

# Sustainability report



One of Hulamín's beneficiaries, Ekukhanyeni School for mentally impaired children, is located in Imbali township near Pietermaritzburg

### MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

At Hulamín we remain committed to our core purpose of being accountable to our stakeholders for the impact we have on our community, environment and industry.

Despite operating in a tough business environment in 2010, Hulamín continued to improve its performance in the broader areas of sustainability. For the first time, in line with the requirements of South Africa's King Code of Governance Principles (King III), Hulamín has engaged in a sustainability assurance programme. We continue using Global Reporting Initiative (GRI) G3 guidelines, supported by Hulamín's internal guidelines to standardise our reporting process and to afford stakeholders the opportunity to compare Hulamín with other organisations.

The aim of our sustainability report is to provide those Hulamín stakeholders a more in-depth level of detail about our sustainability performance. For this reporting period, selected KPIs were identified and subjected to external independent limited assurance. This same report is communicated to employees through various internal communication channels.  
22 page • Annual Report 2010

We recognise that growing our business is ultimately dependent on attracting and retaining the best and most skilled employees, those who are proud of Hulamín's performance in all spheres of activity. This growth is also achieved by maintaining positive relationships with other principal stakeholders; including funders, shareholders, suppliers and customers, and the communities we operate in. We are committed to continue conducting our business in an informed, responsive and socially responsible manner.

Economic development, climate change, energy and water scarcity are challenges that are becoming important and have a bearing on our business activities. We do, however, recognise that we are part of a collective society in responding to these challenges.

I am particularly proud of the work of my colleagues who have contributed to this report and would like to acknowledge these efforts in reporting the positive contributions to society by the entire Hulamín team.

### REPORT PROFILE

This report is an overview of Hulamín's sustainability performance during the 2010 financial year, with references to, and comparison with, data from previous years where appropriate.

The foundation for Hulamín's strategic agenda and vision of being a recognised global enterprise is based on the principle that organisation health and growth cannot be separated and consequently, sustainability must underpin all our actions.

We have been conscious of making positive socio-economic contributions in the region where we operate, by stimulating job creation, contributing

to skills development, investing in the community, and promoting broad-based black economic empowerment (BBBEE). We have also actively pursued a culture of safety in the workplace. As a responsible corporate citizen we have sought to reduce our environmental footprint, especially in reducing our greenhouse gas emission and water usage impacts.

This report does not cover the entire list of GRI G3 indicators; rather it follows the format of the 2009 report with the added dimension of limited assurance on selected KPIs.

Where available, targets are covered in this report. Where targets are absent, notably in the Environmental section, this is due to the complexity in understanding what is possible in our unique circumstances. In these cases, the philosophy of continuous improvement is adopted until such time as targets have been set.

## STAKEHOLDER ENGAGEMENT

We interact with our stakeholders on a regular basis. Our most important stakeholder group remains our employees with whom we conduct structured and regular communication.

Our key stakeholder categories are as follows:

### Employees

Employees are the foundation upon which all our activities depend. Effective communication with employees is essential to the ongoing functioning of the business. We use many different channels to communicate with employees, including:

1. Weekly shopfloor walkabouts by all members of the Executive Committee;
2. Regular letters from the Chief Executive Officer;
3. Internal newsletters;
4. Communication boards;
5. Employee relations meetings;
6. Shop-floor briefings; and
7. Interim and full-year financial performance updates.

We continuously seek ways for further engagement with our employees.

### Government

We continually work to establish and maintain constructive relations with government through a range of agencies at national, provincial and local levels. We constantly seek to integrate and align with government policy and growth objectives in our growth planning.

### Investors

Our funders and the broader investment community are constantly updated of our financial results and other topical issues through regular presentations and discussions with bankers, investment analysts, fund managers and journalists. The broader investment public receives information about Hulamín in key daily newspapers, radio and television.

### Suppliers and customers

We work closely with our contractors, service providers and our customers to understand and address their concerns and requirements on material issues.

### Other stakeholders

We continue to engage cooperatively with our peers through industry associations, which also provide a conduit for communication with government.

### Local communities and non-governmental organisations

We engage with the communities where we operate to better understand their concerns and interests, giving us an opportunity to participate appropriately. We contribute widely in corporate social investment activities within the immediate communities.

### The media

We remain engaged with the media in sharing information that seeks to promote Hulamín, its activities and products.

### Scope and boundaries

Apart from sales offices in Europe and North America, Hulamín is located entirely in South Africa. All reporting takes place within the South African regulatory and socio-economic context, with consideration for international standards.

### Participating in sustainability indices

In 2010, Hulamín was admitted into the Socially Responsible Index (SRI) by the Johannesburg Securities Exchange (JSE) for notable corporate governance, and environmental and social responsibility practices. The JSE's SRI encourages companies to embrace the triple bottom line (social, economic and environmental performance) as a method of doing business, while balancing this with the need to demonstrate a return for the shareholders. We are proud to be only one of five small cap companies to be inducted in 2010.

## STATEMENT OF VERIFICATION

All content and qualitative data included in this report has been reviewed and approved by Hulamín senior management. KPMG has provided limited assurance over selected KPIs. Particular emphasis has been placed on ensuring that the report reflects a complete and fair picture of sustainability issues impacting the company.

# Sustainability report

continued

## INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

### To the directors of Hulamin Limited

We have undertaken an assurance engagement on selected sustainability information, as described below and presented in the Sustainability Report included in the 2010 Annual Report of Hulamin Limited (Hulamin) for the year ended 31 December 2010 (the Report).

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

### Selected sustainability information and level of assurance

We are required to provide limited assurance on the indicators below:

- **Employment equity indicators** (expressed as the total number of people for each category) – black representation at senior management; black representation at middle management; black representation at skilled and supervisory level; women at senior management; women at middle management; women at skilled and supervisory level; people with disabilities (page 37).
- **Social performance indicators** (expressed in Rand) – socio-economic development (SED) (CSI component) spend (page 30); total BBBEE spend (page 29); total skills development spend for disabled and black employees (page 41); total enterprise development spend (page 27).
- **Environmental indicators** – direct energy consumption (page 32); indirect energy consumption (page 32); carbon footprint (page 33); total water consumption (page 35); total weight of waste disposed (by category) or recycled (page 34); number of environmental incidents (page 32).
- **Health and safety indicators** – HIV/AIDS spend (expressed in Rand) (page 39); noise induced hearing loss (NIHL) cases for year (page 43); employee and contractor lost time injury frequency rate (LTIFR) (page 42).

### Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, and for such internal control as the directors determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The directors are also responsible for the selection and application of the criteria, which are the Global Reporting Initiative (GRI) G3 Guidelines, to the selected sustainability information.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on our work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected information is free from material misstatement.

Our procedures and the extent of our procedures depend on our judgement, including the risks of material misstatement of the selected sustainability information. In making our risk assessments, we considered internal control relevant to Hulamín's preparation of the Report. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### **Summary of work performed**

Our work included the following evidence gathering procedures:

- Interviewing management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Testing the controls which generate, collate, aggregate and monitor the selected sustainability information;
- Inspecting supporting documentation and performing analytical procedures; and
- Evaluating whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Hulamín.

### **Conclusion**

Based on our work performed, nothing has come to our attention that causes us to believe that the selected sustainability information set out above, for the year ended 31 December 2010, is not fairly stated in all material respects in accordance with the Global Reporting Initiative (GRI) G3 Guidelines.

### **Limitation of liability**

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of Hulamín in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Hulamín, for our work, for this Report, or for the conclusion we have reached.

KPMG Services (Pty) Limited



Per **PD Naidoo**

Director

Johannesburg

16 March 2011

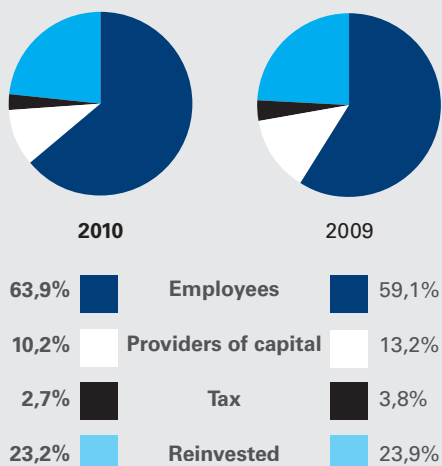
# Sustainability report

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### ECONOMIC VALUE

#### Value added analysis

##### Distribution of value added



#### Value added analysis

R'000	2010	2009
Turnover	5 808 667	4 499 582
Bought-in materials and services	4 665 636	3 422 944
<b>Value added by operations</b>	<b>1 143 031</b>	<b>1 076 638</b>
Applied as follows:		
<b>To pay employees</b>		
Salaries, wages and benefits	729 997	636 140
<b>To pay providers of capital</b>	<b>116 923</b>	<b>142 350</b>
Interest on borrowings	116 923	113 813
Dividends to ordinary shareholders	–	28 537
Taxation	30 716	40 911
<b>Re-invested in business</b>	<b>265 395</b>	<b>257 237</b>
Depreciation	192 899	197 733
Retained earnings	72 496	59 504
	<b>1 143 031</b>	<b>1 076 638</b>

The minimum wage rate is R29,76 per hour.

### SOCIAL RESPONSIBILITY

#### Enterprise development

##### Philosophy and why it is important

The goal of Enterprise Development (ED) at Hulamin is to facilitate the development of sustainable black-owned businesses as preferred suppliers. Hulamin is committed to this process by providing business opportunities to new enterprises and support for small, medium and micro enterprises (SMMEs) through the provision of professional, financial and logistical support as well as various start-up support services.

Successful implementation of ED ensures participation of SMMEs in Hulamin's supply, which results in positive cost benefits to the business while facilitating skills development and job creation.

##### Responsibilities

The Black Economic Empowerment (BEE) Review Committee coordinates activities of enterprise development, as well as procurement activities, and reports to the Transformation Committee, which is a sub-committee of the board. An independent accredited verification agency verifies records of enterprise development activities.

##### Approach

Enterprise development strategies and activities are mandated by the BEE Review Committee at quarterly reviews, where feedback is provided on ED performance against targets, resources are allocated and fresh mandates are provided. Hulamin has also developed a partnership with the Pietermaritzburg-based Business Support Centre (BSC), a non-governmental organisation which is well equipped to facilitate ED, providing a far broader impact than Hulamin can achieve on its own. Hulamin supported the BSC to the extent of R300 000 in 2010 alone, and a cumulative total of almost R900 000 since 2006.

##### Targets and performance

###### Targets for 2010:

- Establish five black business enterprises to provide Hulamin with goods and services; and
- Provide business support to existing Hulamin contractors to maintain or increase business with Hulamin.

###### Four enterprises were established during 2010, being:

- Hulacore – engineering;
- Progress Engineering – engineering;
- Mapholoba Metal Works – industrial ducting services; and
- Winter Knight – forklifts.

### Successful enterprise development projects facilitated by Hulamin in 2010

- Hulamin facilitated the establishment of a new business entity called Hulacore that cuts Hulamin's aluminium and steel cores. Hulacore cuts all cores previously performed internally, which results in turnover in the region of R0,3 million per year. Two entrepreneurs are running this specialised business. This operation will result in an additional three to four permanent jobs. Due to the critical nature of the service that Hulacore is providing, their premises are in close proximity to Hulamin.
- Progress Engineering participates in a business opportunity to repair and refurbish Hulamin's damaged scrap bins, used to store and transport aluminium scrap. This work was previously carried out by larger established businesses. Progress Engineering's involvement in this business resulted in a turnover in excess of R0,5 million and the creation of an additional three to four jobs.
- Hulamin Containers enlisted Mapholoba Metal Works to provide various engineering services, specifically ducting services. Mapholoba Metal Works has since employed three additional staff members and has a turnover of more than R0,2 million a year. Mapholoba Metal Works received operational support and ongoing mentorship from the BSC.
- Winter Knight is a family business providing, amongst others, forklift services to Hulamin. Hulamin afforded Winter Knight an opportunity to supply the services of one forklift – with the potential to grow as opportunities arise.



Eric Sibiyi and Zaba Ngcobo, owner of Hulacore

Hulamin continued to mentor 22 SMMEs, who were its suppliers in 2010. Turnover of these SMMEs rose collectively to R30 million compared to R28 million in 2009, and together they employ over 300 permanent employees.

Enterprise Development expenditure for 2010 was R505 000<sup>LA</sup>, equating to 1% of profit after tax.

### Business Support Centre's 2010 achievements

Hulamin has contracted with the BSC to embark on providing skills to develop aluminium fabricators. This is a specialty training programme targeting aspirant entrepreneurs who wish to acquire skills that will enable them to set up their own businesses of installing aluminium doors, windows, balustrades, and shop fronts. These entrepreneurs are already working with aluminium material but have no recognised accreditations or qualification. They are assisted with a prior learning programme which requires a trade test upon completion. Fifteen candidates started the programme in September 2010 and will complete the course in June 2011. The programme is conducted by Training Force, based in Pietermaritzburg.

Hulamin has played a key role in the establishment of the BSC which has contributed enormously to the development of entrepreneurs as well as job creation in the region. Since its inception in 1997, the BSC has provided training to more than 11 400 entrepreneurs in various business skills. Currently the BSC registers approximately 200 new businesses per annum, as well as establishing and mentoring these new enterprises to ensure long-term sustainability. In 2010, the BSC coordinated in excess of 30 BBBEE Verification Certificates for SMMEs.

Since 2005 the BSC has been instrumental in creating more than 1 890 jobs. The total spend on enterprise development for the year under review amounted to R1 million.



Paul Ngcobo, owner of Progress Engineering

*LA Limited assurance provided by independent assurance provider (refer page 24).*

# Sustainability report

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### Preferential procurement

#### Philosophy and why it is important

Hulamin promotes the economic empowerment of black South Africans and encourages business relationships with companies which actively pursue sound employment equity and black economic empowerment programmes.

Hulamin's future and the future growth of South Africa are dependent on growing the economic involvement in main stream business, on a sustainable basis, of all previously disadvantaged groups. At Hulamin, these objectives are achieved through the preferential procurement programme.

#### Responsibilities

The Procurement Review Committee, chaired by a member of the Executive Committee, oversees the company's progress in preferential procurement.

The committee is responsible for strategy and planning, approving suitable supply opportunities, reviewing results and supplier performance, and approving additional suppliers and any preferential terms.

The committee meets on a quarterly basis to review progress and achievements related to preferential procurement and enterprise development opportunities. It plans to increase BBBEE spend and enterprise development, and to discuss and resolve issues or obstacles related to achieving Hulamin's BBBEE targets.

#### Approach

Hulamin promotes the development of black-owned businesses and in particular wholly African-owned entities as preferred suppliers. Expenditure with these businesses is tracked over time, from which targets are set and performance is managed.

To achieve its preferential procurement objectives, Hulamin ensures that:

- Black businesses are sought as suppliers of choice;
- Hulamin subsequently works closely with these suppliers to assist them in achieving their goals;
- Non-BBBEE suppliers are encouraged to improve their own BBBEE ratings with the objective of becoming BBBEE suppliers to Hulamin; and
- All suppliers are also encouraged to seek opportunities to create partnerships or other interactions, in order to effect a skills and knowledge transfer to BBBEE enterprises.

In addition to its objective of developing black business in general, Hulamin actively seeks African entrepreneurs who have the potential to grow into successful suppliers.

All contracts with preferred suppliers, including African SMEs (small and medium enterprises), are concluded on regular commercial terms, ensuring that all suppliers meet Hulamin's requirement for the best value package, comprising price, quality, service, delivery performance, Safety, Health and Environment, and payment terms.

In order to achieve the objective of developing African SMEs, Hulamin commits to the following:

- In assessing competing suppliers, Hulamin gives preference to African SMEs which present a value package that is equivalent to non-African SMEs. This applies particularly to African SMEs from communities within which Hulamin operates;
- Hulamin actively seeks out African SMEs and encourages them to become suppliers to Hulamin. This is achieved through a database of potential suppliers, as well as working through organisations such as the Business Support Centre;
- Hulamin seeks to work closely with African SME suppliers who would benefit from exposure to Hulamin's technical and management skills, with the goal of encouraging skills transfer and a more competitive supplier base; and
- Hulamin encourages the formation of willing partnerships between African entrepreneurs and established suppliers, where such partnerships permit the transfer of business skills, knowledge and experience, thereby empowering the African entrepreneurs, and over time enabling them to take over the business or to establish their own competitive businesses.

Hulamin's objective of developing African SMEs is pursued through the involvement of all Hulamin's employees. The procurement department consults broadly in all areas in identifying and structuring supply opportunities that will suit African SMEs and in the further development of these suppliers.

Consultation takes many forms: from employees identifying and communicating opportunities they see, to management arriving at a decision to outsource a non-core function, or to close down an internal function and source from a third party. Examples over the past years include the outsourcing of the printing department, the box making department, the canteen, and contractual agreements with ex-employees now rendering cleaning services to the company.

## 2010 Results/achievements

Due to the nature of its business, Hulamin sources over fifty percent, by value, of its purchases in the form of aluminium metal from the local aluminium smelter, BHP Billiton. This amounted to R3,5 billion over the past 12-month period. In 2010, BHP Billiton moved up to become a level 7 supplier (from level 8 in 2009), allowing 50% of the invoice amount to now be classified as BBBEE expenditure.

This change in BBBEE rating of BHP Billiton has had a significant impact on Hulamin's overall BBBEE spend value and effectively doubles Hulamin's total expenditure with BBBEE enterprises. Now BHP Billiton single-handedly accounts for approximately 64% of Hulamin's total BBBEE spend.

In 2010, Hulamin spent R3,012 billion in total with BBBEE enterprises. Of this total, R129,7 million was spent with Qualifying Small Enterprises (QSEs) and Emerging Micro Enterprises (EMEs), R224,5 million on black enterprises (greater than 50% black-owned), and R22,2 million with black woman-owned businesses (greater than 30% black woman-owned).

BBBEE expenditure now represents 55% of total expenditure for 2010 (after exclusions such as imported goods and services) and shows a significant increase on the 26% in 2009, 18% in 2007 and 22% in 2008.

Hulamin met and slightly exceeded the targeted spend of R32 million with wholly African-owned entities for 2010, showing a final spend of R32,7 million.

Summary of Hulamin BBBEE expenditure in 2010:

Total spend	All BBBEE spend	QSE/EME spend	Black (>50%) spend	Black women spend	
5 472 608 128	3 012 593 737 <sup>LA</sup>	129 737 588	224 460 904	22 170 721	
					<b>Total</b>
Percentage of total	55,05	2,37	4,10	0,41	
Possible points	12,00	3,00	3,00	2,00	20,00
Potential score	12,00	0,71	0,91	0,14	13,76

## Corporate social investment

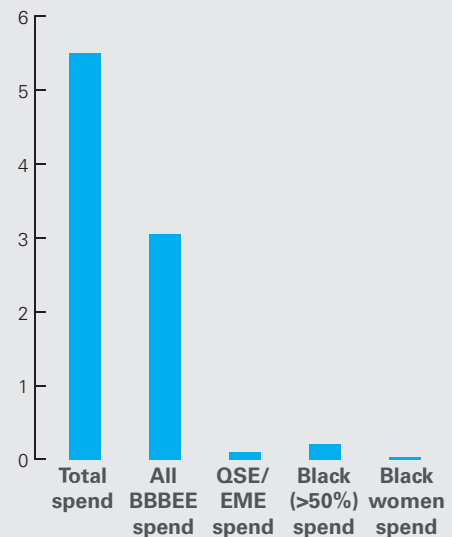
### Philosophy and why it is important

Hulamin is committed to improving the quality of life of the people in the regions within which it operates, with particular focus on historically disadvantaged communities. HulamIn continues to direct its efforts primarily towards education, health, development of community skills, welfare, environment, and crime prevention.

Hulamin regards itself as part of the community within which it operates and therefore believes that it is imperative to make a difference by adding value to the development of these communities.

### Analysis of 2010 BBBEE expenditure

(R billion)

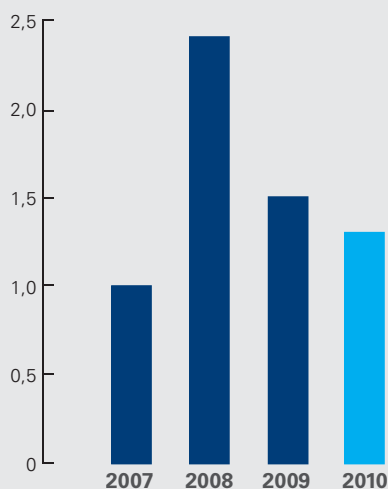


LA Limited assurance provided by independent assurance provider (refer page 24).

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**Comparison of CSI expenditure**  
(R million)



### Responsibilities

The Chief Executive Officer is ultimately responsible for corporate social investment (CSI) but this responsibility is delegated to the Human Resources (HR) executive for execution.

As one of the elements of the BBBEE scorecard, CSI is verified by an independent and accredited verification agency. The latest verification exercise was concluded for the period up to 31 December 2010.

### Approach

The Hulamín board, the local community and the community-based organisations and employees are the stakeholders who contribute to defining the CSI strategy.

Hulamín consults with all potential beneficiaries in order to evaluate their needs and the impact to the community. An evaluation is also undertaken to test if the requests are aligned to business priorities and fall within the Hulamín CSI strategy.

### Targets and performance against targets

The target for CSI expenditure in 2010 was 1% of profit after tax (PAT).

Total CSI expenditure for 2010 was R1,3 million<sup>LA</sup>, which spend represents approximately 2% of PAT.

### Key CSI projects undertaken in 2010

In 2010, Hulamín contributed R1,3 million towards CSI projects, which included many beneficiaries such as health care-based organisations, crime-fighting initiatives, and child and family welfare initiatives.

Donations have been made to Edendale and Greys Hospitals, Pietermaritzburg and District Community Chest, Business Fighting Crime, Safe City, PROTEC, Ekukhanyeni Special School, and iThemba Projects, amongst others.

The company has supported the Pietermaritzburg and District Community Chest for many years and in 2010 earned the title of top corporate donor for the third successive year.

Funds raised by the Chest benefit numerous local registered welfare organisations in the Pietermaritzburg region ranging from Child and Family Welfare, care of the homeless and the disabled, poverty alleviation, care of those suffering from HIV/AIDS, education of learners with special needs, crime prevention, and prevention of substance abuse.

PROTEC (Programme for Technological Careers) Pietermaritzburg Academy provides quality Maths and Science enrichment education to children from disadvantaged backgrounds in grades 9 to 12. English tuition and career guidance and lifeskills training are also provided. These programmes are held on Saturdays as well as through the vacation school tuition arrangement. Hulamín has contributed towards these education programmes since the inception of PROTEC in 1989. Over the years, the company has also awarded tertiary study bursaries to post-PROTEC students, some of whom are now employed by Hulamín.



Little Lindo Ndllela from St Raphaels Crèche in Sweetwaters, near Pietermaritzburg. The crèche is supported by Hulamín through iThemba Projects

<sup>LA</sup> Limited assurance provided by independent assurance provider (refer page 24).

Ekukhanyeni Special School, a boarding school facility situated in Imbali Stage I, provides education and support to severely intellectually impaired learners and other children with multiple disabilities. The majority of learners are from underprivileged homes, many are either orphans or abandoned children.

iThemba Projects operates within the Mpumzu (Sweetwaters) area, on the outskirts of Pietermaritzburg, where a lack of investment in basic infrastructure has resulted in poverty, lack of education, and the absence of facilities and services. Children form a large percentage of the population in the area and iThemba's purpose is to create an enabling environment for these children through education and training, with a specific focus on Early Childhood Development.

## ENVIRONMENT

Hulamin strives to minimise its impact on the environment based on a philosophy of continuous improvement and requiring every employee to be responsible and accountable for the safekeeping of our natural resources.

A healthy environment, continued access to limited natural resources such as water, and containing the demand placed on the related infrastructure are important concerns for the long-term functioning of a manufacturing business such as Hulamin. For this reason, Hulamin promotes the principle of re-use and reduce, which encourages the sustainable use of natural resources, the recycling of materials, and the reduction of waste in order to minimise the impact on the environment.

Hulamin continues with its approach of carbon footprinting, consumption reduction and emission prevention.

### Responsibilities

The Executive Committee team is actively involved in the identification of environmental impacts and setting of targets and objectives for the significant impacts of land, water, air, and energy. These objectives are discussed by the Hulamin Safety, Health and Environment Committee, which is an Executive Committee (EXCO), and communicated via the Safety, Health and Environmental (SHE) GAP review meetings.

Further, Hulamin encourages all employees to be environmental custodians. Departmental environmental representatives have recently been nominated. Their role is to identify spillages and waste separation non-conformances.

### Approach

Hulamin has focused on climate change in 2010 and commenced developing a carbon footprint database. To complement carbon footprint measurements, the business will focus on waste and water footprints in the near future.

### Edendale Hospital's Department of Surgery – computers donated:

Three new computers, including all requisite software, were donated to Edendale Hospital's Department of Surgery for daily use in student teaching sessions and for data collection for research purposes. This Information Technology (IT) equipment will also provide links to the Internet for vital online research, and will also be used to streamline the acquisition of online laboratory results, which will ultimately obviate the current system of obtaining results via a paper-based system.

### DUCT

Hulamin has been associated with the Duzi uMngeni Conservation Trust (DUCT) River Cleanup Day since its inception five years ago. The river cleanup project has grown in stature and has become a community involvement project with Hulamin as one of its sponsors. The Pietermaritzburg campaign is spread over the city with the emphasis on the areas of Sobantu, Imbali and Edendale, where masses of waste is disposed of into the Kwapata and Slangspruit tributaries of the Msunduzi River. Hulamin employees, local school children and many other volunteers become involved in removing dumped rubbish from these waterways.

### Swift half-marathon

The Hulamin Athletics Club, in partnership with the Rotary Club, hosted a successful Swift half-marathon road running event in the Edendale area during October. The route followed by the race takes participants through the local community in which Hulamin operates and is an opportunity for the business and the local community to interact and strengthen relations.

This year's event was sponsored by Hulamin and KFC, and was co-managed by the local Rotary Club and Hulamin Athletics Club.

This year's charity donation went to Thandanani Children's Foundation, a local non-governmental organisation that facilitates community-based care and support for orphans and other vulnerable children.

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The business has addressed the new legislative requirements as covered in the Waste Management Act, 2008 and the air quality emission standards for listed activities, 2010. These activities include air quality, waste management, and the environmental impact assessment process.

The ISO 14001 environmental management system forms the framework for managing environmental issues. Open and constructive interaction with employees, local communities, regulatory agencies, business organisations, and other affected and interested parties is promoted and maintained.

Targets have not been set due to the need for improvement measurements on which to base these targets. Limited improvements and upgrades have been made to the monitoring of key indicators during 2010 and further improvements are planned for 2011.

### 2010 Results/achievements

There were no fines or sanctions issued in 2010. However, 18<sup>LA</sup> spills were recorded in the reporting period.

Hulamin spent R3,5 million at the Edendale site and R1,3 million at the Camps Drift site on managing effluent.

### Environmental training

A new system including environmental representatives, who conduct formal monthly inspections and submit these to the SHE meeting, was introduced at departmental level. These representatives have undergone training on a formal one-day course on basic environmental awareness and spills training.

The process has added value in terms of the identification of spills and compliance to waste separation.

### Energy consumption

The total direct energy consumption (LPG, low sulphur oil, diesel and petrol) for 2010 was: 1 658 371 GJ<sup>LA</sup>.

The total indirect energy consumption (electricity) for 2010 was 1 045 340 GJ<sup>LA</sup>.

*LA Limited assurance provided by independent assurance provider (refer page 24).*

### Energy saved due to efficiency and conservation efforts

Numerous electricity consumption projects were undertaken including work on cooling tower fans at the Campsdrift Hotline, the S6 cold rolling mill and the foil mill. Lighting was improved by installing energy efficient bulbs. All the reciprocating compressors were replaced with the more efficient screw type compressors. This work resulted in a significant saving of 6 069 152 kWh (21 849 GJ).

### Electricity consumption – comparative savings: 2008 – 2010

2010	6 069 152,00 kWh	29,8 kWh/MT sold
2009	5 368 879,80 kWh	35,9 kWh/MT sold
2008	5 596 682,84 kWh	30,2 kWh/MT sold

Additional energy savings projects included a focus on support of the internal oil recovery systems (to reduce rolling oil and hydraulic oils consumption) and resulted in a saving of 31 939 GJ. The optimisation of the recuperator operation at the CD remelt facility (LPG) resulted in a saving of 16 900 GJ against "business as usual".

### Energy savings between 2009 and 2010

Electricity	21 849 GJ	107,3 MJ/MT sold
Rolling and hydraulic oils	31 939 GJ	156,9 MJ/MT sold
LPG	16 900 GJ	83,0 MJ/MT sold
<b>Total</b>	<b>70 688 GJ</b>	<b>347,2 MJ/MT sold</b>

(Note that the data indicates savings against 203 582 metric tons (MT) of aluminium sold.)

### Air quality

A baseline assessment as per the new legislative requirements in terms of listed activities was conducted, the results of which are pending at the time of publication.

### Greenhouse gas emissions

#### Carbon footprint

A carbon footprint is "the total set of greenhouse gas (GHG) emissions caused by an organisation, event or product." Hulamin recognised the need to assess its carbon footprint in 2007 and started to build up annual data regarding greenhouse gas emissions for assessment of the Hulamin carbon footprint. This was soon followed by reporting the GHG emission data to the Carbon Disclosure Project (CDP). Hulamin considers measuring the carbon footprint as a means of monitoring continuous improvement within the organisation, both from an environmental and a business perspective.

The Hulamin Environmental Manager is responsible for recording the Hulamin carbon footprint. Since the scope of the carbon footprint has grown significantly, an internally appointed environmental specialist has been identified to further support this function.

Progress in developing the Hulamin carbon footprint in 2010 has included demarcating the Hulamin main site in Pietermaritzburg into energy accountable centres to enable specific areas to monitor their contribution to the carbon footprint. Hulamin has further included emission sources not previously monitored, such as emissions from company fleet vehicles and those from product use. Other Hulamin manufacturing sites (four) have started monitoring their carbon footprint this year and should be in a position to report their carbon footprint contribution to Hulamin in 2011.

The carbon footprint database is to be expanded in 2011 to cover the waste and water footprint of the business. In addition, the database will be in a position to inform reporting on significant environmental impacts of transporting products and other goods and materials used for the organisation's operations during the course of the year.

Hulamin has developed an internal monitoring system that records and reports emissions at an energy accountable centre level within the main manufacturing facility on a monthly basis. The information is used for monitoring performance and to respond to fluctuations in emissions.

Emissions as per the 2010 Eskom emission factor 1,03 kg CO<sub>2</sub>/kWh for electricity sold:

Scope 1	Scope 2	Scope 3	CO <sub>2</sub> e total in MT	CO <sub>2</sub> e intensity
107 913 MT CO <sub>2</sub> e	299 084 MT CO <sub>2</sub> e	7 875 MT CO <sub>2</sub> e	414 872 MT CO <sub>2</sub> e* <sup>LA</sup>	2,04

\* Total direct and indirect emissions.

For export customers that require emissions to be reported as per the GHG Protocol 2007 default emission factor for electricity purchase in South Africa (0,869 kg CO<sub>2</sub>/kWh):

Scope 1	Scope 2	Scope 3	CO <sub>2</sub> e total in MT	CO <sub>2</sub> e intensity
107 913 MT CO <sub>2</sub> e	252 334 MT CO <sub>2</sub> e	7 875 MT CO <sub>2</sub> e	368 121 MT CO <sub>2</sub> e*	1,77

\* Total direct and indirect emissions.

Key:

Scope 1 (GHG Protocol) is based on direct emissions from fuels.

Scope 2 (GHG Protocol) is based on electrical consumption.

Scope 3 (GHG Protocol) is based on lubricant consumption.

Note: Hulamin does not measure NO<sub>x</sub> and SO<sub>x</sub> by type and weight.

#### Greenhouse gas emission reduction initiatives

A strategy to minimise the use of fuel and electricity is in place. No specific targets have been set for reducing emissions. Rather, Hulamin approaches minimisation of consumption levels as an ongoing process of continual improvement. Numerous projects as outlined in the section entitled "Energy saved due to efficiency and conservation efforts" on the previous page resulted in a reduction of emissions.

Emissions reduced following project interventions:

Electricity	5 274 MT CO <sub>2</sub> e	25,9 kgCO <sub>2</sub> e/MT sold
Rolling and hydraulic oils	2 349 MT CO <sub>2</sub> e	11,5 kgCO <sub>2</sub> e/MT sold
LPG	1 067 MT CO <sub>2</sub> e	5,2 kgCO <sub>2</sub> e/MT sold
<b>Total</b>	<b>8 690 MT CO<sub>2</sub>e</b>	<b>42,6 kgCO<sub>2</sub>e/MT sold</b>

LA Limited assurance provided by independent assurance provider (refer page 24).



Sabelo Ngcobo, bursary student

#### Bursary student: Sabelo Ngcobo

"While in Grade 12, I was fortunate to become a member of PROTEC Pietermaritzburg, a programme for technological careers sponsored by Hulamin. Hulamin was looking for students who were interested in pursuing a career in metallurgical or industrial engineering in order to sponsor their tertiary studies. I applied and was successful. In 2010 I completed my first-year studies in Metallurgy at the University of Pretoria with four distinctions.

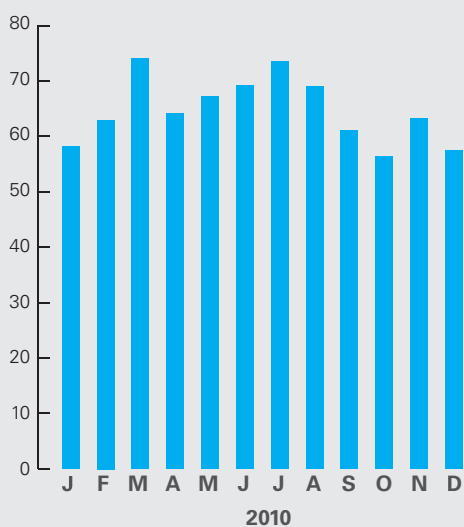
As a result of wanting to become an engineer, I chose to study Maths and Science at school. I only got to know about metallurgy whilst doing Grade 12 and was naturally and completely drawn to it. I am thoroughly enjoying my current studies and can hardly wait to do modules like Materials Science in 2011. Although most students do not like this module, I am smitten by it."

Sabelo is from Mafakatini, a rural area outside Pietermaritzburg.

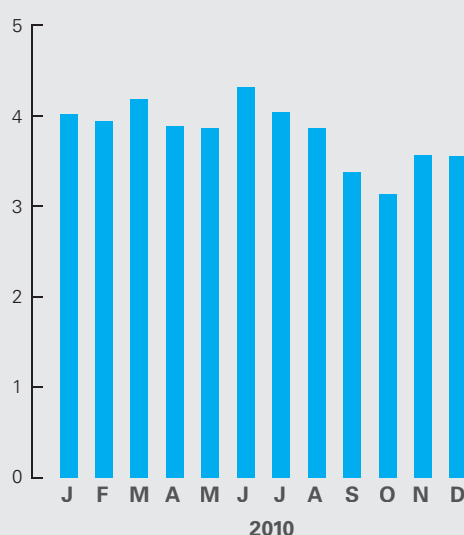
# Sustainability report

## continued

**Water consumption (kℓ)**



**Water intensity (kℓ/MT)**



### Effluent discharge

Hulamin has in the past focused on the reduction of the discharge of sulphates from our Edendale facility. Recently the focus has shifted to address the flocculent, as this presents more of an immediate issue with the blocking of the sewer pipelines. Sulphates need to be reduced because these create corrosion issues for the downstream sewerage works. The flocculent is used to remove the aluminium from the effluent and can cause sludge in the pipelines, if not correctly dosed or managed within set pH limits.

Substantial progress has been made at the Camps Drift facility regarding sulphate levels with positive results of 75% against the permit limit of 1 000 mg/ℓ. This is a result of changing the type of flocculent to a non-sulphate-based product.

Total effluent discharge for 2010 was 193 485 kℓ.

### Waste management

Hulamin's existing agreement with its waste service provider is to manage the hazardous waste streams by ensuring that the waste is disposed of in a responsible manner.

This agreement has recently been extended to include all solid waste streams (including scrap metal, wooden pallets and office paper). This is conducted by controlling all waste leaving the site, obtaining the best possible market related prices, and then using the revenue to increase the sorting and recycling opportunities on site.

Hulamin produced an average of 23,6 kg/MT of solid waste in 2010 versus 41 kg/MT in 2009. This was achieved through a significant reduction in the number of aluminium hydroxide skips generated from the effluent plant.

A total of 85 tons<sup>LA</sup> of solid waste (mainly hazardous) was recycled in the course of 2010, while a total of 574 kℓ of oil was recycled in the period January to July 2010 (the full year figure will only be made available in March 2011 after processing by the service provider).

### Disposed volumes

Waste streams	Volumes (MT)
General	935 <sup>LA</sup>
Low hazardous	3 888 <sup>LA</sup>
High hazardous	2 <sup>LA</sup>

Since Hulamin exports over 70% of its products, the business is not engaged in any significant system, apart from a return arrangement with a small number of local South African customers, to reclaim and recycle packaging material.

### Storm water contamination

In addition to the four already in place, an additional interceptor pit, to handle the increase in volumes resulting from the two newly commissioned foil mills, has been installed at the Pietermaritzburg site. This will assist in ensuring that there are no environmental incidents involving storm water contamination, and brings the total to five interceptor pits at the Camps Drift and Edendale plants combined.

<sup>LA</sup> Limited assurance provided by independent assurance provider (refer page 24).

For this reporting period, Hulamín achieved an average contamination of around 17 mg/l of oil, (similar to that of 2009) at the interceptor pits. An environmental management plan is being drawn up to address the upstream sources of oil leaks.

#### Water consumption

Water is a scarce resource in South Africa. The need for water conservation is likely to increase in the future in order to ensure sustainable supply.

The total water consumption for 2010 was 3,81 kℓ/MT of aluminium sold, compared to 4,47 kℓ/MT for 2009. The total water consumed was 774 930 kℓ<sup>A</sup>.

Water is drawn from the local Msunduzi Municipality, originally supplied by Umgeni Water. Hulamín recognises that the current infrastructure for water metering needs improvement. Steps have been put in place to improve the measuring and monitoring of water consumption in individual areas to encourage ownership for conservation. Progress has been made in 2010, in particular at the cooling towers.

The emphasis in 2010 was on improving, monitoring and measuring rather than on reducing consumption and recycling. Nevertheless, efforts to reduce leaks at the Edendale site have resulted in a reduction in water consumption and in addition, the Hulamín Extrusions operations at the Edendale site initiated a water recycling project in their cooling towers. As this project is in its early stages, the volume of water being recycled cannot be confirmed. (See side story for details of this project.)

#### EMPLOYEE PARTICIPATION AND REPRESENTATION

Employees are key to all aspects of Hulamín's performance and future success. Hulamín's employee representation strategy is based on open communication and consultation with its employees and their representatives.

##### Responsibilities and structures

Responsibility for employee relations lies jointly with the Human Resources (HR) executive and line management.

Formal communication with employees and their representatives takes place regularly and at various levels, including the Departmental Action Forums (DAFs), where employees meet with line management, and the Employee Relations Committee (ERC), where employee representatives meet with senior management. In addition, employees regularly engage with management through weekly Visual Felt Leadership structures.

##### Policies and procedures

Hulamín's grievance and disciplinary policies and procedures are in place. These are guidelines for both employees and management when dealing with disciplinary and grievance procedures in the workplace and a disciplinary code is given to all employees on commencement of employment.

66% of Hulamín employees are covered by collective bargaining agreements

No time was lost due to work stoppages, strikes or stay-aways during 2010.

LA *Limited assurance provided by independent assurance provider. (refer page 24).*



Rowan Moses involved in installing booster pump

#### Water Conservation Project: Hulamín Extrusions

Aluminium extrusions require cooling or quenching as they leave the extrusion press in order to control mechanical properties of the aluminium alloy. This is achieved through forced air convection, water spray, water immersion or a combination of these three methods.

In 2006, Hulamín Extrusions started producing aluminium forging bars for an automotive application. It was found that by spray-quenching the bars with water, increased productivity could be achieved. The water was drawn from the municipal ring main for spray quenching, rather than the internal process water, due to the higher pressure and cleanliness. The water drawn for this spray process feeds back into the plant process water. Initially this was not an issue as the consumption of about 200 kℓ per month was less than the makeup water required by the process water cooling tower. However, by early 2010, volume on the forging bar project had increased to the extent where water consumption was over 2 000 kℓ per month, and costing over R30 000 per month. It was no longer feasible to consume the higher volume of spray water in the cooling towers, resulting in an overflow and wastage.

The installation of a booster pump with filtration system reduced the need to use municipal water. After the commissioning of this project in September 2010, water consumption dropped to below 500 kℓ per month.

# Sustainability report

## continued

### EMPLOYMENT EQUITY

#### Philosophy and why it is important

Hulamin believes in the development of all its employees regardless of race and gender, with emphasis on the people from designated groups, and regards employment equity as a special intervention required to address the situation resulting from blacks having been previously disadvantaged in South Africa.

Employment equity is an integral component of Hulamin's business strategy and is focused on the following:

- The elimination of unfair discrimination within the workplace; and
- The implementation of affirmative action measures to achieve equitable representation of designated groups across all occupational levels within the organisation.

#### Responsibilities

The CEO is ultimately responsible for employment equity within the organisation and the HR executive is the appointed senior employment equity manager to drive the implementation thereof. Employment equity progress is monitored through divisional employment equity committees, which report to the Hulamin Employment Equity Committee. This committee in turn reports to the Transformation Committee.

#### Structure

The Hulamin board, Executive Committee, employee representatives and employees are the stakeholders for employment equity.

Over and above the annual consultation process as required by law, consultation takes place regularly within the following forums:

- Employment equity committees, comprising employees, which exist at a strategic and an operational level, monitor and evaluate progress on employment equity issues at meetings held quarterly; and
- The Transformation Committee is chaired by a non-executive director and the Hulamin Employment Equity Meeting is chaired by the CEO. Meetings take place quarterly.

Targets are set according to a three-year horizon. Targets were set in 2008 to be achieved by 31 December 2010. (See table "Performance against targets" on the next page.) New targets will be set for the period 1 January 2011 to 31 December 2013.

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The following measures are in place to ensure targets are reached:

- Training and development initiatives;
- Talent and performance management;
- Mentorship and coaching programmes;
- Career development programmes;
- Development programmes for technologists;
- Development plans for women;
- Diversity management programmes;
- Targeted recruitment and selection for people from designated groups;
- Targeted promotion for people from designated groups;
- Learnership programmes for people with disabilities;
- Developed strategic partnerships with universities and Universities of Technology to recruit people from disciplines relevant to our business; and
- Retention strategies.

#### Targets and achievements

Areas of achievement include:

- During the past two years steady progress has been achieved in improving the percentage of black representation at management level from 51% to 58%. This is notable progress considering that black representation at this level remained at around 50% for some time;
- During the past two years the number of women employees has increased to 372 from 317 in January 2008. Over the past three years the number of women technologists has increased from 12 to 28, with most of these women being appointed through the in-service training programme;
- The 2010 in-service trainee intake comprised of 76% women compared to 50% in 2009;
- Sixteen women apprentices qualified as artisans in less than the required four-year training period. Currently there are four women apprentices out of a total of 20. Plans are in place to accelerate the development of female artisans to senior artisan positions. Some of the strategies being employed include coaching, mentoring, on-the-job training, specialised technical training and inter-departmental rotation;
- There are 174 women workers at shop floor level compared to 151 in January 2009. Efforts remain focused on developing women at shop floor level so as to have a pool of technically qualified women from which apprentices can be sourced. Three women from shop floor positions have been appointed to team leader positions, which previously were predominantly occupied by males. Training programmes are in place to enhance the development of women at shop floor level; and
- Eight people with disabilities completed a learnership programme at Hulamin which began in May 2007 and ended in February 2010. Four of these learners have been appointed to permanent positions and one has been offered a limited duration contract of 12 months. Of the remaining three people, two have been appointed to permanent administrative positions at Standard Bank and one has been appointed to a learnership programme at the local municipality.

In September 2009, an additional eleven people with disabilities began an 18-month learnership programme. One of these learners has been appointed permanently to a switchboard operator position.

### Performance against targets

Criterion	Target	Status in 2010	Number of people
Black representation at senior management	42%	39%	26 <sup>LA</sup>
Black representation at middle management	64%	61%	140 <sup>LA</sup>
Black representation at skilled and supervisory level	80%	90%	875 <sup>LA</sup>
Women at senior management	17%	7%	5 <sup>LA</sup>
Women at middle management	20%	20%	45 <sup>LA</sup>
Women at skilled and supervisory level	17%	16%	157 <sup>LA</sup>
People with disabilities	1,3%	1,3%	82 <sup>LA</sup>

Due to the current business climate, little or no recruitment took place during 2010, restricting Hulamín's ability to meet its 2010 targets.

#### Data submitted to the Department of Labour

In accordance with the Employment Equity Act (No 55 of 1998), employment equity reports are submitted to the Department of Labour on an annual basis.

In terms of section 22 of the Act, Hulamín is required to publish a summary of its employment equity report in its Annual Report. The table below reflects Hulamín's employee profile as at 31 May 2010.

#### Total number and rate of employee turnover with a breakdown by gender

Employee turnover for 2010 was 263. This represents 11% of the total complement. The gender split of the departing employees was as follows:

Females 57  
Males 206



Ntombizodwa Dlamini, Auxiliary Operator in the Twin Roll Casters

LA Limited assurance provided by independent assurance provider (refer page 24).

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	6	0	0	0	0	0	0	8
Senior management	9	2	10	36	1	1	1	2	3	0	65
Professionally qualified and experienced specialists and mid-management	42	12	65	55	18	3	8	16	13	0	232
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	382	72	305	65	79	17	36	31	3	1	991
Semi-skilled and discretionary decision making	712	120	203	16	119	29	19	1	1	0	1 220
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	1 147	206	583	178	217	50	64	50	20	1	2 516
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>1 147</b>	<b>206</b>	<b>583</b>	<b>178</b>	<b>217</b>	<b>50</b>	<b>64</b>	<b>50</b>	<b>20</b>	<b>1</b>	<b>2 516</b>

Key: A = African, C = Coloured, I = Indian, W = White

# Sustainability report

## continued



Thabisile Kheswa, *Switchboard Operator*

### HEALTH

Hulamin regards employee wellness as a shared responsibility with its employees. In this regard the company equips employees with the appropriate education and healthcare facilities in order for employees to best manage their own health.

The good health of employees is essential to motivation, capability and productivity, and likewise offers benefits for employees and their families and friends. The enhancement of employee health also contributes to reduced absenteeism and promotes good working relationships.

#### Responsibilities

The HR executive leads the Employee Health portfolio, who reports to the CEO who, in turn, reports to the board of directors.

The South African Bureau of Standards conducts an annual audit of the Healthcare Centre, to ensure compliance with ISO 140001 certification (the Environmental Management System) and the OHSAS 18001 standard (Health and Safety Management System).

### Approach

A broad range of stakeholders are involved in employee health, including the Hulamin board, management, employee representatives, employee families, health practitioners and the employees themselves. Hulamin is dependant on its workforce for valuable skills and experience, and thus the consequence of poor health affects Hulamin's performance across all indicators.

Several healthcare programmes are in place, including occupation health risk assessment and control measures, hygiene surveys and medical surveillance programmes (which comprise, inter alia, lung function tests, audiograms and eyesight tests). Biological monitoring is also conducted where appropriate. Vision screening, specifically for forklift and crane operators, has started.

A Healthcare Centre is manned by employees with the appropriate skills, competencies and qualifications in the field of medicine and Occupational Health Nursing Practices.

Health and wellness education programmes form a vital component of occupational health. Such programmes are also linked to wellness days which are held bi-annually. The key elements of these programmes include health and lifestyle education, and personal health assessment, including voluntary counselling and testing (VCT).

Progress is monitored through the reviews conducted by the Safety Committee, Health and Environment Committee, Risk Management Committee and the Healthcare Centre.

### HIV/AIDS

Hulamin's HIV/AIDS policy provides guidelines for addressing HIV/AIDS related issues in the workplace. These include inter alia:

- Preventing unfair discrimination based on HIV status;
- Promoting a non-discriminatory environment in which employees living with HIV/AIDS are able to be open about their status without fear of stigmatisation or rejection;
- Promoting appropriate and effective ways of managing HIV/AIDS, which includes the following core elements:
  - ensure appropriate structures, plans and programmes are in place to manage HIV/AIDS in the workplace;
  - provide awareness, education and prevention programmes;
  - provide treatment, care and support for HIV positive employees;
  - monitor and address the impact of HIV/AIDS on business operations;
  - participate in, and partner with, community initiatives; and
- Creating a balance between the rights and responsibilities of all parties.

Hulamin has set a goal for all employees to know their HIV status.

### 2010 Results/achievements

In total 902 employees went through HIV/AIDS testing in 2010, of which 121 were tested for the first time.

#### VCT total – comparative

2010	902
2009	410
2008	1 361

Hulamin has not yet met its target of all employees knowing their HIV status. A number of employees prefer to consult their own doctors without disclosing the results to the company.

As at the end of 2010, 222 employees (approximately 9% of the Hulamin workforce) were known to be HIV positive, and of these HIV positive employees, 60 were receiving antiretroviral (ARV) support from Hulamin as at the end of 2010.

(Note: these figures reflect the Pietermaritzburg main sites – Edendale and Camps Drift only.)

Expenditure incurred on ARV treatment for 2010 was R477 736<sup>LA</sup>.

### SKILLS DEVELOPMENT

#### Philosophy

Hulamin strives to develop skilled and motivated employees through an outcomes-based approach to development that endorses personal growth, individual responsibility and a culture of lifelong learning.

Training and development initiatives draw on the technological, operational and process knowledge that exists within the business, and uses this to guide employees into developing innovative solutions for real business challenges. This further builds organisational learning while maximising the potential of individual employees within the working environment.

Hulamin believes that it is important to continue to develop organisational capabilities for future sustainability, and to contribute to reducing the skills shortage, thus boosting growth within the South African manufacturing context.

#### Responsibilities

To ensure a consistent approach, the HR executive is given overall responsibility for training and development strategies. Line managers are responsible for leading the training and development efforts within each manufacturing area. They are supported by training and development specialists who report to the HR executive. Engagement at shop floor level takes place through quarterly training committee meetings that include union representatives. Training progress is monitored quarterly at the Hulamin Learning and Development Review, attended by line management and executives.

#### Approach

The learning programmes are based on a blended approach, which combines class-based programmes with on-the-job training, participation in projects and task teams as well as E-learning. Hulamin has intensive training programmes in place, including but not limited to the following:

- Mission Directed Works Teams (MDWT);
- Goal Oriented Learning (GOL);
- Learnerships – portability of skills;
- Talent management; and
- Traineeship development programmes.



Dr JL Dunton, *Company Doctor*, Pietermaritzburg

Performance management remains the key driver in our talent management approach. All staff employees are subject to bi-annual performance reviews. The review process includes feedback from the immediate manager and at least two other colleagues who work closely with the employee. This multiple perspective process provides a broader view of employee capabilities.

#### Learning programmes: Performance in 2010

##### *Mission Directed Works Teams (MDWT)*

The fundamental principle of the MDWT programme is employee involvement in continuous improvement projects. This is monitored through 48 mini business teams that visually measure performance against agreed goals for quality, speed, cost, safety and people (QSCSP).

In sustaining the programme, teams meet daily to visually review the performance of the previous day and to update performance graphs. Support is provided by:

- Nine cross-functional teams that meet for daily problem solving sessions; and
- Monthly multi-level meetings to improve communication and ensure that the mini business teams' goals are aligned to company goals. Multi-level meeting attendees also receive feedback on company performance which is cascaded to the mini business teams' meetings in their daily meetings.

LA Limited assurance provided by independent assurance provider (refer page 24).

# Sustainability report

## continued



Jetterton Jabulani Ntombela, Auxiliary Operator, involved in MDWT

During the 2010 reporting period, MDWT was rolled out to all operations in Hulamin Extrusions, involving 534 employees. The programme will be introduced to the other business operations during 2011.

### Goal Oriented Learning (GOL)

In the Rolled Products operations, learning continues to be driven through Goal Oriented Learning, a programme emphasising learning through an individual's own work experience. Visible elements of the programme include a series of on-the-job assessments using competency-based learning units. Assessment of competency includes verification of specific tasks by team leaders and summative assessment with integrated assessment.

The focus areas of Goal Oriented Learning in 2010 were to sustain the programme through building capabilities by increasing the number of verifiers and assessors at machine centres. The table following outlines progress to date:

	Metal	Rolling	Finishing areas
Learning guides	17	22	21
Employees trained	690	218	272
Verifiers	12	58	41
Coaches	3	5	7

### Learnership – portability of skills

The project to align shop floor training with the National Qualification Framework (NQF) started as far back as 1999 with the adoption of the Skills Based System (SBS), a multi-skilling framework. The SBS objective is to create a multi-skilled workforce performing a wider and more flexible set of tasks. This is achieved through providing operators with maintenance skills to enhance their level of machine breakdown reporting and perform first line maintenance related tasks.

During 2010, 87 employees were trained in maintenance related tasks and are now capable of performing at least two jobs at the same level and one job at a higher level.

The second phase of this project started three years ago and includes the identification of qualifications and the development of skills programmes. The benefit to employees is that skills acquired through accredited programmes provide them with nationally recognised skills. The company benefits through having standardised programmes with external competency assessment processes. The programmes create more skilled and flexible employees, which enables the business to be more competitive.

Progress in 2010 includes:

- Business administration learnership focusing on high potential unemployed people living with disabilities. The programme has 11 active candidates. Since its inception two years ago, five students have been permanently employed in the company;
- A second learnership programme, started in 2009, aims at improving the representation of women in the business. The mentorship intervention encouraged women in the organisation to share their experience regarding working in a manufacturing environment. There were 21 women enrolled in the skills development programme in 2009. The programme was designed to develop mentoring and coaching skills, and facilitation of learning transfer in the workplace. In 2010, participants of the programme completed their portfolio of evidence and are currently busy with competency assessments;
- A NQF Level 4 supervisory development programme, which equips supervisors with the necessary supervisory and management skills. Of the 59 candidates enrolled in the programme, 45 have been found competent in the theoretical section of the programme and are currently busy with on-the-job training and projects; and
- Eight employees completed a NQF Level 3 metals and engineering manufacturing processes skills programme.

Additional learnership programmes are being planned for rollout at shop floor level in 2011. These include metal production and engineering skills programmes.

### Talent management

At Hulamín, the term “talented people” refers to employees who perform well above expectations and who have the potential to grow into leadership roles such as senior manager positions or specialist roles.

Our talent management programmes comprise psychometric assessment centres, career development workshops, and the development of talent pools into various career pathways as per discipline. This year a series of career development workshops were organised as a follow up to the company-wide competency and potential assessment centres that were implemented last year. The career development workshops comprise professional career advice, and identification of mentors and development strategies to enhance the participants’ careers within Hulamín. The process benefitted 48% of the 174 employees who completed the original assessment. The programme will be continued in 2011 for the remaining employees.

### Pipeline management programmes

Another critical component of the talent management strategy is the pipeline management. Hulamín’s approach is to focus on bursary recipients, apprentices and in-service trainees. These programmes ensure a continuous flow of talent into Hulamín. Over the last three years, six bursary recipients, 23 apprenticeship and 20 in-service trainees were recruited as engineers, technicians and artisans into various areas of the business.

### Traineeship development programme

The company also offers a traineeship development programme. Candidates in the programme undergo a structured training programme for two years which exposes them to various sections of the business. Potential programme recruits include newly qualified graduates from our bursary scheme and employees with leadership potential identified through company performance feedback sessions and verified through the competency assessment centre process.

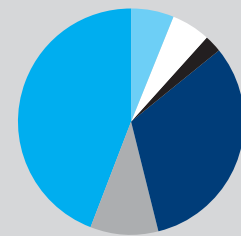
### Skills transfer programme

In 2010, eight metallurgist candidates completed a specialist skills transfer programme mentored by one of our international technological partners. The programme comprised courses in basic metallurgy, review of Hulamín strategic technological reports, and regular feedback sessions through tele-conferencing.

Skills development – key indicators		2010
Investment in employee training and development as percentage of leveable amount	(%)	3,5
Proportion of the above focused on black employees	(%)	2,8
Percentage of employees trained	(%)	67,3
Average learning hours per employee	(hours)	27,4
Investment in pipeline management programmes	(R)	6 784 910
Employees currently in learnership programmes		89
Investment in bursary scheme	(R)	1 608 811
Employees in company sponsored education programmes		211
<b>Total skills development spend</b>	<b>(R)</b>	<b>16 619 468<sup>LA</sup></b>

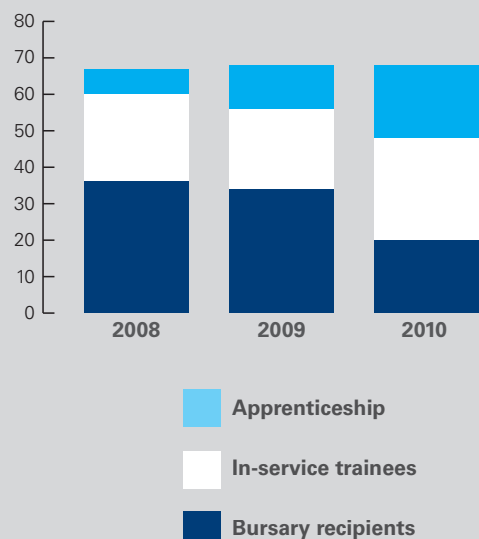
LA Limited assurance provided by independent assurance provider (refer page 24).

### Number of employees trained in other training interventions



119	Career developments
108	Industry specific courses
53	Management and supervisory training
620	Business continuous practices
190	Job competency programmes
853	SHE

### Pipeline management programmes over the last three years (employees)



An average of twenty employees are involved in pipeline management programmes at any particular time.

# Sustainability report

## continued



Anne Gouws, Coating Line Operator, conducts a fire-fighting demonstration

## SAFETY

### Philosophy and why it is important

Hulamin is committed to operating its plants safely and protecting employees from injury or harm due to incidents or exposure by embedding a culture of safety. This is driven by encouraging employees and the teams in which they work to take responsibility for their own safety. Hulamin seeks to continuously improve its safety performance by measuring and monitoring both leading and lagging indicators which are aligned to industry best practice.

The commitment to the well-being of employees and providing a safe working environment ensures that the business continues to function effectively and to retain and attract skilled people in future.

### Responsibilities

The Hulamin Executive Committee is accountable for safety in the organisation. There are formal structures in place to identify, evaluate, and control operational risks. The Hulamin Safety, Health and Environment Committee meets quarterly. All management structures are involved in Visible Felt Leadership processes, which involve a walkabout on the shop floor

to discuss progress and identify barriers and constraints to improving performance. Employees are expected to take ownership of their own safety; however, management provides structured direction aimed at inculcating a culture of safe behaviour. Line management is responsible for safety in their respective areas and is centrally supported by the safety, health and environmental team. Hulamin is audited for verification and compliance in line with OHSAS 18001 annually.

### Approach

Hulamin has an integrated approach to safety, adopting the principle of behaviour-based safety and the OHSAS 18001 standard.

Processes have been implemented to address high and low potential risks through formal risk assessment principles.

The low potential risks, such as nip points, personal protective equipment (PPE), and scrap handling are addressed by means of the following tools:

- Behaviour-based safety;
- Housekeeping audits;
- Visible felt leadership;
- Baseline risk assessments; and
- System reviews.

The high potential risks, which include explosions, the operation of cranes, and driving of forklifts, are addressed by utilising the more comprehensive risk assessments tools such as Fault Tree and FMEAs.

The reporting of near misses is a priority as this is a leading indicator that can assist in forecasting potential injuries. Teams are encouraged through the behaviour-based safety PACTING process to report their near misses and these are then investigated as if they were injuries.

### 2010 Results/achievements

Indicators	Target		Actual	
	Rate	Number of incidents	Rate	Number of incidents
2010 LTIFR	0,20	7	0,33 <sup>LA</sup>	10
2010 TRCFR	0,87	23	1,87	45

There were ten Lost Time Incidents (LTI) in 2010, resulting in targets not being met. The 2009 targets were retained for 2010. However, in 2010, production activity levels returned to those of pre-2009, resulting in more shifts being covered, and increased risk exposure. The incidents experienced encompassed the following:

- Three injuries associated with hands;
- Three incidents associated with the back;
- One incident associated with the head; and
- Three incidents associated with falls, bumping against load and falling from a ladder.

In order to mitigate incidents in the future, an incident verification review has been introduced that audits the following:

- Timeous submission of investigation forms;
- Quality of the investigation;
- Evidence of conducting of safety talks;
- Closure of corrective actions; and
- Completion of task-based risk assessment.

LA Limited assurance provided by independent assurance provider (refer page 24).

A record of the investigation of each incident is distributed throughout the organisation to serve as a learning point and improve safe behaviour. Target incidents are set with an objective of bettering the previous year's performance. Hulamín uses two measures to measure and track safety performance:

- The Lost Time Injury Frequency Rate (LTIFR) is measured by dividing the number of lost time injuries by total man hours worked, and multiplying by 200 000 for standardisation. LTIFR refers only to lost time injuries and excludes light duty; and
- The Total Recordable Frequency Case Rate (TRFCR) is measured by dividing the number of all recordable cases by the total man hours worked, and multiplying by 200 000 for standardisation. The TRFCR allows for the identification and management of the circumstances in which incidents occur, thus ultimately reducing the overall risk of having a serious accident. TRFCR refers to fatalities, lost time and medical treatment cases.

A formal risk assessment process has been adopted to identify potential safety hazards related to non-routine maintenance tasks. This process involves artisans and maintenance contractors assessing the potential risk before carrying out their tasks.

SABS conducted a surveillance audit on OHSAS 18001:2007. Eight findings were issued. All the findings were minor, mainly operational safety findings, and have been addressed.

Once again, in 2010, focus was placed on specialised training. The training courses were conducted by external specialised service providers and were aimed mainly at artisan level.

Practical training sessions included:

- Fire team;
- Height safety and rescue; and
- Lifting tackle inspector.

There are over 100 Health and Safety Representatives supporting the philosophy of employees taking responsibility for their own and their colleagues' safety, and thus embedding the culture of safety.

Emphasis has been placed on addressing leading indicators by auditing the following systems and procedures:

- Forklift and crane checklists;
- Safety device checklists;
- Banned item control;
- Permit to work/non-routine risk assessments;
- Safety training;
- Incident review;
- Statutory inspections; and
- Near miss reporting.

The audit report findings are discussed at management meetings and closure addressed at the subsequent audit.

There have been no noise induced hearing loss (NIHL) claims during 2010<sup>LA</sup>.

As part of the Behaviour Based Safety (BBS) approach, Safety Awards are held every year. These awards recognise individuals and teams that have worked safely and responsibly during the year.

<sup>LA</sup> Limited assurance provided by independent assurance provider (refer page 24).



Joshua Nzimande, *Top Coach* on safe behaviour

#### BBS Best Coach Winner

The 2010 winner of the best BBS coach was Joshua Nzimande from the Coil Processing department. Joshua is passionate about safety and has been very helpful in guiding colleagues, especially new employees, through the BBS process. He makes sure that his team understands that safety for oneself and the team is everyone's responsibility. As a consequence the method of corrective coaching has been very successful with his team. Joshua is also a driving force when it comes to "near miss reporting" and is very helpful with investigations and finding long-term preventative solutions.

#### Word from Joshua:

"People understand BBS is behaviour-based safety but people must understand that BBS is a total strategy to improve safety, health, and environment (SHE) that can be done through the IMBOP process. The change in behaviour is important among the team members. The psychologists and behaviourists show that the consequence of behaviour reinforces behaviour or eliminates all at-risk behaviour. This is why corrective coaching is so important."