White		Total	
			M	F	M	F	M	F	M	F	M	F
General Education & Training (GET)	Below NQF 1	No Schooling	0	0	0	0	0	0	0	0	0	0
		Pre- AET	0	0	0	0	0	0	0	0	0	0
		AET 1	0	0	0	0	0	0	0	0	0	0
		AET 2/Std 3, Grade 5	0	0	0	0	0	0	0	0	0	0
		AET 3/Std 5, Grade 7	0	0	0	0	0	0	0	0	0	0
		AET 4/ Std 7, Grade 9	0	0	0	0	0	0	0	0	0	0
Further Education & Training (FET)	2	Std 8/Grade 10, NATED 1/ NCV Level 1	1	1	0	0	0	0	0	0	1	1
	3	Std 9/Grade 11, NATED 1/ NCV Level 2	1	0	0	0	0	0	0	0	1	0
	4	Std 10/Grade 12, NATED 1/ NCV Level 3	6	2	0	0	0	1	3	0	9	3
Higher Education & Training (HET)	5	National/Higher Certificate	0	1	0	0	0	0	0	1	0	2
	6	National Certificate/Diploma/Advanced Certificate	1	0	0	0	0	0	1	0	2	0
	7	National Certificate/Advanced Diploma/B Tech Degree/Bachelor's Degree	0	1	0	0	0	0	3	1	3	2
	8	Bachelor Honour's Degree/Postgraduate Diploma/Bachelor's Degree (480 credits)	1	2	0	0	1	1	3	1	5	4
	9	National Certificate/Master's Degree/Master's Diploma	0	0	0	0	1	0	0	1	1	1
	10	Doctoral Degree & Post-Doctoral Degree	0	0	0	0	0	0	0	0	0	0
		Undefined	0	1	0	0	0	0	0	0	0	1
Total			10	8	0	0	2	2	10	4	22	14
Grand Total											36	



As can be clearly deducted from Form Q above, there is no need for AET training at this stage because all workers, including the lower skilled workers, are literate. The lowest qualification level is above AET Level 4.

If any new workers are appointed in the future who are illiterate or of a literacy level lower than AET 4, the applicant will provide them with AET training. Such developments will be reported in detail in the Annual Social and Labour Plan Compliance Monitoring Report which will be submitted (annually) to the DMR and PASA. It will also be reported in the Annual Training Report to be submitted, if required, to the Department of Labour and MQA.

In the interim Tetra4 will focus on providing AET Training to community members as shown in Table 10 below.

The following factors will be considered with the initial programme roll out:

- **Opportunity** - Providing the opportunity to all employees and community members, however, priority will be given to:
  - \* People with no literacy skills;
  - \* People who need literacy training for their jobs; and
  - \* Employees who have been earmarked for promotion, i.e. HDSAs targeted for management positions and women in mining/production
- **Marketing** - Pro-actively marketing the programme to potential employees and community members
  - \* Showing the production site's overall commitment to developing its employees and the community
  - \* Linking the benefit of attending the programme to career planning and progression
- **Communication** - Providing clear communications on the conditions of attending the programme such as:
  - \* Successful completion of a specific AET programme will not automatically result in promotion or increase in remuneration.
- **Numbers** - Considering that the anticipated completion numbers may be lower after the full programme has been completed – due to a lack of commitment and interest
- **Sector Education Training Authority (SETA) Grants** - Utilising grant funding from relevant SETAs, where available, as incentives to learners who successfully complete the

programme. To obtain this, benefit the production site is committed to using only accredited AET providers that:

- \* Link their programmes to the NQF Fundamental requirements
  - \* Have a proven track record
- **Programmes** - The following AET programmes will be offered
    - \* AET level 1: Mother tongue
    - \* AET level 2: Literacy, Numeracy and Communication
    - \* AET level 3: Advanced Literacy, Numeracy and Communication
    - \* AET level 4: Communication, Natural Science and Mathematics

According to the AET policy in place AET will be implemented at Tetra4 according to the following Strategic Action Plan to ensure a successful AET development mechanism is implemented at the start of the production operation and throughout the life of the operation:

**Table 9: AET Strategic Action Plan**

Action	Responsible Person/s	Timeframe
<p><i>Phase one</i></p> <p>There will be a need to conduct consultative meetings with employers, trade unions and potential tutors to negotiate learner recruitment, as well as management and monitoring systems of the project.</p>	Person responsible for SLP Management Service Provider	June 2020
<p><i>Phase two</i></p> <p>This stage is crucial to establish learners' real needs, learners will be assessed at initial stages to diagnose literacy skills gaps and placing them appropriately. Recognition of prior learning will be utilized to ensure that learners' previous practical experiences are duly accredited. This process involves services of registered assessors and moderators assessing learners on their workplace sites.</p>	Service Provider	December 2020
<p><i>Phase three</i></p> <p>Learning and teaching will begin, and facilitators will get support from experienced mentors. Monthly progress reports about each learner will be documented. This monitoring process will help to inform all stakeholders on challenges and plans to address these in the different learning sites. Throughout this phase learners will be internally assessed, and readiness tests will be conducted to ensure learners are not registered for summative assessment until they are ready. It is an important stage in the project where learners with learning difficulties will get extra support.</p>	Service Provider Facilitator	Ongoing
<p><i>Phase four</i></p> <p>The last phase of the project will involve management of logistics to register learners for external written examinations. Learners will only be registered for summative assessment only when they are ready for assessment. It is assumed that all level 4 learners will be ready by the end of this phase. The last month of this phase will be production of learners' results and a final report on the project.</p>	Service Provider Facilitator	Ongoing

Table 10 below sets out the number of community members to whom Tetra4 plans to provide the opportunity for AET training over the next 5 years.

**Table 10: AET plan at Tetra4 2021 - 2026**

LEVEL	2021/2022		2022/2023		2023/2024		2024/2025		2025/2026		
	Employee Need	Community members to be trained	Employee Need	Community members to be trained	Employee Need	Community members to be trained	Employee Need	Community members to be trained	Employee Need	Community members to be trained	Total to be trained
Pre AET	0	0	0	0	0	0	0	0	0	0	0
AET 1	0	4	0	0	0	0	0	1	0	0	5
AET 2	0	0	0	4	0	0	0	0	0	1	5
AET 3	0	1	0	0	0	4	0	0	0	0	5
AET 4	0	4	0	1	0	0	0	4	0	0	9
Total	0	9	0	5	0	4	0	5	0	1	24
<b>Budget</b>	<b>R54 000</b>		<b>R30 000</b>		<b>R24 000</b>		<b>R30 000</b>		<b>R6 000</b>		<b>R144 000</b>

### 2.3.7 Learnerships

Learnership programmes have been identified as a development mechanism that will assist Tetra4 to meet the demands of their manpower plan and meeting the strategic objectives of the operation.

The programmes that will be implemented will be aimed at addressing:

- Scarcity and critical skills based on the positions Tetra4 finds difficult to fill with suitable candidates;
- Competency gaps as identified during the skills analysis process (ensuring the skills required and skills available factors are addressed adequately);
- Career aspirations through development opportunities as documented during the career discussions and documented in the individual development plans;
- Unemployment in the local areas by recruiting external (unemployed) learners who will be able to participate in the programme (these learners will need to comply to the minimum requirements stipulated in the qualifications).

The value that Learnerships will add to the operation of the production site is immense. It allows employees or prospective new recruits to complete qualifications relevant to their occupation, accredited and aligned with the NQF.

The programmes have two components:

- Structured practical work experience
- Structured theoretical training

To ensure that both these components are addressed adequately and meet the necessary Education and Training Quality Assurance (ETQA) requirements of the Mining Qualifications Authority (MQA), and other relevant SETAs and SAQA regulations, Tetra4 is aware that these initiatives would require a committed and focused approach from the learners, training providers and line management within the company. The support that learners receive will therefore directly relate to implementing effective coaching and mentoring programmes/systems.

SETA grants will be utilised where applicable and available to fund these initiatives on an annual basis.

Table 11 below provides an overview of the type of learnership and apprentice qualifications that Tetra4 is anticipating will be implemented within the first 5 (five) years.

**Table 11: Artisanship/Learnership plan at Tetra4**

Name of Learnership Programme	Length of Programme	2021/2022		2022/2023		2023/2024		2024/2025		2025/2026		Total Expected No. of New Enrolments
		New Enrolment	Carried over from Previous year	New Enrolment	Carried over from Previous year	New Enrolment	Carried over from Previous year	New Enrolment	Carried over from Previous year	New Enrolment	Carried over from Previous year	
18.2 Learners												
Artisan Trade/Project Management/Health & Safety	3 years	1	0	0	1	0	1	1	0	0	1	2
Total		0	1	0	1	0	1	1	0	0	1	2
Budget		R100 000		R100 000		R100 000		R100 000		R100 000		R500 000

Because Tetra4 is an extremely small production site with limited ability and resources to provide learners with the experiential training they require, the production site will engage with other mines and/or production sites in the area to arrange for learners to undertake their work-based training at these other sites or the learner will be placed at Head Office in appropriate skills areas.

## 2.4 Mentorship and Coaching (Regulation 46 (b) (iii))

### 2.4.1 Mentorship and Coaching of Employees

Tetra4 has developed a Mentorship and Coaching Plan (Annexure I) which will be implemented once it is aligned to our Career Development Plan for each employee. The deadline for submission is 30 October 2020 and after mid-term review, we will report on the progress in the next report to the PASA. The aims of the development mechanisms as discussed in Section 2 are to:

- Improve competence of employees based on current and future skills requirements;
- Ensure the production site meets its strategic objectives;
- Develop employees to ensure competence in their current jobs;
- Promote future employability and portability.

Tetra4 acknowledges that the success of these developmental initiatives is highly dependent on the support structures they implement. The commitment is therefore to ensure effective mentorship and coaching structures are put in place. This will allow opportunities for employees to manage their own learning to maximise their potential, to develop and to improve on their skills and performance.

Table 12 provides an overview of the key differences between Mentorship and Coaching and the principles underlying the implementation of these programmes at Tetra4.

**Table 12: Mentorship and coaching principles**

Mentorship	Coaching
<ul style="list-style-type: none"> <li>• Use own experience to guide learners</li> <li>• Focussed on development of the requirements of management and skilled positions</li> <li>• Broaden experience of learners (includes very inexperienced learners)</li> <li>• Interested in developing others</li> <li>• Focused on developing competencies that meet current needs but also future requirements</li> <li>• Contribute to supporting employees in their own development; lead them to a realisation and achievement of their potential</li> <li>• Lead to improving competencies and performance as employees/learners grow into new roles</li> </ul>	<ul style="list-style-type: none"> <li>• Subject Matter Expert guides learners</li> <li>• Ask questions and listen</li> <li>• Facilitate a process of self-discovery</li> <li>• Guide learners to find correct solutions</li> <li>• Actively involved in terms of day-to-day activities</li> <li>• In most instances either be the employee's/learner's direct manager or supervisor</li> <li>• Interactive and developmental approach</li> </ul>

The objective of both these programmes is to build on the learner's confidence and performance.

### 2.4.2 Mentorship plan

Tetra4 has formulated and implements supportive mentoring coaching and counseling programs, which are sufficiently integrated into other business priorities and systems, such as human resource planning, talent pool management, management and leadership development, performance management, employment equity, leaderships, experiential and internship programs.

The following mentorship framework is used for mentoring within the company:

#### a) Create a mentoring structure and implementation rational

For effective results the mentoring is integrated into other business priorities and systems such as human resource planning, management and leadership development, performance management, employment equity and experiential programs. In Tetra4 most learning takes place hands-on.

#### b) Coordinate the mentoring program

An HR Consultant and a Community Liaison Officer have been appointed to coordinate training and mentorship.

#### c) Identify mentors and mentees

Mentors are leaders who engage in deliberate actions aimed at promoting learning. A mentor is a learning coach who can assume dual roles, that is, being a mentor and protégé at the same time. In essence, the mentor acts as teacher, coach and advisor offering knowledge, wisdom, insight, or perspective that is useful to the mentee's personal and professional development and growth.

A mentee or protégé is the primary beneficiary of the mentoring effort whereas the mentor is a secondary beneficiary.

Line managers and supervisors at all occupational levels will, as part of their day-to-day job activities, assume the role of mentor, coach, and counselor.

#### d) Training of mentors and mentees

Mentorship forms an integral part of leadership training of team leaders/managers.

Table 13 below sets out strategic action plan for mentoring/coaching will take place while **Error! Reference source not found.** sets out the Mentoring Plan for Tetra4.

Tetra4 is currently busy with the review of the mentorships plan and the identification of mentees and mentors. This process will be completed by the end of September 2020 and will be included in the mid-year review. The company will report on the progress of the mentorship plan in the PASA report.

**Table 13: Mentoring Strategic Action Plan at Tetra4**

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<i>Target Participants</i>	<ul style="list-style-type: none"> <li>• Learnerships</li> <li>• Interns</li> <li>• Bursary Students</li> <li>• Talent Pool</li> </ul>	<ul style="list-style-type: none"> <li>• Learnerships</li> <li>• Interns</li> <li>• Bursary Students</li> <li>• Talent Pool</li> </ul>	<ul style="list-style-type: none"> <li>• Learnerships</li> <li>• Interns</li> <li>• Bursary Students</li> <li>• Talent Pool</li> </ul>	<ul style="list-style-type: none"> <li>• Learnerships</li> <li>• Interns</li> <li>• Bursary Students</li> <li>• Talent Pool</li> </ul>	<ul style="list-style-type: none"> <li>• Learnerships</li> <li>• Interns</li> <li>• Bursary Students</li> <li>• Talent Pool</li> </ul>
<i>Intervention</i>	<ul style="list-style-type: none"> <li>• Identifying, matching, and training mentors</li> <li>• Integration of mentorship into Skills Development and Career Pathing</li> </ul>	Continuous	Continuous	Continuous	Continuous
<i>Evaluation</i>	<ul style="list-style-type: none"> <li>• Quarterly assessment of progress</li> <li>• Progression of protégé in line with his/her Career Path will be an indication of success</li> </ul>	Continuous	Continuous	Continuous	Continuous
<i>Reporting</i>	Annually to Shareholders Annual SLP Report	Annually to Shareholders Annual SLP Report	Annually to Shareholders Annual SLP Report	Annually to Shareholders Annual SLP Report	Annually to Shareholders Annual SLP Report
<i>Review</i>	Annually	Annually	Annually	Annually	Annually

## 2.5 Internship and Bursary Plan (Regulation 46 (b) (iv))

Internships and Bursaries are essential components in ensuring Tetra4 meet its requirements in terms of HDSA targets and targets for HDSAs in core skills and women in production positions as well as supporting capacity building within the industry.

Internships will add further value by providing work-related experiences and, through this, prepare learners for the requirements and demands of an operational environment. As part of the production site's retention drive, the aim would be to identify potential at an early stage. This will then be nurtured to support future skills requirements. Employees/learners recognise that the business is committed to their development and as a result are more likely to make a positive contribution.

It, furthermore, provides students with an opportunity to gain exposure to the company's full value chain process and allows greater flexibility in terms of later placement in the production site or the Tetra4 management team. Where possible, Tetra4 will link the Bursary and Internship processes e.g. a bursary student may continue with an internship and later full-time employment.

The principles that Tetra4 uses whilst implementing Bursaries and Internships are listed in the Table 14 below:

**Table 14: Bursary and Internship Implementation principles**

Bursaries	Internships
<ul style="list-style-type: none"> <li>* A bursary fund has been created to assist:               <ul style="list-style-type: none"> <li>• Support identified High School students from the local community who have the potential to enter the Production/Mining industry.</li> <li>• Suitable students from the local community to get trained at a HET institution.</li> </ul> </li> <li>* Bursaries will be directed to developing skills that can be used at the production site.</li> </ul>	<ul style="list-style-type: none"> <li>* Suitable students - preferably bursary recipients - are offered internships to provide workplace experience prior and during their training.</li> <li>* Specific programmes of activity will be developed for each intern to ensure that required learning takes place.</li> <li>* A mentor will be appointed for each intern to provide support and to foster learning.</li> </ul>

Tetra4 will provide bursaries to non-employees (members from the local community – 18.2 learners). Tetra4 will provide financial support in the form of bursaries to local students who show aptitude with the goal of developing local skills required by the gas and petroleum industry. This intent will be to develop poor and disadvantaged individuals from the local community. Bursaries will be awarded to secondary school level students as well as tertiary level students.



The initial bursaries will be a total of R165 000 per year for tertiary students and Tetra4 intends these to be allocated to two learners every year at secondary school level (R 15 000 per year); and 1 learner every year at tertiary level (R150 000). The secondary school level candidates have been identified from local schools. The learners will enter Grade 9 in 2020 and have been selected based on both aptitude and need.

Selection criteria for tertiary bursaries are based on fairness and ideally include:

- **Maths** and/or **Science** as Grade 12 subjects;
- The candidate should not be a holder of another bursary;
- The candidate should be accepted by the educational institution for the specific course;
- The educational institution and the course should be SAQA accredited;
- Equity (preference to historically disadvantaged individuals); and
- Preferably a long-term resident of the local area (to optimise sustainable economic and social development of the local community).

This bursary may or may not be coupled with an internship contract with Tetra4.

Table 15 is a summary of external bursary targets to be provided by Tetra4

**Table 15: Targets for the Provision of External Bursaries by Tetra4 2021 - 2026**

BURSARY	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<b>Secondary School Bursaries</b>					
<i>New Bursaries awarded</i>	0	0	0	0	2
<i>Carried over from previous year</i>	2	2	2	2	0
<b>Tertiary Education Bursaries</b>					
<i>New Bursaries awarded</i>	1	0	0	0	1
<i>Carried over from previous year</i>	0	1	1	1	1
<i>Total Number of Bursaries Supported</i>	3	3	3	3	3
<b>Budget</b>	<b>R55,000</b>	<b>R150,000</b>	<b>R200,000</b>	<b>R200,000</b>	<b>R200 000</b>

The bursary students at tertiary level will be identified in the following fields:

- Geology
- Mechanical Engineering
- Management
- Finance
- Environmental Studies
- Quality Assurance
- Project Management
- Health & Safety

Tetra4 offers bursaries to employees where the employee is studying towards a tertiary qualification. This is based on each individual employee's personal career development plans and should support the function that they are currently undertaking or are being developed towards. The internal bursary programme has been postponed to 2021 due to the COVID-19 pandemic and the uncertainty in the tertiary education industry.

Internships will be offered to bursary students and, where feasible, to learners in other fields including those undertaking apprenticeships and other Further Education and Training (FET) type qualifications.

Table 16 sets out the target for the provision of internships at Tetra4.

**Table 16: Targets for the Provision of Internships by Tetra4**

INTERNS	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
<i>Total Number of Internships Supported</i>	2	2	3	3	3
<b>Budget</b>	<b>R150,000.00</b>	<b>R165,000.00</b>	<b>R181,500.00</b>	<b>R199,650.00</b>	<b>R219,615.00</b>

## 2.6 Employment Equity plan (Regulation 46 (b) (v))

Tetra4 is of the view that the key objectives of an Employment Equity Plan are to ensure the following:

- \* Eliminating unfair discrimination;
- \* Ensuring that the company is recognised as an equal opportunity employer;
- \* Establishing and exceeding the required degree of representation of designated groups in all occupational categories and levels of the operation;
- \* Integrating the operation's equity initiatives with the terms of the Skills Development Act, as far as is practically possible; and
- \* Increasing the number of women as well as HDSAs in management positions, over time

Tetra4 workforce is made up of 61% HDSAs and 39% women. The company site is committed to maintaining and improving this ratio wherever possible in the future.

**The current Employment Equity statistics – Form S - of the Tetra4 staff complement is set out in**

Table 17 below while Table 18 below sets out the targets for Employment Equity at Tetra4. While these targets reflect the Board of Directors (both Executive and Non-Executive), these Directors will not all be employees of the production operation.

**Table 17: Form S – Employment Equity Distribution of employees at Tetra4 as at 1 April 2020**

Occupational Levels	Male				Female				Foreign Nationals		Total
	African	Coloureds	Indians	Whites	African	Coloureds	Indians	Whites	Male	Female	
<i>Top management</i>	0	0	1	2	1	0	0	0	0	0	4
<i>Senior management</i>	0	0	1	1	0	0	0	1	0	0	3
<i>Professionally qualified and experienced specialists and mid-management</i>	1	0	0	5	1	0	1	2	1	0	10
<i>Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents</i>	1	0	0	1	1	0	1	1	0	0	5
<i>Semi-skilled and discretionary decision making</i>	10	0	0	0	3	0	0	0	0	0	12
<i>Unskilled and defined decision making</i>	0	0	0	0	2	0	0	0	0	0	2
<b>TOTAL PERMANENT</b>	<b>11</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>37</b>
<i>Temporary employees</i>											
<b>GRAND TOTAL</b>	<b>11</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>37</b>

**Table 18: Employment Equity Plan for employees at Tetra4 2021/2026**

YEAR	2021/2022											
EMPLOYMENT EQUITY	Male				Female				TOTAL	Disabled		
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	TOTAL
Top Management (Board of Directors including BEE Shareholders)	0	0	2	2	1	0	0	0	5	0	0	0
Senior Management (Exco)	0	0	1	1	0	0	0	1	3	0	0	0
Middle Management	2	0	0	6	3	0	1	2	14	0	0	0
Junior Management	1	0	0	1	3	0	1	1	7	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>10</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage of HDSA's in Management	10.3%	0.0%	6.9%	34.5%	27.6%	0.0%	6.9%	13.9%	100%	0.0%	0.0%	0.0%
Core Skills	8	0	0	5	2	0	0	2	17	0	0	0
Percentage of HDSA's in Core Skills	47.1%	0.0%	0.0%	29.4%	11.8%	0.0%	0.0%	11.8%	100%	0.0%	0.0%	0.0%
YEAR	2022/2023											
EMPLOYMENT EQUITY	Male				Female				TOTAL	Disabled		
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	TOTAL
Top Management (Board of Directors including BEE Shareholders)	0	0	1	2	2	0	0	0	5	0	0	0
Senior Management (Exco)	0	0	1	1	0	0	0	1	3	0	0	0
Middle Management	2	0	0	6	3	0	1	2	14	0	0	0
Junior Management	3	0	0	1	4	0	1	1	10	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>10</b>	<b>9</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>32</b>	<b>0</b>	<b>0</b>	<b>0</b>
Percentage of HDSA's in Management	15.6%	0.0%	6.3%	31.3%	28.1%	0.0%	6.3%	12.5%	100%	0.0%	0.0%	0.0%
Core Skills	12	0	0	5	4	0	0	2	23	0	0	0
Percentage of HDSA's in Core Skills	52.2%	0.0%	0.0%	21.7%	17.4%	0.0%	0.0%	8.7%	100%	0.0%	0.0%	0.0%

YEAR	2023/2024											
EMPLOYMENT EQUITY	Male				Female				TOTAL	Disabled		
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	TOTAL
<i>Top Management (Board of Directors including BEE Shareholders)</i>	0	0	2	2	1	0	0	0	5	0	0	0
<i>Senior Management (Exco)</i>	0	0	1	1	0	0	0	1	3	0	0	0
<i>Middle Management</i>	2	0	0	6	3	0	1	2	14	0	0	0
<i>Junior Management</i>	3	0	0	1	4	0	1	1	10	0	0	0
<i>Total</i>	5	0	2	10	9	0	2	4	32	0	0	0
<i>Percentage of HDSA's in Management</i>	15.6%	0.0%	6.3%	31.3%	28.1%	0.0%	6.3%	12.5%	100%	0.0%	0.0%	0.0%
<i>Core Skills</i>	12	0	0	5	4	0	0	2	23	0	0	0
<i>Percentage of HDSA's in Core Skills</i>	52.2%	0.0%	0.0%	21.7%	17.4%	0.0%	0.0%	8.7%	100%	0.0%	0.0%	0.0%
YEAR	2024/2025											
EMPLOYMENT EQUITY	Male				Female				TOTAL	Disabled		
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	TOTAL
<i>Top Management (Board of Directors including BEE Shareholders)</i>	0	0	2	2	1	0	0	0	5	0	0	0
<i>Senior Management (Exco)</i>	0	0	1	1	0	0	0	1	3	0	0	0
<i>Middle Management</i>	2	0	0	6	3	0	1	2	14	0	0	0
<i>Junior Management</i>	3	0	0	1	4	0	1	1	10	0	0	0
<i>Total</i>	5	0	2	10	9	0	2	4	32	0	0	0
<i>Percentage of HDSA's in Management</i>	15.6%	0.0%	6.3%	31.3%	28.1%	0.0%	6.3%	12.5%	100%	0.0%	0.0%	0.0%
<i>Core Skills</i>	12	0	0	5	4	0	0	2	23	0	0	0
<i>Percentage of HDSA's in Core Skills</i>	52.2%	0.0%	0.0%	21.7%	17.4%	0.0%	0.0%	8.7%	100%	0.0%	0.0%	0.0%

YEAR	2025/2026											
EMPLOYMENT EQUITY	Male				Female				TOTAL	Disabled		
	African	Coloured	Indian	White	African	Coloured	Indian	White		Male	Female	TOTAL
<i>Top Management (Board of Directors including BEE Shareholders)</i>	0	0	2	2	1	0	0	0	5	0	0	0
<i>Senior Management (Exco)</i>	0	0	1	1	0	0	0	1	3	0	0	0
<i>Middle Management</i>	2	0	0	6	3	0	1	2	14	0	0	0
<i>Junior Management</i>	3	0	0	1	4	0	1	1	10	0	0	0
<i>Total</i>	5	0	2	10	9	0	2	4	32	0	0	0
<i>Percentage of HDSA's in Management</i>	15.6%	0.0%	6.3%	31.3%	28.1%	0.0%	6.3%	12.5%	100%	0.0%	0.0%	0.0%
<i>Core Skills</i>	12	0	0	5	4	0	0	2	23	0	0	0
<i>Percentage of HDSA's in Core Skills</i>	52.2%	0.0%	0.0%	21.7%	17.4%	0.0%	0.0%	8.7%	100%	0.0%	0.0%	0.0%

\* The Board of Directors consists of both Executive and Non-Executive Directors including the BEE Shareholder.

Tetra4 is cognisant of the skills shortage currently encountered regardless of race and gender. As such, the targets set out above can be achieved if the skills are realistically available. Tetra4 has, however, drafted the following Employment Equity Strategic Action plan to pro-actively implement supporting structures to ensure targets that are set can be met by the specified financial year.

**Table 19: Employment Equity Strategic Action Plan for Tetra4**

Action	Sub Action Steps	Output	Responsible Person/s	Timeframe
<i>Establish targets</i>	<ul style="list-style-type: none"> <li>HDSA targets are set</li> <li>Manpower plan is aligned to these targets.</li> <li>Establish mechanisms to identify and assess HDSAs with potential in line with the skills analysis process. These individuals will form part of the talent pool identified for fast tracking and advancement.</li> </ul>	HDSA Targets set	Management	<b>January 2021</b>
<i>Review Policies and Procedures</i>	<ul style="list-style-type: none"> <li>Identify HR policies, procedures and practices that are not in support of the Employment Equity Principles.</li> <li>Recruitment processes will be focused on HDSA's and women in operational positions.</li> <li>Review and update policies and procedures.</li> <li>Develop a retention policy to support the retention of HDSA's and women.</li> <li>Identify mechanisms for identifying HDSA's and women with potential.</li> </ul>	Policies aligned to achieving targets	HR/Person Responsible for SLP Management	<b>June 2021</b>
<i>Align skills development to the Employment Equity Targets</i>	<ul style="list-style-type: none"> <li>Skills development Plans are aligned to support the achievement of targets.</li> <li>Allocate resources to focus on the training of HDSA's.</li> <li>Development needs on development plans are addressed.</li> <li>Mentors and Coaches are assigned to the relevant employees to support their development.</li> <li>Introducing literacy and numeracy programmes for functionally illiterate employees.</li> </ul>	HDSA's and Women with the right competencies	HR/Person Responsible for SLP Management	<b>June 2020</b>
<i>Evaluate Facilities</i>	<ul style="list-style-type: none"> <li>Review current facilities available for women</li> <li>Separate change rooms and ablution blocks</li> <li>Evaluate whether these are adequate for women</li> <li>Embark on improvement initiatives if required to ensure facilities are sufficient to accommodate women at the operation</li> </ul>	Facilities available for women	HR/Person Responsible for SLP Management	December 2020

### 3. LOCAL ECONOMIC DEVELOPMENT PROGRAMMES

#### 3.3 Socio-economic background and key economic activities in the region surrounding Tetra4

The production area falls within Matjhabeng Local Municipality (MLM), which is part of Lejweleputswa District Municipality (LDM), Free State Province. In summary, most of the local community are poor to very poor. The main cause of economic problems is lack of education, lack of technical expertise, lack of entrepreneurial culture, scarcity of key natural resources (most notably water), and very importantly, a unique mix of social problems. Certain key social problems have a major depressing effect on economic growth and needs to be addressed as a matter of urgency, otherwise economic development efforts may fail to reach its full effect or may fail altogether. Main social problems are a dependency culture, family dysfunction, alcohol abuse, and crime.

The statistical information captured within Table 20 to Table 24 has been sourced from Stats SA Census 2011 unless otherwise indicated. These tables provide the statistical data and brief analysis on the social and economic indicators for the geographical regions surrounding the operation.

**Table 20: Socio-Economic Profile of Surrounding Region – Population**

Socio-Economic Indicator	Free State	Lejweleputswa District Municipality	Matjhabeng Local Municipality
<i>Total No. of People</i>	1328967	309611	201509
<i>Males</i>	48.4%	49.3%	49.6%
<i>Females</i>	51.6%	50.7%	50.4%
<i>Black Africans</i>	87.8%	89.1%	87.7%
<i>Coloureds</i>	3.1%	1.9%	2.2%
<i>Indian/Asian</i>	0.4%	0.4%	0.4%
<i>White</i>	8.7%	8.7%	9.6%
<i>Brief Analysis</i>	According to the 2011 Census findings, the population of Free State increased by 1.4% since the 2001 Census statistics were published. A slightly higher increase in population is shown for the same period in the LDM (4.5%). The MLM has, however, seen a very minor decrease in population of 0.4%. In all geographical location's females make up slightly more than 50% of the population. About the racial make-up of the population, Black Africans account for almost 90% of the population in all geographical areas. This figure is very much higher than the national averages, while Coloureds, Indians/Asians and Whites are represented at levels significantly lower than the national averages for these population groups.		



**Table 21: Socio-Economic Profile of Surrounding Region – Housing**

<b>Socio-Economic Indicator</b>	<b>Free State</b>	<b>Lejweleputswa District Municipality</b>	<b>Matjhabeng Local Municipality</b>
<i>Formal Dwelling</i>	81.1%	81.1%	78.5%
<i>Traditional dwellings</i>	2.4%	2.4%	0.4%
<i>Informal settlements (separate stands and backyard dwellings)</i>	15.7%	15.7%	19.7%
<i>Flush toilet</i>	59.7%	70.3%	81.9%
<i>Pit latrine</i>	9.5%	5.1%	8.8%
<i>No access to any toilet facilities</i>	1.4%	1.6%	2.5%
<i>Regional/Local Water Scheme</i>	90.1%	912.0%	95.0%
<i>Borehole</i>	5.4%	5.6%	2.3%
<i>Other (spring, rain-water tank, dam/ pool/ stagnant water, river/ stream or water vendor)</i>	2.8%	1.3%	2.6%
<i>Electricity (Lighting)</i>	92.4%	93.2%	91.1%
<i>Candles (Lighting)</i>	7.6%	6.8%	5.9%
<i>Refuse removed by local authority at least once a week</i>	72.8%	82.1%	86.3%
<i>Communal refuse dump</i>	2.4%	1.1%	1.2%
<i>Own refuse dump</i>	20.6%	12.4%	6.7%
<i>No rubbish disposal</i>	4.2%	4.4%	4.0%
<i>Brief Analysis</i>	<p>The housing profile at the various geographical levels appears to be formalised. However, MLM has less than 1% of people living in informal settlements. This is significantly lower than the figures for the district municipality and the province.</p> <p>As with the housing, sanitation usage at local municipal levels indicates a much high percentage of the population having access to flush toilets (81.9%) in comparison to only 59.7% of the provincial population and 70.3 percent of the population in the LDM. In excess of 90% of households within the province, district and local municipalities were connected to a regional/local water scheme during the time the census was conducted in 2011.</p> <p>Electricity supply for lighting purposes proves to be formalised with over 90% of the population in at all levels having access to electricity for lighting.</p> <p>Refuse disposal by households is also highly formalised. Yet again, the population in the MLM fares better than the population in the LDM and the province with 86.3% in the MLM having their refuse removed by the local authority at least once a week. The figures for the province and the LDM are 72.8% and 82.1% respective</p>		

**Table 22: Socio-Economic Profile of Surrounding Region – Education**

<b>Socio-Economic Indicator</b>	<b>Free State</b>	<b>Lejweleputswa District Municipality</b>	<b>Matjhabeng Local Municipality</b>
No or limited primary education	20.3%	22.2%	17.7%
Completed primary education	4.5%	5.8%	5.3%
Completed some secondary education	33.0%	35.5%	37.3%
Completed secondary education	28.1%	25.1%	27.3%
Higher education	11.8%	7.1%	8.7%
Brief Analysis	<p>The education profile across the various geographical levels during 2011 reflects that between 33% and 37% of the population has at least some secondary schooling. However, between 17% and 22% of adults in the all geographical areas have limited or no primary schooling or have completed primary schooling. While more than 27% of the respondents in MLM have matriculated but only 8.7% of the adults could cite a higher education. The Free State province has a larger proportion of people with higher education.</p> <p>Education remains an important corner stone in the development of any country as individuals are prepared for future absorption into the labour market. Government has introduced measures to address the low educational profile of the country by introducing initiatives such as compulsory school attendance for children aged between seven (7) and fifteen (15) years, infrastructure upgrades to schools, etc.</p> <p>In terms of the available skills within all industries in the provincial economy, continued finance for the extension of education and training will be essential to provide the skills required for a growing regional economy.</p>		

**Table 23: Socio-Economic Profile of Surrounding Region – Employment<sup>2</sup>**

Socio-Economic Indicator	Free State	Lejweleputswa District Municipality	Matjhabeng Local Municipality
Employment rate	36.2%	34.5%	36.2%
Unemployment rate	17.5%	19.8%	21.2%
Discouraged work seekers	5.6%	5.8%	4.8%
Economically not active <sup>3</sup>	40.8%	39.8%	38.6%
Brief Analysis	Of the working age population less than 40% were employed at the time the census. However, almost half the population of the population within all geographical entities was not economically active at the time the 2011 Census was conducted.		

**Table 24: Socio-Economic Profile of Surrounding Region – Household Income<sup>4</sup>**

Socio-Economic Indicator	Free State	Lejweleputswa District Municipality	Matjhabeng Local Municipality
<i>No income</i>	12.1%	15.1%	16.3%
<i>R1 to R19 600 per annum</i>	34.7%	33.1%	30.2%
<i>R19 600 to R76 400 per annum</i>	34.3%	34.4%	33.5%
<i>R76 400 to R614 400 per annum</i>	17.4%	16.6%	19.1%
<i>R614 400 and above</i>	1.5%	1.0%	1.1%
<i>Brief Analysis</i>	Over 80% of all households have an income of less than R76400 which equates to less than R6360 per month. Of this number approximately a third of the households at all levels have an income of R19600 per annum or less. This equates to a monthly household income of R1600 or less.		

<sup>2</sup> Working Age Population according to Stats SA is between the ages of fifteen (15) and sixty-five (65) years old and therefore the Employment Profile has been based on Stats SA's statistics although the minimum age requirement for employment within the mining sector is eighteen (18).

<sup>3</sup> Economically Not Active population includes scholars/students, homemakers, pensioners, the terminally ill or disabled and seasonal workers not employed during the 2011 Census.

<sup>4</sup> Household Income includes income derived from government grants, pensions and informal employment.

### 3.2 Key Economic Indicators for the Free State

The Economic Growth Rate in the Free State during for the period 2014 to 2019 was forecast to be 1.77% as against a rate of 2.55% for South Africa as a whole. The Free State contributes only 5.1% to the national economy coming in as the lowest contributor of all the provinces.

According to the 2019 Free State Provincial Budget Speech, the provincial economic outlook is reflected in the economic performance as well as the socio-economic and labour market dynamics of the Free State. Some of the most significant of these provincial indicators are as follows;

- The Free State contribution to the national Gross Domestic Product (GDP) has remained stagnant at 5 % between 2014 and 2017.
- The province experienced a dramatic decline in the primary industries of agriculture and mining from 2009 to 2017. The secondary industries of manufacturing, electricity and construction remained almost stagnant whilst a marginal increase in the tertiary industries were recorded during the same period.
- The Free State unemployment rate was recorded at 32.9% at the end of the fourth quarter in 2018 with unemployment amongst women being substantially higher at 36.5 % than amongst men at 29.9%
- The provincial youth unemployment rate (at above 50%) continues to be higher than other age groups throughout the country, irrespective of education levels.
- There has been an increase in the share of people in the Free State living below the food poverty line of R547 per month over the four-year period of 2014 to 2017.

In 2019, the Free State economy was projected to recover marginally and to grow by 0.9%. This growth was expected to be supported mainly by the transport (3.2%), agriculture (2.9%) and finance (2.8%) sectors. These sectors are, however, also vulnerable to several external factors such as the fluctuating prices of crude oil and fuel and climate conditions.

**Table 25 : Key Indicators for Free State**

Sectoral Employer	Economic Growth Projections 2019 <sup>5</sup>	Employment 3 <sup>rd</sup> Quarter 2019 <sup>6</sup>
Agriculture	2.0%	7.02%
Mining	1.2%	1.87%
Manufacturing	2.7%	7.43%
Electricity	1.6%	1.29%
Construction	1.6%	5.83%
Trade	2.6%	22.49%
Transport	3.4%	5.02%
Finance	2.9%	10.48%
Community services	2.2%	25.97%
Private Households	-	12.60%
Total	2.4%	-
Real GDP growth	2.4%	-

### 3.3 Socio-economic impact of Tetra4

As part of the comprehensive Environmental Impact Assessment (EIA), an Environmental Management Programme (EMP) for Tetra4, several socio-economic impacts were identified during this process along with the appropriate mitigation measures.

Table 26 below sets out the positive and negative impacts arising from the production operation:

**Table 26 : Socio-economic impact of Tetra4**

NEGATIVE IMPACTS	POSITIVE IMPACTS
Social impacts	

<sup>5</sup> 2019 Free State Provincial Budget 2019

<sup>6</sup> Statistics SA - Labour Force Statistics 3<sup>rd</sup> Quarter 2019

**Impact on the spread of HIV/Aids**

Although the presence of construction workers may accelerate the spread of HIV/Aids in general, it is not anticipated to be a significant impact of this development, because:

- Workers are mainly recruited from the local community, therefore there will not be an influx of workers into the area;
- The workforce is small (7 workers); and
- Workers will be provided with HIV/Aids awareness training.

**Increased pressure on local road network and traffic safety**

Vehicle movement may increase in the local area due to transportation of workers and materials.

Increase in traffic may lead to the following:

- higher road maintenance cost
- increased levels of air pollution and noise
- increased risk of road accidents

The impact will be low since traffic generated by the project will be very low.

**Nuisance to neighbours**

If environmental impacts are not properly managed, the operation may become a nuisance to occupants of neighbouring properties. Nuisance may originate mainly from the following sources:

- Dust (mainly by vehicles accessing the different infrastructure areas);
- Noise (mainly by vehicles accessing the different infrastructure areas);
- Poor maintenance of infrastructure and untidiness of infrastructure areas, which will lead to a negative visual impact and even vermin problems.

Due to low population density and mitigation measures taken, significance will be low.

**Safety threats to trespassers**

People trespassing onto the project's infrastructure areas may be exposed to some of the occupational health and safety hazards that workers are exposed to and may contribute to crime. Access to important infrastructure areas should be controlled.

**Increased quality of life to local people**

Job opportunities created provide employees and their dependents with a source of income. This income could be used to fulfil the basic needs (and more) of the employees and their households, and to contribute to their financial freedom, thereby lowering levels of absolute poverty in the community. Fulfilment of basic needs is necessary for economic development since healthy people are more productive in terms of learning, working, entrepreneurial spirit and wealth creation.

**Provision of job opportunities to the socially excluded**

Job opportunities created by Tetra4 are mainly allocated to the socially excluded (rural and/or poor and/or youth and/or woman and/or previously disadvantaged). With a source of income, the socially excluded can uplift themselves and their dependents, letting them break free from the cycle of poverty. Tetra4's Local Economic Development Programme activities (described in this Social and Labour Plan) will also lead to job creation.

**Societal utility of the product (natural gas)**

The purpose of the proposed development is to produce gas, which will benefit various downstream industries, especially the national sector and the regional manufacturing industry.

**Training and experience acquisition**

The workforce of Tetra4 will be trained as specified by the Skills Development Plan in this Social and Labour Plan. Tetra4 will provide basic adult education schemes as well as other formal and informal training. In addition, external bursaries will be provided (refer to Section 2.4.2). Training increases productivity and competitiveness of local industries (skills will be transferred into the local community) and is the best measure to address employment equity. Skills acquired by employees at Tetra4 can be applied to other (related and non-related) jobs and industries as well. This will ensure that, if employees retire, resign, or are retrenched, that the acquired skills can be applied in a new setting, and may lead to skills transfer into the local community and reduced community dependency on Tetra4 SA Exploration and Production.

**Workforce exposure to occupational health and safety hazards**

The workforce will be exposed to various occupational health and safety hazards during the operational phase. Detailed analysis of occupational health and safety hazards is beyond the scope of this study. To manage these risks, Tetra4 will comply with relevant health and safety legislation.

**Economic impacts****Possibility of economic leakage**

Not all income generated from Tetra4's activities will remain in the local economy. Some income generated will 'leak' to other regions, most notably Gauteng and the foreign sector. Leakage will be minimised by employing mainly local people and to maintain the Local Economic Development activities described in this Social and Labour Plan.

**Direct job creation**

The activity of gas exploration and production is relatively labour intensive in terms of skilled jobs, creating approximately seven jobs to local people directly.

**Income to government by means of rates, taxes and levies**

Employee income tax, company tax, rates, levies etc. paid by Tetra4 to its employees and other businesses up- and downstream of the supply chain, will be a source of income to the local, provincial and national government, which will (cumulatively) enable the public administration system to function properly.

**Indirect job creation**

Fuel, oil, materials, equipment, electricity, telecommunication services, maintenance services, consulting services, etc., will be sourced by Tetra4 from other local, national, and international businesses. As mentioned above, the Tetra4 Local Economic Development Programme activities (as described in this Social and Labour Plan) will also lead to job creation.

**Induced job creation**

Induced job opportunities will be created when income earned directly and indirectly (through direct and indirect job creation explained above) are spent on a variety of products and services. For example, employees of Tetra4 and employees of companies supplying to Tetra4 may spend part of their income at local shops and on local services, creating job opportunities for shopkeepers, cleaners, local service providers etc.

**Industrial diversification**

As explained earlier, the local economy is not diverse enough to reduce excessive leakage and is still relatively dependent on the primary sector and social services. The gas production operation will stimulate various other local industries and reduce dependency on especially the social services sector. In addition, the gas production industry is an industry with significant forward and backward economic linkages,

	<p>providing numerous entrepreneurial opportunities. A more diverse local and regional economy will be better able to sustain economic growth and reduce economic leakage.</p>
	<p><b>Local economic development</b></p> <p>Since jobs created directly are mainly allocated to <u>local</u> people, income will be spent mostly in the local economy, and the income generated will mostly stay within the local economy (therefore economic leakage will be low). Another benefit of employing local people is that local levels of unemployment will be reduced; therefore, local social problems associated with unemployment will be reduced. Furthermore, since the proposed development is situated within a rural area, it will lead to <u>rural</u> development. This will ease national problems associated with urbanisation and is in line with the government's policy of rural development and decentralisation of certain economic activities. Generally, rural, and semi-rural areas find it difficult to sustain their local economies, and development opportunities associated with Tetra4 should be an ideal opportunity for sustainable local economic development. In addition, Tetra4's Local Economic Development Programme activities (as described in this Social and Labour Plan) are specifically designed to stimulate local economic development even further.</p>

### 3.4 Problems facing the Local Community

#### 3.4.1 Main Economic problems in the local community

The main economic problems in the local community, as well as the probable effect of Tetra4's operation on these local economic problems, are indicated in



Table 27.

**Table 27: Main economic problems experienced by the local community**

<b>Economic problem</b>	<b>Probable effect of Tetra4's operation on each specific local economic problem</b>
Low level of human capital: Very high degree of illiteracy	Positive effect (training commitments to employees)
Low level of human capital: Very high degree of redundant skills associated with the agricultural sector	Positive effect (training commitments to employees of the company)
Demand-deficiency unemployment, with employment not recovering to original levels after recovery from each business cycle.	Positive effect (employment creation)
Structural employment, caused by various factors	Positive effect (employment creation)
Seasonal unemployment, caused by varying levels of unskilled labour demand during different seasons in the local agricultural sector.	Positive effect (employment creation)
Lack of proper housing	Positive effect (provision of housing subsidies to employees)
Lack of proper sanitation	No effect
Insufficient food security	No effect
Lack of proper health infrastructure	No effect
Spatial inequity in poverty level	No effect
Racial inequity in poverty level	Positive effect: Tetra4's operation is subjected to BEE legislation
Gender inequity	No effect
Intergenerational inequity	No effect
Inaccessibility of telecommunication infrastructure	No effect
Inaccessibility of clean drinking water	No effect
Public health issues, especially HIV/AIDS	No effect
Demographic risks associated with HIV/AIDS: HIV/AIDS incidence very high amongst young adults – current and future decline of economically active population	No effect
Indoor air pollution affecting poor households (of particular concern during the winter months)	No effect
Environmental degradation, mainly caused by agriculture (dust, agrochemicals) and improper sanitation (enterobacteria, increased nutrient load)	Environmental impacts (positive and negative) of Tetra4's operation will be adequately addressed in the Environmental Management Programme.
Food price fluctuations: Because agriculture is an important local industry, fluctuating prices of maize and other agricultural products has a negative impact on the regional economy. Food prices increased considerably over the past	No effect

year. Inflation is still under control but will escalate due to escalating fuel prices.	
Lack of entrepreneurial culture	Positive effect: Tetra4 will be involved in entrepreneurial training amongst workers, also to be extended to the broader community.
Lack of sufficient support to potential entrepreneurs	No effect
Lack of entrepreneurial opportunities	Positive effect: Procurement opportunities created by Tetra4 will include entrepreneurial support.
Adequacy of the Municipal IDP: Assessment of the adequacy of the IDP were beyond the scope of this study, however, it does seem that the IDP is addressing most of the development problems sufficiently, however, some of the major problems affecting the area are outside the jurisdiction of the municipality, and are not addressed adequately at provincial or national level.	Positive effect: Not only positive economic externalities of Tetra4's operation, but also Tetra4's LED Programme (during later years after the operation becomes profitable and the Market Development Period has ended), as described later in this document, will provide an indirect support to the realization of the Municipal IDP.
Local/place marketing and investment promotion policy: The Municipality does not have a sufficient or well-communicated marketing and investment promotion policy.	No effect
Influx of illegal immigrants, especially from Lesotho and other Southern African countries. The negative impact of this, apart from potential crime, is that the local resource base remains constant while these resources must be shared by a larger population. If influx of immigrants is not accompanied by a proportional or higher growth in GDP, a reduction of GDP per capita will occur.	No effect
Diaspora: Out-migration due to various reasons, contributing to loss of skills, amongst other negative implications. Internationally known as the "South African Diaspora". This has a strong negative effect on the entire region, most notably the reduction of the middle-class consumer base and out-migration of skilled workers.	Positive effect (local job creation, also skilled and specialized jobs)

Tetra4's operation will have a positive impact on the local economy. None of abovementioned economic problems will be significantly intensified due to the project. In fact, the operation will have a positive net effect on the alleviation of abovementioned economic problems, as explained in the table above, as well as in the impact assessment section (see Table 26 above).

### 3.4.2 Main social problems in the local community

The main social problems in the area, as well as the probable effect of Tetra4's operation on these local social problems, are indicated in Table 28.

**Table 28: Main social problems experienced by the local community**

Social problem	Probable effect of Tetra4's operation on each specific social problem
<p>The contemporary nuclear family lives on its own and has very few primary relations with people outside the family network. Such isolation decreases opportunities of family members to have their needs met and produce an over-reliance of a small number of family members on each other, often leading to conflict. (Bezuidenhout, 2008). The extended family is a much more stable, provide a better safety net to its members, and economically and socially more sustainable.</p>	<p>No negative effect because workers will live with their own families in existing nearby residential areas.</p>
<p>Lack of privacy: Families, who live in dwellings that do not provide enough personal space, develop social problems related to the lack of privacy. Overcrowded housing arrangements are a significant problem in the local community.</p>	<p>No effect</p>
<p>Incompatibility between married couples, leading to family malfunctioning. Incompatibility may stem from the following (Bezuidenhout, 2008):</p> <ul style="list-style-type: none"> <li>• Age differences;</li> <li>• Cultural differences;</li> <li>• Personality differences;</li> <li>• Temperament style;</li> <li>• Sexual adjustment.</li> </ul> <p>Although detailed description is beyond the scope of this study, family problems related to incompatibility between spouses may be expected within the local community and is likely to be a significant cause of local social problems.</p>	<p>No effect</p>
<p>Interfering in-laws and outsiders: The social impact of interfering in-laws and other outsiders on the family depends on the couple's reaction to these interferences. Age, religion, and other cultural differences between the couple may give in-laws and outsiders the opportunity to interfere in the functioning of the couple's married life and family.</p>	<p>Positive effect: Local households who benefits from direct, indirect and induce employment or income generation, will gain a greater degree of economic and therefore social independence from outsiders.</p>
<p>Social cost of unemployment on the unemployed (individual and household level), including damage to self-esteem, development of various forms of psychopathology, and malfunctioning of family life.</p> <p>All of these social problems related to unemployment were clearly observed within the local community.</p>	<p>Positive effect (direct, indirect, and induced job creation)</p>

Social cost of unemployment on the local community (societal level), including crime, unrest, and loss of confidence in the government.	Positive effect (direct, indirect, and induced job creation)
External modus of control, which is partially to blame for the general dependency culture and lack of entrepreneurial culture	No effect
Lack of education and training. Improper parental involvement and lack of pre-primary education will have a long-lasting negative effect on education and training related problems throughout the community. The entire educational and training component, from pre-school to post-secondary education, is insufficient. Interventions should start at pre-primary level to ensure a proper human resource base to build on.	Positive effect: The Company's Human Resource Development Programme (described above) and LED Programme (discussed later) include support to education and training.
Crime caused by various factors including policy implications and especially anomie. Poverty should not be justification for the high crime level, especially regarding violent crimes.	No effect
<p>Health related problems: It is important to realize that health is directly related to the quality of human capital because healthier people tend to be more productive. The reasons for the existence of health-related problems is plentiful and complex, but certain points can be mentioned:</p> <ul style="list-style-type: none"> <li>• Insufficient health care system;</li> <li>• Lack of health-related personal knowledge amongst most members of the local community;</li> <li>• Because the area serves as an important transport node (people converge from Lesotho and South Africa's eastern, northern and southern provinces, including truck drivers, work seekers, migrant workers, tourists and economic refugees) diseases may spread fast. This may be particularly true in the case of HIV/Aids;</li> <li>• Pollution related health impacts.</li> </ul>	No effect
Moderate racial and ethnic tension	No effect
Substance abuse, particularly alcohol	No effect

Tetra4's operation will not have a significant influence on any of these social problems, except for indirect positive influences associated mainly with poverty alleviation due to direct, indirect and induced

job creation. None of abovementioned social problems will be negatively affected or intensified due to Tetra4's operation.

### 3.5 Tetra4's participation

#### 3.5.1 Participation in LED and IDP processes

Tetra4 has engaged the local community, the LDM and the MLM on an ongoing basis as shown in Table 29 below.

**Table 29 : Engagement with LED and IDP Process**

Date	Agenda	Present
19/06/11	Scoping meeting	LED Management, Councillors from Meloding Area, Tetra4 representatives
19/08/08	Visit proposed sites in Meloding Area	Councillor, Tetra4 representatives and LED, community
19/08/28	Costing Meeting	LED management, councillor from Meloding, Tetra4 representatives, community

### 3.6 Tetra4 Local Economic Development Projects

#### 3.6.1 Introduction

The objective of Tetra4 is to assist with the development of a vibrant local economy with extensive participation by residents around our operation. The focus of the company's LED programme is to strengthen the local economy and assist with projects that will uplift the community with local, sustainable initiatives.

Small, medium, and micro enterprises (SMMEs) are supreme examples and engines of job creation in South Africa. The establishment and growth of these enterprises, through mentoring, technical support, and provision of resources, are the pillars of local economic development and at the forefront of Tetra4's LED programme.

MLM, into which Tetra4 falls, is faced with huge unemployment - only 36.2% of the population over the age of fifteen is employed. The projects that Tetra4 will seek to implement will attempt to address the issues of infrastructure development and job creation. Further, as indicated in Table 24, over 80% of all households have an income of less than R76400 which equates to less than R6360 per month. Of this number approximately a third of the households at all levels have an income of R19600 per annum or less. This equates to a monthly household income of R1600 or less.

Table 30 indicates that the social costs of unemployment on the local community at a societal level include crime, unrest, and loss of confidence in the government. At the same time there is a lack of entrepreneurial opportunities in the community. While Tetra4's preferential procurement programme will provide entrepreneurial support, additional support is required for SMME's and other entrepreneurs within the surrounding community to set up and build economic opportunities.

Thus, the focus of Tetra4's LED programme will be to create an enabling environment where small businesses and entrepreneurs can find a space to operate and grow their businesses.

## 3.6.2 LED Projects

**Table 30 : Summary of Infrastructure Development and LED Projects to be undertaken by Tetra4 2021 – 2025**

Nature of Project	Project Name	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Total Financial Contribution (2021-2026)
<i>Community Upliftment/ Women Entrepreneurship /Youth Development</i>	Meloding Community Hall		R160,650.00	R253,542.47			R414,192.47
<i>Infrastructure Development/ Poverty Alleviation/ Youth Development</i>	Adamson's Vley Community and School	R83,397.39	R40,000.00				R123,397.39
<i>Youth Development/ Infrastructure / Extracurricular Investment</i>	Tikwe Primary School			R421,366.00	R614,475.58	R132,480.00	R1,168,321.58
<i>Youth development/ Infrastructure development</i>	Reatilehile Secondary School				R332,500.00	R881,225.58	R1,213,725.58
<i>Contingency Allowance</i>							R138,466.00
<b>Total Financial Contribution by production site for Committed Projects (2021 to 2026):</b>		<b>R83,397.39</b>	<b>R200,650.00</b>	<b>R674,908.47</b>	<b>R946,975.58</b>	<b>R1,013,705.58</b>	<b>R3,058,103.02</b>



## Project 1

Table 33: Infrastructure Development/ Poverty Alleviation/ Youth Development - Adamson's Vley Community and School

Project Name	Adamson's Vley Community and School	Classification of project
		<b>Infrastructure development</b> <b>Poverty Alleviation/Broad based livelihood initiatives</b> <b>Youth development</b>
Background	<p>The Adamson's Vley rural community consists of 8 families who live on the farm Adamson's Vley in the Welkom District. They are in the process to acquire the land from the Department of Rural Development and Land Reform. The families live in poverty and youth unemployment is high. The infrastructure is limited, and they do not have access to running water and electricity. The farm is also host to a primary school for the Adamson's Vley and surrounding communities. The school has 40 learners ranging from 6-15 years old. Some of the Tetra4 wells and pipeline is situated on the farm and as part of our commitment to poverty alleviation and youth development we intend to work with this community to assist them with broad based livelihood initiatives that will address these issues.</p>	
Objectives	<p><b>Infrastructure Development</b>  Drill a borehole and install a pressure pump  Install a solar panel for the borehole pump  Install 6x6m diamond mesh fence with a single pedestrian gate around the borehole for safety of the children  Supply and install 10000L JoJo tank and 3m high tank stand  Supply and install pipes and fittings for all connections from the borehole to the tank and pump  Install solar panels for the community houses</p> <p><b>Poverty Alleviation</b>  Start food gardens for community and school  Provide community with seed, basic equipment, and training for sustainable gardening</p> <p><b>Youth Development</b>  Incorporate unemployed youth in skills specific training for possible inclusion in pipeline and construction activities.  Present extra classes for unemployed youth to increase their Grade 12 scores.  Assist unemployed youth to achieve ABET Level 4 qualifications.  Expose unemployed youth to learnerships, internship opportunities and entrepreneurship.</p> <p><b>School</b>  General repairs in and around the school building  Install a solar panel for the borehole pump  Level the ground to create a sport field  Create reading corners in classrooms  Supply the school with basic music instruments  Upgrade the kitchen facilities for the school feeding scheme</p>	

Geographical Location of the Project	District Municipality		Local Municipality		Village Name		Project Start Date		Project End Date	
	Lejweleputswa District Municipality		Matjhabeng Local Municipality		Adamson's Vley Community		1 July 2021		30 April 2022	
Output	Key Performance Area	Key Performance Indicator	Responsible Entity	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Budget	
	Infrastructure	<ul style="list-style-type: none"><li>• Drill a borehole and install a pressure pump</li><li>• Install a solar panel for the borehole pump</li><li>• Install 6x6m diamond mesh fence with a single pedestrian gate around the borehole for safety of the children</li><li>• Supply and install 10000L JoJo tank and 3m high tank stand</li><li>• Supply and install pipes and fittings for all connections from the borehole to the tank and pump</li><li>• Install solar panels for the community houses</li><li>• Install kitchen facilities</li></ul>	Tetra4	Q3&4	Q1				R123,397.39	
BUDGET				R83,400.00	40,000.00				R123,397.39	
No. of Jobs to be Created	Male Adults	Female Adults	Male Youth	Female Youth	Total	Comments				
Short Term										
Medium Term			3	3	6					
Long Term	2	3			5					
Completion Date and Exit Strategy		This is an infrastructure and poverty alleviation project which we hope will enable the community to better use their assets (land) to produce food for their own use as well as surplus to assist with the School Feeding Programme. The project will be handed over by the end of June 2021.								

## Project 2:

Table 314: Community Upliftment/ Women Entrepreneurship /Youth Development - Meloding Community Hall

Project Name	Meloding Community Hall				Classification of project					
					Community Upliftment Women Entrepreneurship Youth Development					
Background	Meloding is a township area within the Matjhabeng municipal area. As part of Tetra4’s Social and Labour Plan commitments they have interacted with the Local Economic Development Department of the Matjhabeng municipality who have indicated that improvements to the Meloding Hall is a key priority for them. The Meloding Community Hall is used by the Meloding community for meetings, funerals, celebrations, and performances. Included in the area is an entrepreneurial women’s group who makes arts and craft items; a gym area which is used daily by unemployed youth as well as the CWP offices. The hall is in need of general maintenance, including a bigger gym area, more ablution facilities (including access for people with disabilities); a designated area for the entrepreneurial women’s group; an improved kitchen/cooking facility for hosting community activities as well as better security to safe guard the hall from vandals.									
Objectives	<ul style="list-style-type: none"><li>• General maintenance and repair</li><li>• Expanded ablution facilities</li><li>• Access for people with disabilities</li><li>• Bigger gym area</li><li>• New and varied gym equipment</li><li>• Better kitchen and cooking facilities</li><li>• Designated work area for entrepreneurial women’s group</li></ul>									
Geographical Location of the Project	District Municipality		Local Municipality		Village Name		Project Start Date		Project End Date	
	Lejweleputswa District Municipality		Matjhabeng Local Municipality		Meloding		1 July 2022		31 March 2023	
Output	Key Performance Area	Key Performance Indicator		Responsible Entity	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	Budget
	Expand gym area	<ul style="list-style-type: none"><li>• New gym equipment – weightlifting and cardio</li><li>• Install a solar panel for the gym equipment (if not manually operated)</li><li>• Rubber interlocking floor mats</li><li>• New frameless mirrors</li><li>• Additional fluorescent light fittings</li><li>• Minor Ceiling repairs and paint</li></ul>		Tetra4		Q4	Q1			R399 966,94

		<ul style="list-style-type: none"> <li>Breakdown the wall between the gym and the existing unused kitchen to enlarge the gym area</li> <li>Transform the existing office next to the kitchen into shower and toilet facility (area where the ladies are working daily)</li> <li>Remove the geyser inside the kitchen</li> <li>Move the basin in the kitchen from inside to outside for easy access outside</li> <li>Paint the gym area after alterations</li> </ul>							
	<b>Security and fencing</b>	<ul style="list-style-type: none"> <li>Install 2x new access / security gates (option for a turnstile on the roadside)</li> <li>Paint interior and exterior</li> <li>Repair or replace damaged palisade perimeter fence (minor)</li> </ul>	Tetra4			Q2			R8000,00
	Maintenance and Repair	<ul style="list-style-type: none"> <li>The bottom part of the hall area is face bricks; this need to be sealed / varnished</li> <li>The top part above the face bricks need to be painted</li> <li>Minor ceiling repairs</li> <li>Paint the ceiling</li> <li>Replace various floor tiles with similar type</li> <li>Replace broken windows</li> <li>Replace broken / missing floorboards on the stage area</li> <li>Sand down and varnish the stage wooden floor</li> <li>Install stage curtains including rail (Optional)</li> <li>Install additional light fittings on the stage area</li> <li>Build / install a ramp on to the stage to cater for disabled</li> <li>Paint the outside floor area at the CWP programme office</li> </ul>	Tetra4			Q2			R67 079,00
	<b>Work area for entrepreneurial women's group</b>	<ul style="list-style-type: none"> <li>1 x Container / park home facility for the working ladies</li> </ul>	Tetra4		Q3				R57,000.00

		<ul style="list-style-type: none"><li>Install a solar panel for the working ladies' area container / park home</li></ul>							
	Expand kitchen and cooking facilities	<ul style="list-style-type: none"><li>1 x Container to be placed within the perimeter to be used as a kitchen, including kitchen equipment and gas facilities</li><li>Build “braai” type facilities next to the kitchen container</li></ul>	Tetra4		Q3				R45,000.00
	General Maintenance – outside	<ul style="list-style-type: none"><li>Clean up rubbish and weeds on paving and entire area and apply weed killer</li><li>Refurbish and varnish all doors and fix door handles where needed</li><li>Fix gutters where needed</li><li>Paint gutters and fascia boards</li><li>Replace broken sewage manhole (precast type with lid) in the driveway area</li></ul>	Tetra4		Q2				R15,500.00
BUDGET					R414,082.47				
No. of Jobs to be Created	Male Adults	Female Adults	Male Youth	Female Youth	Total	Comments			
Short Term	5		5		5				
Medium Term									
Long Term									
Completion Date and Exit Strategy		The project will be completed at the end of March 2023. The local municipality will take over the general maintenance and security of the Meloding Community Centre at the completion of the planned improvements.							

## Project 3

Table 32: Youth Development/ Infrastructure / Extracurricular Investment - Tikwe Primary School

Project Name	Tikwe Primary School				Classification of project					
					Youth Development Infrastructure Extracurricular Investment					
Background	Meloding is a township area within the Matjhabeng municipal area. As part of Tetra4’s Social and Labour Plan commitments they have interacted with the Local Economic Development Department of the Matjhabeng municipality who have indicated that improvements to Tikwe Primary School is a key priority for them. Tikwe Primary School is a state primary school located at 369 Kopanong Street, Meloding, Virginia, 9430, Free State Province, South Africa. The school caters for approximately 1200 learners and has 33 educators. Although the school is in general good repair, they lack sport fields, a covered area for assembly and their kitchen facilities for food scheme participation is dismal.									
Objectives	<ul style="list-style-type: none"><li>• Increase access to water for existing vegetable gardens</li><li>• Create recreational facilities such as: - Netball / basketball court Soccer field Cricket practice nets Playground area</li><li>• Provide a covered/protected area for assembly</li><li>• Upgrade the kitchen</li><li>• Sponsor sport teams to invest and encourage the champions of tomorrow</li></ul>									
Geographical Location of the Project	District Municipality		Local Municipality		Village Name		Project Start Date		Project End Date	
	Lejweleputswa District Municipality		Matjhabeng Local Municipality		Meloding		1 September 2023		30 June 2026	
Output	Key Performance Area	Key Performance Indicator		Responsible Entity	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Budget
	Increase access to water for own vegetable garden project	<ul style="list-style-type: none"><li>• Drill a borehole and install a pressure pump</li><li>• Install a solar panel for the borehole pump</li></ul>		Tetra4			Q3			R42,100.00
	Refurbish kitchen area	<ul style="list-style-type: none"><li>• Install additional gas burners</li><li>• Sponsor gas bottles and gas used in the kitchen</li></ul>		Tetra4			Q3			R33,806.00

		<ul style="list-style-type: none"><li>Install extractor fans</li></ul>								
	Create sport facilities	<ul style="list-style-type: none"><li>Create netball / basketball court</li><li>Move parking area to make space for sport fields.</li><li>Transform the area into soccer fields.</li><li>Create recreational facilities such as cricket nets.</li><li>Install playground equipment.</li><li>Tetra4 to sponsor the sport team attire, hence investing in the champions of tomorrow</li></ul>			Tetra4			Q4	Q1&2	R960,000.00
	Install covered area for assembly	<ul style="list-style-type: none"><li>Install a roof covering over the courtyard assembly area. The area is open with no shade or protection against the weather</li></ul>			Tetra4				Q1&2	R132,480.00
BUDGET							R75,906.00	R946,975.58	R132,480.00	R1 168,321.58
No. of Jobs to be Created	Male Adults	Female Adults	Male Youth	Female Youth	Total	Comments				
Short Term										
Medium Term	10	5	10	5	15					
Long Term										
Completion Date and Exit Strategy		The project will be completed at the end of June 2024. The school and Department of Education will take over the general maintenance and running of the facilities at Tikwe Primary School at the completion of the planned improvements.								

## Project 4

Table 33: Youth development/ Infrastructure development - Reatilehile Secondary School

Project Name	Reatilehile Secondary School				Classification of project					
					Youth development Infrastructure development					
Background	Meloding is a township area within the Matjhabeng municipal area. As part of Tetra4's Social and Labour Plan commitments they have interacted with the Local Economic Development Department of the Matjhabeng municipality who have indicated that involvement with infrastructure development at Reatilehile Secondary School is important for them. The Reatilehile Secondary School is situated at 49 Khotso Street, 9431 Meloding, <u>Virginia</u> , Free State, South Africa and has approximately 500 students.									
Objectives	Create soccer fields with movable soccer posts / nets Create netball / basketball court Repair or replace the school siren									
Geographical Location of the Project	District Municipality		Local Municipality		Village Name		Project Start Date		Project End Date	
	Lejweleputswa District Municipality		Matjhabeng Local Municipality		Meloding		1 July 2024		30 June 2026	
Output	Key Performance Area	Key Performance Indicator		Responsible Entity	2021/2022	2022/2023	2024/2024	2024/2025	2025/2026	Budget
	Invest in sport facilities	<ul style="list-style-type: none"><li>Create soccer fields with movable soccer posts / nets</li><li>Create netball / basketball court</li><li>Tetra4 to sponsor the sport team attire, hence investing in the champions of tomorrow</li></ul>		Tetra4				Q3-4	Q1-2	R1,013,705.58



BUDGET								R332,500.00	R881,225.85	R1,013,705.58
No. of Jobs to be Created	Male Adults	Female Adults	Male Youth	Female Youth	Total	Comments				
Short Term	2		2		2					
Medium Term										
Long Term										
Completion Date and Exit Strategy		The project will be completed at the end of June 2025. The school and Department of Education will take over the general maintenance and security of the planned improvements.								

### 3.7 Housing and living conditions of employees at Tetra4

#### 3.7.1 Overview

The production site workers live in their own homes in the surrounding area and no staff members are housed on site. While it is not Tetra4's policy to provide staff housing the company is committed to ensuring that all employees live in their own accommodation of adequate standard to create solid home base. Tetra4's offices moved from the house they rented in Virginia to the Gas Gathering Plant in September 2019.

The company has set out its strategic action plan for housing – see Table 34

**Table 34: Strategic Housing Plan for Tetra4**

Action	Sub Action Steps	Output	Responsible Person/s	Timeframe
<i>Review all staff housing</i>	<ul style="list-style-type: none"> <li>To create a data base of the quality of housing of all employees.</li> </ul>	To establish which employees, require assistance.	Person responsible for SLP Management	June 2020
<i>Create a minimum standard of acceptable housing</i>	<ul style="list-style-type: none"> <li>Resolve extent of assistance staff require</li> </ul>	Schedule of assistance required	Person responsible for SLP Management	June 2020
<i>Create a channel for assisting staff to acquire building materials or purchasing homes</i>	<ul style="list-style-type: none"> <li>Facilitate access to credit facilities / home loans</li> </ul>	Credit / Home Loans granted	Person responsible for SLP Management & Head Office	December 2020

### 3.8 Procurement Progression Plan at Tetra4

#### 3.8.1 Overview

Tetra4 has recognised that to effectively participate in the transformation of the South African economy, it has instituted preferential procurement practices across its entire supplier base. The objective of Tetra4's preferential procurement policy is to maximise opportunities for HDSAs to supply goods and services to Tetra4. This will contribute to the development of sustainable HDSA business enterprises and will contribute to the purchasing and procurement requirements of the MPRDA Act and Mining Charter.

**Table 35: Strategic Procurement Plan for Tetra4**

Action	Sub Action Steps	Output	Responsible Person/s	Timeframe
HDSA preferred supplier status to be given by the company wherever possible in all three (3) categories of procurement	The company to give preference to HDSA suppliers where possible within all three (3) categories of procurement	The company will procure, where possible, through HDSA suppliers.	Procurement	Ongoing
Identify and record the level of procurement from HDSA companies	The company will utilise the procurement management system to capture procurement information within the three (3) categories.	The designed procurement management system	Procurement	Ongoing
Determine potential areas where JV's can be developed between the company and other suppliers/service providers and HDSA companies and develop strategies and targets to ensure JV's are developed	The company to determine potential suppliers/service providers and local HDSA companies through the supplier database and develop targets	HDSA companies will have the opportunity to supply the company in conjunction with the supplier/service provider to ensure the local SMME companies are offered the opportunity to provide their services to the company	Management/ Head Office / Procurement	Ongoing
Determine preferential procurement opportunities in the company	The company to determine categories within essential and non-essential services provision which can be granted to HDSA companies only. The production site to develop strategies and action plans to support this undertaking.	The company's procurement within the identified categories from HDSA suppliers only will ensure a significant percentage of procurement from accredited HDSA suppliers	Procurement	Ongoing
Provide mentoring and capacity building assistance to HDSA suppliers in order to facilitate improvements in their business practices with an aim of facilitating a successful SMME sector operating in conjunction with the company.	The company to identify through procurement from HDSA suppliers the strengths and weaknesses of the HDSA suppliers and provide the necessary mentoring and/or capacity building assistance to ensure sustainability of the HDSA suppliers.	HDSA suppliers will acquire the necessary mentoring and capacity building assistance from the company to ensure the HDSA suppliers will retain their procurement contracts with the production site as well as the development of their business and service provision beyond the company.	Management/ Head Office / Procurement	Ongoing

Table 36 sets out the preferential procurement targets for the procurement areas of services, capital, and consumables for the next five years at Tetra4.

**Table 36: Preferential Procurement Targets at Tetra4**

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Target BEE Procurement %	Source Location
<i>Capital goods</i>	R79,596,000	R 0.00	R 0.00	R 0.00	R 0.00	15	International and local
<i>% of total spend</i>	15	15	15	15	15		
<i>Services</i>	R5,447,000	R5,586,000	R5,901,000	R5,901,000	R5,901,000	91	Local
<i>% of total spend</i>	89.1	91.8	91.8	91.8	91.8		
<i>Consumables</i>	R3,130,000	R331,000	R350,000	R350,000	R350,000	100	Local
<i>% of total spend</i>	100	100	100	100	100		

Form T is attached as Annexure B.

## 4. MANAGEMENT OF DOWNSCALING AND RETRENCHMENT PROGRAMMES

### 4.1 Processes pertaining to management of downscaling and retrenchment

#### 4.1.1 Overview & objectives

An unavoidable outcome of production site closure is the loss of employment opportunities on the production site. Consequently, a key consideration within the SLP is appropriate retrenchment and closure management programmes that are in place during the life of the production site, alongside the Human Resources and Local Economic Development Programmes, as well as at times of closure or downscaling.

The fundamental objectives of the plans for managing downscaling and retrenchment, in line with the ethos of the Department of Labour's 'Social Plan' as well as the Act are:

- to minimise as far as possible, job losses resulting from major restructuring or retrenchment exercises;
- to facilitate, as far as practically possible, access to alternative employment opportunities within the company on other operations or other local businesses where possible;
- to facilitate, as far as practically possible, access to suitable training programmes to enhance access to alternative employment outside the production site or even the production industry;
- to mitigate negative social and economic impacts on local and regional economies and labour-sending areas should retrenchment or closure be required;
- to ensure the relevant processes for effective closure management are in place some four to five years prior to planned production site closure;
- to effectively communicate with key stakeholders when appropriate on the issue of retrenchment management as well as appropriate training and re-skilling programmes with the aim of sensitising the workforce (and the surrounding community) to the changes that will occur.

#### 4.1.2 Future Forum

Tetra4 will manage any requisite negotiations with unions or worker representative organisations about retrenchment packages and agreements, in line with the Labour Relations Act. In addition, a Future Forum has been established at Tetra4 and is included in the monthly meetings as a forum to discuss issues around life of production site and potential downscaling and retrenchment.

The fundamental objective of the Future Forum is to establish communication channels with the workforce and the surrounding communities on retrenchment and downscaling issues. In line with the Department of Labour's guidelines on Future Forum structures, the mandate for the Future Forums will be to:

- identify and analyse issues, problems, challenges, and solutions surrounding job losses and retrenchment management;
- establish and maintain a channel of communication between management, employees and their representatives on issues surrounding retrenchment, redeployment, and appropriate training programmes as well as the broader SLP issues. Furthermore, the communication channel will facilitate knowledge amongst the workforce on the current status of the production site's business plan with particular focus on risks to employment levels in the near future with a view to making the labour force aware of any potential retrenchment programmes as well as the expected life of production site period;
- to develop appropriate and acceptable plans of action for production and employment turnaround strategies as well as the inevitable downscaling period; and
- to facilitate access to various external support structures as required, including the department of Labour, specifically the Social Plan and Productivity Advisory Council and/or the Social Plan's Technical Support Facility within the local region, external consultants and the MQA; and
- to ensure continuous assessment and reporting on the progress of retrenchment management programmes specifically and broad progress against the various SLP objectives.

## **4.2 Mechanisms to save jobs and avoid job losses and a decline in employment**

### **4.2.1 Overview**

Tetra4 abides by the King Code of Good Governance to maintain sound corporate governance and practices. The leadership of the company is bound by the Companies Act to maintain solvency of the company, thereby avoiding job losses.

Despite this, during the life of the production site, downscaling of operations may be inevitable as a result of severe interruptions in production, the completion of certain phases of the production process, the reduction in profitability of the operation as a result of external market forces or changes to the company's business plan. Such events may necessitate a review of the manpower complement and a need to establish mechanisms to avoid, as far as possible, the loss of jobs. To determine creative mechanisms to save jobs and avoid job losses Tetra4 is committed to a process of consultation with relevant stakeholders, including trade unions, worker representative committees and/or affected employees and communities.

In compliance with relevant legislation, on identifying the need to curtail production operations should the profit to revenue ratio of the relevant operation be less than six percent (6%) on average for a continuous period of 12 months or should ten percent (10%) or more of the workforce (or more than 500 employees) have to be retrenched, a comprehensive consultation process with the relevant trade union structures, worker representative committees or affected employees will commence.

#### 4.2.2 Notification to Government Authorities

The Department of Labour and the Department of Minerals and (specifically the Minerals and Mining Development Board in accordance with Section 52(1) (a) of the MPRDA) will be notified of the need for downscaling and retrenchment processes as and when required during the life of the production site and some four to five years prior to the end of the life of the production site. The government authorities will be given notice of the timeframe for the closure process as well as the ongoing consultation and details within the Social Plan as discussed through Future Forum structures. Regular progress reports will subsequently be distributed to the necessary departments. The Board's directive will be complied with to meet the corrective measures as stipulated by the Board.

#### 4.2.3 Strategic plans for providing employment security

Planning for the Social Plan and its associated job loss and retrenchment management programmes will continue during the life of the production site. Every effort will be made to facilitate employment security through a sound, operational production site. The production site's business plan will endeavour to ensure the operation remains viable in the prevailing economic climate and market conditions. In this way, every effort will be made to avoid the need for downscaling and retrenchment.

To avoid job losses, the company will explore several creative solutions. In addition to the above, the company will consider other alternatives including:

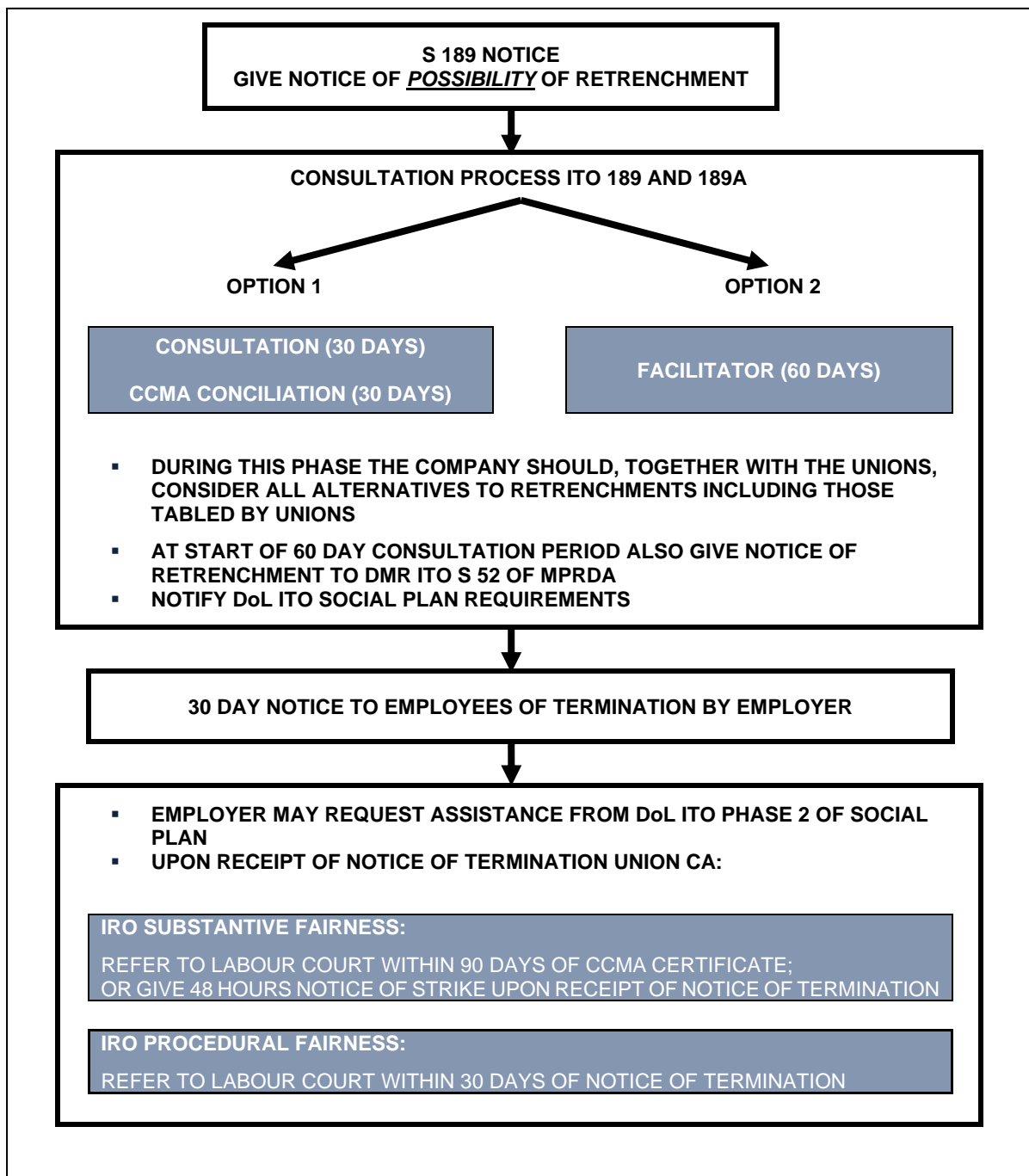
- extended unpaid leave for employees during which time the company will maintain the employees' benefits and service;
- job-sharing where two or more employees share the same job. This would generally work in tandem with the reduction of the number of hours each employee would work in any week;
- reducing overall working hours and/or the number of shifts worked; and
- multi-skilling of employees to allow them to assume other positions within the company and to make them more marketable.
- In addition, the continued focus on developing portable skills within the workforce throughout the life of production site in line with the Manpower Plan and the Skills Development programmes at the production site will facilitate acquisition of a range of skills by employees, portable both within and external to the production industry, which are of value when downscaling and if retrenchment cannot be avoided.

### **4.3 Mechanisms to provide alternative solutions and procedures for creating job security where job losses cannot be avoided**

#### **4.3.1 Overview**

In compliance with Section 52 (1) of the Act, on identifying the need to scale down or cease production operations which will result in the need for retrenchment of the workforce, a comprehensive consultation process with the relevant worker representative committee as well all affected employees will commence in accordance with the provisions of sections 189 and 189a of the Labour Relations Act (LRA) as amended – See Figure 6 below.





<sup>1</sup>LRA: 50 OR MORE PEOPLE TO BE RETRENCHED BY A COMPANY EMPLOYING MORE THAN 500

MPRDA: SCALING DOWN OR CEASING OF PRODUCTION OPERATION WITH POSSIBLE EFFECT OF 10% OR MORE THAN 500 EMPLOYEES, WHICHEVER IS THE LESSER, TO BE RETRENCHED.

**Figure 6: Flowchart: Statutory Requirements iro Large-scale Retrenchments**

#### 4.3.2 Strategic plans for providing alternative employment

The Human Resources Development Programme (as outlined in detail in section 2) will facilitate the workforce's access to accredited training and certified skills which can be utilised, within and outside the production sector (as well as across mineral sectors) following employment at the production site.

It is Tetra4's aim to assist employees to move out of the company with as little stress as possible to those affected. All employees who have been involved in a retrenchment exercise should feel that they have been kept informed openly and continuously, and that the company has been professional and responsible towards them through the exercise. Assistance, in line with the Department of Labour's Social Plan and largely facilitated through the Department's established structures, will be offered by way of:

- personal counselling: on both a macro and micro level involving the needs of both individual employees and groups of employees. This will be extended to those directly affected and may also be given to those left behind;
- redeployment: where feasible, internal redeployment procedures will be explained, and guidance offered for making job applications to demonstrate the company's commitment to the people involved.
- financial issues: employees affected by the retrenchment exercise will be advised on the terms of their retrenchment, pension/provident fund position and financial options, and will receive financial counselling through the company, with particular focus on the preservation of finance according to their family needs. Assistance will also be provided by the employee's claiming of UIF and other state assistance if required;
- employees affected by the retrenchment exercise will be introduced to an outplacement and career transition consultancies as well as Job Advice Centres in the local community or the relevant labour source community;
- financial provision will be made to assist interested employees affected by retrenchment in obtaining skills to enhance their marketability outside of the company;
- the production site will refocus a portion of its Human Resource Development financial undertakings towards up-skilling or retraining for self-employment and/or re-employment of employees who may either face the prospects of retrenchment or not able to be reabsorbed into the employment market;
- those who remain behind: Creative intervention needs to be put in place by the company to deal with those who remain behind after a major retrenchment programme. Such programmes will deal with issues such as doing additional work, retraining, etc.;
- assistance with registering as a jobseeker (with the relevant Department of Labour, employment agency or local mines/operations), job-hunting and job application processes;
- assistance may be offered to employees affected by retrenchment via networking with other local companies to proactively seek suitable employment outside the company.

## **4.4 Mechanisms to ameliorate the social and economic impact on individuals, regions, and economies where retrenchment or closure of the operation is certain**

### **4.4.1 Overview**

Although the Human Resources and Local Economic Development Programmes (chapters 2 and 3) have been planned and will be implemented with the objective of facilitating sustainable social and economic growth in local communities during the life of Tetra4, additional measures for managing the impact of closure on the local community and labour source communities at key points will be necessary.

Detailed planning some four to five years prior to the scheduled production site closure will take place in conjunction with the affected stakeholders and the relevant government departments. The production site cannot provide the ultimate closure or post-closure plan for the operations in terms of the socio-economic impact. The very nature of rural and low-income communities, dependent on the operations for a substantial period necessitates flexible and appropriate closure planning utilising those community structures that exist at the time of closure. The socio-economic circumstances in the area at the time of closure are impossible to predict.

A socio-economic impact analysis (SEIA) will, therefore, be carried out by specialist consultants prior to commencing detailed closure planning and will incorporate interaction with community structures and the Future Forum. A review of original closure plans will also be carried at this stage to refresh knowledge of original motivations, commitments, guidelines, and policies.

### **4.4.2 Communication with stakeholders**

The development of the closure plan will place great emphasis on comprehensive and sensitive consultation with all stakeholders, including local businesses (both reliant on and independent of the production operation). Consultation and communication with stakeholder groups from local source communities, relevant government departments and local business forums will also be carried out. These stakeholders may participate in the established Future Forums or a sub-committee thereof and facilitate discussions on priorities for local economic development within the closure planning framework to ensure community interventions are sustainable during closure periods.

### **4.4.3 Strategic plans for managing the social and economic impact**

The approach to managing the social and economic impact of production site closure and/or retrenchments must, of necessity, be multi-focused. A variety of diverse strategies, as outlined below, are envisaged to assist Tetra4 in managing this as and when required:

#### 4.4.4 Capacity building in local business

Tetra4 will assist local business and retrenched employees who wish to set up their own businesses, through informal, ad hoc mechanisms. Tetra4's corporate social responsibility programme and its mentorship programme will operate in this regard under the following principles:

- through continued involvement, Tetra4 will offer support, guidance, and assistance to local business during the life of the production site and interested employees at times of retrenchment;
- the mentorship role will have a clear purpose and well-defined objectives;
- the climate in which mentorship operates will be supportive and will endeavour to meet the needs of local business and interested retrenched employees;
- the relationship will endeavour to be sustainable;
- the mentorship programmes will attempt to grow and change with the changing needs and priorities of local business and interested retrenched employees;
- measures will be established to sustain the momentum generated at the establishment of the programme; and
- attempts to adopt a spirit of entrepreneurship among local business and interested employees will be fostered.

Tetra4 endeavours, through its involvement with local business and through its retrenchment programme, to provide a mentoring role as and when feasible. This mentoring role will be implemented through:

- an analysis of the needs of the relevant organisations/communities;
- consultation with relevant stakeholders; and
- implementation of programmes and support planned in conjunction with all the relevant stakeholders.

Development support will be ongoing and will focus around a variety of competencies according to needs and through a process of experiential and adult learning whereby existing knowledge, skills and social norms are incorporated and built on. The programmes will be monitored, and improvements made where necessary and success stories celebrated.

#### 4.4.5 Portable skills

Skills Portability will be a key strategy during the life of the production operation. During downscaling exercises, Tetra4 will ensure that skills development for those employees facing retrenchment takes place - this will be in addition to skills development initiatives that take place during the life of the production site. Such skills development will not only focus on production-related skills training but also provide the opportunity to transfer to other industries and promote employability. This will allow a process of building skills that are nationally recognised, building on existing employees skills, closing

development gaps and enable employees to pursue a career path. In addition to this business related will take place where applicable.

Tetra4 will endeavour to ensure that production-related training will, wherever practical, be linked to the NQF. All training to be undertaken at the production site will be evaluated to ensure that it provides skills that are portable within –and, where possible, outside- the industry. Specific attention will be paid to non-production-related training to ensure that these skills will also be provided through accredited trainers. The principles underlying portable skills training are:

- to ensure that employees' existing skills are recognised and, where feasible, further training qualifications are recognised nationally;
- to enable employees to manage their careers by identifying, with their manager, the skills gaps that exist and addressing these by enhancing or supplementing business-aligned training with complementary, portable skills;
- to improve customer satisfaction and then improve profitability by reducing costs and, where possible, increase profitability; and
- to enable employees to remain economically active following retrenchment or production site closure.

**Tetra4, by aligning its skills development programmes during the life of production site with the NQF and unit standards, will ensure that such skills development is recognised nationally and is, therefore, portable. In this way, and by the provision of skills that are non-production specific, employees will be provided with the potential to remain economically active. The costs of portable skills development undertaken during the life of production site has been included in the overall spend on human resource development as shown in**

Table 37 (Section 5.1).

Further, a fund will be made available as part of the Human Resource Development Programme budget to facilitate employees in redundant positions to obtain additional training in a variety of areas (such as SMME, farming or other marketable activities) to enable them to remain economically active in the community. As the exact needs of the individuals at the time of production site closure and/or retrenchment are hard to predict, it is difficult to plan for the exact programmes, content, timeframes, and costing. As part of closure planning Tetra4 will do a needs' assessment to identify SMME opportunities in the area, to guide the company in what type of training should be provided. The exact financial spend in this regard when required will be recorded by Tetra4 and reported to the DMR in the annual SLP Reports.

## 5. FINANCIAL PROVISIONS FOR THE SOCIAL AND LABOUR PLAN

### 5.1 Overview of financial provisions

In terms of Section 23(1) (e) “The Minister must grant a production right if the applicant has provided financially and otherwise for the prescribed social and labour plan.” This chapter will outline the way Tetra4 will provide financially for each component of the SLP during the life of the production site. It should be highlighted that these assumptions are based on the present business status and plans currently being implemented at Tetra4

As the associated market and economic conditions surrounding the operations may change, it may become necessary to update the financial provisions. Where changes in these assumptions are required, they will be reported on in the annual SLP Report. Actual financial expenditure in each of the three areas of the SLP (Human Resource Development, Local Economic Development and closure and retrenchment management) will be reported on in the annual SLP Report for the production site.

Table 37 presents a summary of the financial commitment by the production site to each element of the SLP as from 2021.

**Table 37: Five Year Financial Undertakings in respect of Tetra4’s SLP 2021 - 2026**

	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	Total
<i>AET</i>	R54 000	R30 000	R24 000	R30 000	R6 000	R144 000
<i>Skills Development (including Portable Skills)</i>	R30 000	R75 000	R52 500	R45 000	R52 500	R255 000
<i>Learnerships</i>	R168,000.00	R184,800.00	R283,280,00	R223,608.00	245,968,80	R1,105 356
<i>Bursaries</i>	R55,000.00	R150,000.00	R200,000.00	R200,000.00	R200,000.00	R805 000
<i>Internships</i>	R150,000.00	R165,000.00	R181,500.00	R199,650.00	R219,615	R915 770
<i>Human Resource Development Programmes</i>	R453,219.56	R204,791,52	R309 270,67	R331 797,73	R272,577,51	R1 239 859
<i>Local Economic Development Programmes</i>	R83 397	R200 540	R674 908	R946 976	R1 013 706	R3 058 103*
<i>Closure &amp; Retrenchment Management Programmes</i>	R7 500	R7 500	R7 500	R7 500	R7 500	R37 500

\*Including contingency of R138,466.00

## 5.2 Financial provision for human resource development programmes

While the exact breakdown of the financial provision for the Human Resource Development Programmes as outlined in Chapter 2 may change according to company needs and the evolving business plan during the life of the operation, the current plan commits in excess of 1% of the current salary and wage bill per annum to HRD programmes. Should the staff complement increase with a commensurate increase in the salary and wage bill, Tetra4 commits to ensuring that a minimum of 5% of the total salary and wage bill per annum is committed for the HRD programmes at Tetra4.

## 5.3 Financial provision for local economic development programmes

In order to meet the scope of the Local Economic Development Programme as outlined in Chapter 3, Tetra4 will commit a minimum of 1% of its annual net after-tax profit to meet the costs of community development. Given that Tetra4 will only reach breakeven by approximately 2023, the company will, until then, commit a reasonable amount to ensure a meaningful contribution towards such community development, both in terms of size and impact. This financial provision will meet the costs of the company's participation in and implementation of various projects identified through the IDP process as well as the housing programme and the procurement progression plan.

## 5.4 Financial provision for the management of downscaling and retrenchment programmes

Two (2) to three (3) years prior to the planned closure at end of life of operation as stipulated in the approved production rights, the company will enter into consultations with all the recognised unions and affected employees to implement the mechanisms and processes as outlined in section 4.5 above.

This process will specifically include:

- A down-scaling strategic plan and alternatives to avoid job losses and a decline in employment
- Skills audit to determine skills within the workforce which may be most vulnerable or difficult to be reabsorbed into the employment market and employees who may require up-skilling or retraining for self-employment and re-employment

In anticipation of the latter the company commits to refocus a portion of its Human Resource Development financial undertakings, (i.e. 5% of the total wage bill [payroll] allocated to training as per above table 5.1) towards up-skilling or retraining for self-employment and/or re-employment of employees who may either face the prospects of retrenchment or not able to be reabsorbed into the employment market.

Should the need be determined for obtaining the specific skills development pertinent to the need of such employees, the budgeted financial undertakings under the Human Resource Development Programme will be paid directly to an agreed upon Service Provider identified to execute such training. The amount shall not exceed the budgeted amount per employee based upon the stipulated percentage of the payroll.

Any additional negotiations with regards to retrenchment packages will be carried out at the time of retrenchment and in line with the current legislation and best practice.



## 6. STATEMENT OF UNDERTAKING

### 6.1 Statement of Undertaking

I, \_\_\_\_\_ the undersigned and duly authorised  
thereto by \_\_\_\_\_ (Company) undertake to adhere  
to the information, requirements, commitments and conditions as set out in this social and labour plan.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature of responsible person \_\_\_\_\_

Designation \_\_\_\_\_

Contact details \_\_\_\_\_

#### **Approved**

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2020

Signature \_\_\_\_\_

Contact details \_\_\_\_\_

## **APPENDIX A – LETTER FROM MATJHABENG LOCAL MUNICIPALITY**

## APPENDIX B – FORM T