



LABOUR, HUMAN RESOURCES AND
WORKING CONDITIONS

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ABBREVIATIONS

ALARP:	As low as reasonably practicable
APELL:	Awareness and preparedness for emergencies at local level
BAK:	Behaviour, Attitude and Knowledge
CDP:	Community Development Plan
CHSP:	Community Health and Safety Plan
EPCM:	Engineering, Procurement, Construction and Management
ESMP:	Environmental and Social Management Plan
HCS:	Hazardous Chemical Substances
HR:	Human Resources
HSE:	Health, Safety and Environment
HSEC:	Health, Safety, Environment and Community
IFC:	International Finance Corporation
ILO:	International Labour Organisation
IOM:	International Organisation for Migration
LACP:	Land Acquisition and Compensation Plan
LEL:	Lower Explosive Limits
MSDS:	Material Safety Data Sheets
NGO:	Non Government Organisation
OHS:	Occupational Health and Safety
PLC:	Public Liaison Committee
PPE:	Personal Protective Equipment
PS:	Performance Standard
ROC:	Republic of Congo
SEP:	Stakeholder Engagement Plan
SPO:	Safe Practice Observation
TLV:	Threshold Limit Values
VTC:	Voluntary Testing and Counselling
WBG:	World Bank Group

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1. INTRODUCTION

1.1 Background

The Kouilou Potash Project – “the Project” – will extract carnallite from deep thicknesses of salts by solution mining, using hot water to create brine which will be processed at surface using heat generated from burning natural gas currently flared from a nearby onshore oil field. The finished product will be potash granules. Kouilou, in the Mengo District of the Republic of Congo (ROC), is about 16 km inland from Pointe-Noire, the provincial capital. Details of the Project can be seen at Mags Industries website (www.magindustries.com).

The Operating Company project shareholders are MagMinerals Inc. and the Government of the ROC, which has a 10 % stake. One of the most significant impacts of the Project in and around Kouilou will be the promotion of economic opportunity through direct employment, contracting and the procurement of goods and services. MagIndustries, the parent company of MagMinerals, has committed to labour, health and safety practices that are in line with international best practice, and which comply with all relevant ROC policy, legislation and labour regulations. This report outlines the Operating Company labour and working conditions policy and practice, including health and safety.

1.2 Brief Description of the Project

The operation of the Project will exploit the extensive carnallite deposits which underlie the area using solution mining. MagMinerals currently holds the Makola Exploration Permit which covers approximately 1,800 km² in the Department of Kouilou. The solution mining field is located close to Mengo, 16 km from the Atlantic coast (Map 1). It covers an area of approximately¹ 8 km², which is sufficient to supply the potash plant for a period of 20 years (MagIndustries Corp., 2007).

The raw material, a brine solution, will be sent from the solution mining field to the potash plant via a network of pipelines. The solution is obtained by injecting hot water into three layers of carnallite through a series of interconnected boreholes. The hot water dissolves the carnallite, which can then be pumped to the surface in the form of a brine solution. The potash, sold in granular form, is recovered from this solution with the aid of conventional evaporation and crystallisation technologies.

1 The Mengo solution mining field which was considered for the purposes of the ESIA covers an area of 8.1 km². However, the Feasibility Study determined subsequently that a 6.5 km² brine field would be sufficient to supply the potash plant for a period of 20 years (SNC-Lavalin, 2008). In this regard, the actual brine field covered in the ESIA constitutes a worst case scenario.

The product is then transported by train to the storage and bulk-loading terminal at the port of Pointe-Noire. The unused residual solution, containing salt and magnesium chloride, will be discharged into the sea off the port of Pointe-Noire via an undersea pipeline extending for a distance of one kilometre from the coast. The crystallisation and evaporation plant will be located on the Mengo Plateau, close to the solution mining field. The production rate for the operations is 600,000 t/a.

The other components of the Project include:

- a 26 MW natural gas power station located close to the plant;
- a water pumping station, located on the banks of the Loémé River;
- a 22 kV electricity line and a water supply pipeline linking the pumping station to the power station;
- port infrastructure, including a potash storage building and loading conveyors;
- a 22 kV electricity line linking the port to the power station;
- a brine effluent discharge pipeline linking the plant to a diffuser located 1.1 km off the coast;
- roads.

The ESIA Study Area covers approximately 850 km², which represents the whole of the territory likely to be directly or indirectly affected by the Project, and within which the studies of the baseline environmental and social conditions were carried out.

During the construction phase, the brine field infrastructure needed for the plant to operate over a period of two years will be developed. This involves removing vegetation for the development of drilling platforms and access roads and for the installation of the network of pipelines, the drilling of about 40 to 50 wells and the development of about 20 to 25 underground caverns. All other infrastructure will also be built during this time.

During the operational phase, the brine field infrastructure needed for the plant to operate over the 18 subsequent years of the Project will be developed. This involves gradual and limited removal of vegetation for the development of drilling platforms and access roads and for the installation of the network of pipelines, the drilling of around 360 to 450 mining wells and the development of around 180 to 225 underground caverns. No additional infrastructure is planned.

1.3 Structure of the Document

This document addresses the following themes:

- The policy and legal context, including international and ROC requirements;
- The Operating Company Labour and Human Resources Plan, including general conditions of service, recruitment procedures, remuneration procedures, training and development policy, dispute resolution and compensation procedures and policy on rights of association and collective bargaining;
- The Operating Company Health and Safety Framework, which is the policy and procedural foundation for workplace health and safety;
- The Operating Company Workplace Health and Safety Plan.

Key issues pertinent to international best practice are addressed, including provisions relating to non-discrimination, freedom of association, grievance management, retrenchment practices and supply chain management. Internal occupational health and safety is addressed in this report, mainly to ensure alignment with the requirements of the International Finance Corporation's (IFC) Performance Standard on Labour and Working Conditions (PS 2 – Section 2.4). Community Health and Safety is addressed as an appendix to the Risk Management Plan, which also deals with Emergency Preparedness and links with communities.

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2. LEGAL AND POLICY CONTEXT

2.1 Background

Labour, working conditions and health and safety are the subject of numerous international agreements, conventions, policies and standards. Four key legal and policy frameworks inform the policy and practice covered in this document. These are:

- Core labour standards formulated by the International Labour Organisation (ILO);
- The extensive body of ROC policy and legislation relating to labour and working conditions, which is informed by ILO standards;
- World Bank Group (WBG) policies and guidelines on labour and working conditions, and especially the IFC's PS 2 (Section 1.4). IFC PS2 refers explicitly to the ILO core labour standards;
- WBG policies and guidelines on community health and safety, particularly the IFC's PS 4 (Section 1.4);
- United Nations policy on human rights in the workplace.

These frameworks are outlined below:

2.2 International Labour Organisation Core Standards

Over a period of many decades, the ILO has formulated a comprehensive body of conventions and agreements. Some of these are regarded internationally as fundamental or core conventions, setting best practice standards in a variety of contexts (Table 2.1).

The MagIndustries policies dealing with health and safety comply with these standards, in line with the clear policy commitment to internationally recognised industry best practice.

2.3 ROC Legal Framework

2.3.1 Background

ROC labour law is comprehensive and complex. The key elements are captured below. MagIndustries and the Operating Company are committed to compliance with local law in all its forms. The following section outlines the relevant elements of the law.

Table 2.1 ILO Fundamental Conventions.

Convention Name	Key Provisions
C 29: Forced Labour	<ul style="list-style-type: none"> • Forced or compulsory labour not permitted, except under very specific circumstances • Existing practices to be suppressed in the shortest possible time • Regulated by governments that are signatories to the convention
C 87: Freedom of Association and Protection of the Right to Organise	<ul style="list-style-type: none"> • Workers and employers have the right to establish and join organisations of their choice, subject to the rules of the organisation concerned • Regulated by governments that are signatories to the convention
C 98: Right to Organise and Collective Bargaining	<ul style="list-style-type: none"> • Workers to be protected against anti-union discrimination in the workplace • Worker's and employer's organisations to be protected from acts of interference • Regulated by governments that are signatories to the convention
C 100: Equal Remuneration	<ul style="list-style-type: none"> • Men and women to receive equal remuneration for work of equal value, consistent with the provisions of the applicable remuneration methods. • Regulated by governments that are signatories to the convention
C 105: Abolition of Forced Labour	<ul style="list-style-type: none"> • Forced labour not to be used for political ends, for economic gain, as a form of discipline or punishment, or in the context of discrimination. • Regulated by governments that are signatories to the convention
C 111: Discrimination	<ul style="list-style-type: none"> • Equal opportunity in respect of employment and opportunity to be pursued in a manner appropriate to national practice). • Discrimination based on race, colour, sex, religion, political opinion, nationality not permitted. • Exclusion or preference in respect of the requirements of a specific job is not discrimination. • Regulated by governments that are signatories to the convention
C 138: Minimum Age	<ul style="list-style-type: none"> • Child labour to be progressively abolished where it is still practiced. • Signatories to determine a locally appropriate minimum age, not less than 15 years or 14 in specific circumstances. • Regulated by governments that are signatories to the convention
C 182: Worst Forms of Child Labour	<ul style="list-style-type: none"> • Elimination of child exploitation through slavery, prostitution, pornography, illicit services or work which is harmful to health, morals or safety. • Regulated by governments that are signatories to the convention

The Labour Code

Law no 6-96 (*Loi n° 6-96*) dated 6 March 1996 amends and supplements some provisions of Law no 45/75 (*Loi n° 45/75*) dated 15 March 1975 establishing a Labour Code for the People's Republic of Congo. An overview of the main rules and practices which define the labour conditions which are currently to be seen in Congo is presented here (Table 2.2). This section deals with:

- redundancy;
- health, safety and medical services;
- the National Consultative Labour Commission;
- appointment of staff delegates;
- union freedom;
- conciliation before the labour and labour law inspector.

Economic and Technical Redundancy

Economic redundancy is a measure to suspend individual employment contracts taken by the employer for reasons of an economic nature. Any employer wishing to make part or all of his workforce redundant for economic reasons is required to send an economic and financial dossier, along with the written opinion of the social partners within the company, to the appropriate Regional Labour Director.

The Regional Labour Director must convene a meeting of the Conflicts Commission at the latest within the 15 days following the submission of the economic redundancy authorization request; beyond this time period, authorization is deemed to have been given. The Conflicts Commission ascertains the true nature of the given facts and either authorizes or rejects the requested measure. If the Conflicts Commission authorizes the measure, the latter can only be imposed on the workers subject to their agreement expressed on an individual basis, prior to the Commission giving its opinion. If the worker refuses to do so, the breach of the employment contract which may arise from this is the responsibility of the employer. Economic redundancy lasts for a period of three months and this can be renewed once.

Technical redundancy is a measure to suspend individual employment contracts due to the employer being in a situation which makes it impossible in practical terms to provide work. In particular, technical redundancy can be the result of an event of a *force majeure* nature or one caused by a government act, of bad weather of an exceptional nature, of difficulties with the procurement of raw materials or power supply, of an accident, of a fire or of any other circumstances of an exceptional nature. Technical redundancy cannot last for a period over six months, including any renewal period.

Table 2.2 Overview of Labour Legislation in Congo.

Working time:	40 hours in the private sector, 35 hours in the public sector.
Cost of overtime – normal working days, rest days or public holidays:	Variable, depending on the sectors and the collective agreements applicable to them.
Number of rest days per week:	One in the private sector and two in the public.
Number of paid public holidays:	9
Length of paid annual leave:	26 days according to the Congolese Labour Code. Variable, depending on the sectors and the collective agreements applicable to them.
Length of paid sick leave:	Variable, depending on the sectors and the collective agreements applicable to them.
Length of paid maternity leave:	Fifteen weeks
Minimum wage:	Variable, depending on the sectors and the collective agreements applicable to them.
Length of trial period:	Variable, depending on the sector of activity, determined by the private sector collective agreements. The Congolese Labour Code provides for a maximum length of 6 months.
Notice period in the case of breach of contract and compensation:	Variable, depending on the sectors and the collective agreements applicable to them.
Legal retirement age:	In principle 55, with the possibility of dispensation.
Social security contributions – Employer's Contribution:	Registration with the National Social Security Fund is mandatory. Social security costs add around 25 % to the gross salary. Family allowances: 10.03 % Accident at work: 2.25 % Old age pension, invalidity, death: 8 % Real estate promotion and management company: 2 % National Office for the Workforce: 0.50 %
Social security contributions – Employee's Contribution:	Old age pension, invalidity, death: 4 %

Compiled by GENIVAR.

During periods of economic or technical redundancy, the employer cannot have recourse to reduction of the working week or to overtime, for workers remaining in the company, or to taking on new workers. However, these periods of redundancy must be considered as effective working time, in particular for assessing the right to notice and the amount of the redundancy payment.

Workers who have been made economically or technically redundant are paid a monthly allowance by their employer, which is one third of their sectorial salary plus all the benefits which are not linked to the effective provision of labour. Workers also benefit from medical and pharmaceutical costs and other social security services provided for by the collective agreement in force. Workers who have been made economically or technically redundant can, if they find another job, leave their last employer, without being liable to pay them any compensation payment.

When the economic or technical redundancy measure leads to full redundancy, the basis for calculating the compensation payment due from the employer is the worker's salary before the economic or technical redundancy measure. The same applies to calculation of the payments due throughout the duration of the measure.

Health, Safety and Medical Services

Within the Ministry of Work, a National Commission for Health, Safety and Occupational Risk Prevention has been established to look into questions concerning health, workers' safety and occupational risk prevention. A decree lays down how the commission is made up and how it operates.

According to the Law, any installation or any redevelopment of companies, workshops, construction sites, workers' camps, and warehouses for machines or production equipment must be subject to the prior technical appraisal of the labour inspector responsible for the area. The company's management, at its highest level, must consider promotion of safety and improvement of working conditions as an essential part of its role.

All employers are required to adopt an occupational risk prevention policy which is integrated into the corporate economic and financial policy. They must make any provisions or take any measures which are necessary or useful and aimed at ensuring occupational risk prevention. In particular, these provisions or measures deal with the location and installation of the company, the acquisition and installation of equipment or machinery, the organisation of the working environment and the organisation of work.

In each workplace, there is a medical consultation for workers who report sick each morning after the roll call, and legitimate spouses and children, if they request to do so, can attend this consultation to be examined and, if applicable, to receive the necessary care and treatments. A medical consultation register is kept for this purpose whose composition is specified by an order from the Minister of Work.

The results of this consultation are recorded in a special register the model of which is laid down by order of the Minister of Work, after an opinion expressed by the National Technical Commission for Health, Safety and Occupational Risk Prevention.

National Consultative Labour Commission

The National Consultative Labour Commission, chaired by the Labour Minister, is a tripartite body made up of equal numbers of employers, workers and Public

Administration representatives. A decree lays down the conditions as to how the National Consultative Labour Commission is organized and how it operates, along with the number of members it has.

Staff Delegates

Staff delegates have to be elected in companies or establishments which are set up in the Republic of Congo and which have at least seven workers recognized as such, in accordance with the meaning of Article 2 of the Labour Code.

The role of the staff delegates is to:

- present any individual or collective complaints to the employers which have not been directly dealt with and which concern working conditions and workers' protection, the application of collective agreements, professional classifications and salaries;
- give their prior opinion on any collective or individual redundancies caused by a reduction in the establishment's activities or by internal reorganisation and in accordance with the procedure laid down by Article 39 of this Code;
- bring any complaint or claim before the Labour and Labour Laws Inspectorate concerning application of the legal or statutory provisions which the inspectorate is responsible for controlling;
- ensure the application of provisions concerning workers' health and safety and social security and propose any useful measures in this area;
- communicate any useful suggestions aimed at improving the company's organisation and performance to the employer.

In order to carry out their role, the staff delegates have 20 hours per month of paid working time available to them.

Union Freedom

In all companies set up in Congo, the right of all employees to be free to belong to a union is recognized, in compliance with the rights and freedoms guaranteed by the Constitution. Likewise, trades unions have the right to organize themselves freely within the said companies.

In companies with at least 30 employees, each of the unions representing the employees, which has at least one staff delegate in post, can constitute union branches responsible for ensuring their members' professional interests are represented with the employers.

The essential role of the union branch is:

- displaying union communications;
- publication and distribution of documents giving union or professional information for the workers;
- collection of union membership fees within the company;
- holding periodic meetings with the members within the company site;
- negotiation of agreements with the establishment or the company.

In companies where there is a workforce of at least 50 people, a common area must be made available to the union branches by the employer, so that they can fulfil their role. The conditions for using this area are determined by consent with the head of the company.

Conciliation before the Labour and Labour Law Inspector

Any worker or any employer may request the Labour Inspectorate Services to settle a dispute amicably. As soon as this request is received, the Labour Inspector summons the parties for the purpose of conciliation. Due to this, the time limit provided for in Article 99 is interrupted until the date when the attempt at conciliation is ended by the report. The parties are required to appear before the Labour Inspector on the dates and at the times fixed in the summons. In the case of refusal to obey, the Labour Inspector notes the breach in a report. The Labour Inspector verifies whether the parties are disposed to immediate conciliation on the basis of the standards fixed by the law, the regulations or the collective agreements and the individual contract.

If conciliation takes place, the enforcement order is apposed by orders of the Presiding Judge of the Labour Tribunal taken at the request of the most diligent party to the conciliation report drawn up by the Labour Inspector. Enforcement is carried out as for a Labour Tribunal judgement.

2.4 World Bank Group Policies and Guidelines and Equator Principles

The IFC has updated its policies and standards in the context of social and environmental sustainability. The Performance Standards consolidate WBG policies and safeguards in key areas, among which is a Performance Standard for Labour and Working Conditions.

Eight Performance Standards underpin the new policy. These are:

- PS 1: Social and Environmental Assessment and Management System;

- PS 2: Labour and Working Conditions;
- PS 3: Pollution Prevention and Abatement;
- PS 4: Community Health, Safety and Security;
- PS 5: Land Acquisition and Involuntary Resettlement;
- PS 6: Biodiversity Conservation and Sustainable Natural Resource Management;
- PS 7: Indigenous Peoples;
- PS 8: Cultural Heritage;

The Performance Standards have been adopted by the Equator Principles Financial Institutions (EPFI's) so that compliance with EP also requires compliance with IFC PS. PS 2 is of particular relevance here. PS 2 recognises the ILO fundamental conventions, and encompasses previous WBG positions on forced labour, harmful child labour and occupational health and safety. The objectives of the Performance Standard are:

- To establish, maintain and improve the worker-management relationship.
- To promote the fair treatment, non discrimination and equal opportunity of workers, and compliance with national labour and employment laws.
- To protect the workforce by addressing child labour and forced labour.
- To promote safe and healthy working conditions, and to protect and promote the health of workers².

The PS sets out several requirements, summarised in Table 2.3.

Along with ILO and ROC requirements and guidelines, WBG standards are addressed by the labour and working conditions policy and practice of MagIndustries and the Operating Company.

2.5 United Nations Declarations and Conventions

In the labour and workplace domain, a key contribution of the United Nations has been that of negotiating and establishing international frameworks for the protection of human rights. Relevant documents are the Universal Declaration of Human Rights and the Convention on Rights of the Child. These links with the other policies and standards discussed above.

² Workers refer to employees as well as non-employee workers and contract labour.

Table 2.3 Requirements under IFC PS2.

Theme	Requirements
<i>Working Conditions and Relationships</i>	
Human Resources (HR) Policy	Client to adopt a HR policy that is consistent with this PS. Under the policy the client will inform employees of their rights. It will be clear, and will be made available at start of employment.
Working Relationship	Working conditions and terms of employment will be clearly documented and communicated to employees and contracted workers.
Working Conditions and Terms of Employment	If the client is party to a collective bargaining agreement, the terms of the agreement will be respected. Where not, working conditions and terms of employment will at least comply with national law.
Worker's Organisations	Where national law recognises worker's rights to associate and bargain collectively, the client will comply with the national law. Where no law exists, or is restrictive, the client will enable alternative means of expression, including a vehicle for grievances.
Non-Discrimination and Equal Opportunity	The employment relationship will be based on the principle of equal opportunity and fair treatment, and will not discriminate in the contexts of hiring, compensation, working conditions, terms of employment, access to training, promotion, termination, retirement and discipline.
Retrenchment	The client will develop a plan to mitigate the adverse impacts of retrenchment, if layoffs are expected to be significant.
Grievances	The client will provide a grievance mechanism for workers. The mechanism should be transparent and well understood, and should address concerns promptly at an appropriate level of management. The mechanism should not delay or impede other remedies available under law or in the context of existing arbitration procedures.
<i>Protecting the Workforce</i>	
Child Labour	The client will not employ children in a manner that is exploitative, harmful, hazardous, or which interferes with education. National laws will apply where applicable, but children under 18 will not be employed in dangerous work.
Forced Labour	The client will not employ forced labour, which includes non-voluntary work extracted under threat of force or penalty. This covers indentured and bonded labour.
<i>Occupational Health and Safety</i>	
Health and Safety	The client will provide a safe and healthy work environment, taking into account inherent risks and hazards. Steps will be taken to minimise accidents, injury and disease arising from, associated with or occurring in the course of work. In line with international best practice, the client will address identification of hazards, preventative and protective measures, training, documentation and reporting, and emergency response.
<i>Non-Employee Workers, Contract Labour and Supply Chain</i>	
Non-Employee Workers, Contract Labour and Supply Chain	The client will apply the requirements of PS 2 to non-employee workers directly contracted by the employee, except for provisions under HR Policy and Retrenchment. The client will use commercially reasonable means to ensure the appropriate performance of other contractors or intermediaries, and will address harmful child labour and forced labour where evident in the supply chain.

2.6 MagIndustries Policies

MagIndustries has developed several policies relevant to its sphere of influence (Appendix 1). These policies apply to the Operating Company and its operations, and include the following:

- Employment Policy ;
- Environmental Policy;Community Development Policy;
- Health and Safety Policy.

The policies and procedures outlined in this document are founded and will operate under the Employment Policy which is currently in preparation, and Health and Safety Policy.

- The employment policy will codify MagIndustries' commitment to protecting the health, wellbeing and safety of its employees and to adopting employment practices that are fair, non-discriminatory and transparent. It also confirms that the Company will adhere to all ROC employment laws, regulations and guidelines that are applicable to its projects. Specific provisions address diversity, communication, transparent recruiting, training, health screening and monitoring.
- The health and safety policy is linked to the employment policy. It commits the company to the development of a Health and Safety Programme, in accordance with local legislation, lenders' requirements and international best practice. Thorough and technically sound health and safety protection measures will be developed and put in place at the earliest stages of project development, through exploration, development, operation and closure. Specific policy goals address communication, surveillance, training, health screening, awareness and emergency preparedness and monitoring.

The MagIndustries policies will apply at all sites under the control or influence of the company and these cover both compliance with local requirements and the objectives of the Performance Standards. The detailed labour and working conditions policies and practices that follow represent an Operating Company-specific extension and elaboration of the core MagIndustries policies. It should be recognised that some of these objectives will be much harder to achieve than others, given local practices and conditions.

3. THE OPERATING COMPANY LABOUR AND HUMAN RESOURCES PLAN

3.1 Context

This Operating Company Human Resource Management Plan focuses specifically on national employees. MagMinerals expatriate employee (ie Owner's Team) terms and conditions are fully compliant with all international and labour codes but will not form part of this HR plan for reasons of confidentiality. The Operating Company will give first priority to hiring qualified local people, to maximize the number of ROC nationals as employees in all phases of project operation.

3.1.1 Project Phases and Employment

The Project will be implemented in a series of phases. These are:

- Pre-construction and planning;
- Construction;
- Operational;
- Closure and Decommissioning.

Construction is likely to start by the last quarter of 2009, and will continue for 31 months. The Operational Phase will commence thereafter and the life of the mine is expected to be 20 years.

The Construction phase will run from September 2009 to March 2012. More than 800 M USD will be invested in Congo during the lifetime of the Project. Up to 500 Congolese will be employed at the peak of the activities in March 2010. In addition, approximately 1,500 expatriates, skilled workers from Asian countries for the most part, will be recruited and employed by CCC, the General Contractor during the construction phase. An Employment Plan is being developed to coordinate required staffing requirements and facilitate maximum local hiring, under project circumstances.

Concurrently, the drilling programme for the start up wells will take place, employing 184 people; (of whom 167 are Congolese). An additional 60-70 local workers are employed in upgrading the drilling base camp. Eighteen months after the start of construction, the pre-operational phase, which will involve cavern development using cold water, pumping water from the Loémé River and discharging potassium, sodium and magnesium brine, will employ up to 22 people, between April 2011 and

March 2012. The proportion of Congolese workers will exceed 80 % during the pre-operational phase. In addition, the MagMinerals office in Pointe-Noire is currently and will continue to be staffed with 35 people during the Construction phase.

The operational phase will start in March 2012. Up to 435 people will then be employed full-time. The proportion of Congolese workers will exceed 93 % during the lifetime of the Project.

The following description of the hiring, training and development of staff during the Construction phase by the Company and its subcontractors illustrates the substance and implementation of Company and CCC policies in these areas.

At the start of the Construction phase, the General contractor, (CCC) will be employing general labourers and unskilled, semi skilled labour for earthworks, camp erection etc. They will set up training centres at the camp where local employees can learn how to erect shuttering, erect reinforcing steel and pouring concrete etc. Most of these labourers will be drawn from surrounding communities.

Typically an initial recruitment of 1 200 staff over 9 – 12 months results in around 400 who can meet the needs of the job. Following a 3 – 4 month establishment period, the main works start, which is often physically demanding for workers. Some employees cannot meet the skills requirements or are unwilling to work on a regular basis, or are not strong enough (not well enough nourished, sick etc) Typically, the company ends up with a team after 9 – 12 months who are well trained and competent. There is normally fairly high wastage in the first 3 – 4 months. Some less physically able will end up as cleaners and in less physically demanding roles. It can take 6 – 9 months to start to identify the right position for the staff who have been recruited. In addition to the local communities, there will obviously be applicants from Pointe Noire and from further afield in the country who will have the applicable skills for construction work and these will receive preference in gaining employment on the project.

As more expat skilled labour is brought in from elsewhere, these employees will be assigned locals as assistants, the best of whom will be selected and appointed to new positions which reduces the need for further introduction of expat labour that may be required. In many cases, the physically demanding work that is required on a construction site is unusual, and this can be a problem in retaining staff. Lunchtime meals will be provided to workers, which are important in ensuring that local staff are well enough nourished to complete the working day effectively. The usual local diet of cassava is typically nutritionally poor.

People who already have skills, such as carpenters, welders and mechanics will be required to attend a course of one or two weeks duration. Participation in this course will earn them a certificate of attendance, regardless of whether or not they reached the required standard and are offered a position. This training and certificate can be used elsewhere when trying to gain employment.

Problems occur in allocating the correct pay rate. A serious HR internal equity issue can develop if an applicant/employee has done well through training, then receives a good position and related salary, and then does not perform once in position, requiring reallocation to a job in a lower pay band.

More intelligent staff members become apparent as their experience and skills are observable at work. These people are often selected for supervisory roles such as charge hands, foremen etc, particularly those who speak more than one language (eg French, English as well as Kikongo), as they can effectively relay instructions. A high percentage of applicants and employees will present themselves with supposed skills. The HR dept will test and validate education and technical training certificates and work experience. Unqualified applicants may be engaged as clerks, drivers etc if they pass the necessary tests

With the progress of the construction to the erection of structural steel, electrical work etc., it becomes more difficult to find the required skills locally. Structural steel experience may be found in Congo due to the oil industry – Mag's EFC hired 4 Mauritian expats and 40 local Congolese workers at the EFC woodchip plant. They all possessed the correct skills and knowledge and performed well on the job. The majority of people now working at the EFC woodchip plant worked there during its construction phase.

Piping erection is also relatively straight forward and can be taught, especially to those who have been involved in the oil and gas industry. Welding is more difficult – people will say they can do it, but it is very, very specialised. For this type of job; local staff can be used as helpers but not as actual welders. This particularly applies to the water line, brine line, gas line, whereas the pipe work and structural steelwork around plant is less specialised. However, CCC will also give training to those who show the aptitude for these skills

CCC will establish mechanical yards for maintenance and repairs and other mechanical work. Several locals who will be employed here can take their skills elsewhere afterwards, and they may also be hired into the operations company.

Several of the temporary buildings for CCC's work during Construction phase will be prefab buildings which come ready to assemble. Otherwise, CCC will use a local sub contractor to build the permanent buildings for such needs as administration, health clinic, brickwork required on workshops, canteen etc. Locals will be engaged for the majority of these positions, as the skills required for bricks and mortar, plastering, painting, ceilings etc., are available in the local workforce.

Besides the the work of the General Contractor, CCC, there will be other smaller contractors on site doing specialised work, such as constructing the railway line and overhead transmission lines. The contractors for this work will be bringing in their expat supervision and will engage local labour to carry out the work, and as such will ensure that the labour will receive the correct training to carry out this work.

The following is a summary of CCC's approach to Human Resources development.

Maximizing the hiring of local Congolese during the construction phase is a priority for Mag and the General Contractor. Based on an assessment of the Congolese market and the trades available locally by CCC, the General Contractor, and considering the possibility of training local labor from the Congolese market, as well as based on CCC's experience on other projects that have executed in various parts and countries of Africa, it is considered that the ratio established for local/expat labor which was used by CCC represents a challenge that they will work very hard to achieve. This was based on careful consideration of all above factors. Please refer to the CCC Site Visit Report and Execution Plan, which demonstrates the extent of investigation made for the Local market as well as the plan to train local labour.

Currently, the Company gives preference to the hiring of local Congolese for open and new positions as they occur, within the scope of the local talent pool. Concurrent with the Company's existing preference of hiring local nationals for open positions, the Company will evaluate relevant and practical strategies and resources to achieve maximum realistic levels of local hiring during the Construction phase. The Local employment Plan will include parameters for local hiring within the project logistics, identification of obstacles to local hiring, proposals to mitigate those obstacles and general volume of local hiring through the phases of the project.

Local expectations of employment from the project are currently and will continue to be managed through direct communication with the local populations via public announcements, advertisements and verbally in the village populations via the Company Community Liaison Officer (CL Officer).

To date the Company has been operating the base camp since 2005 and has employed hundreds of employees and in this process of hiring or employment has yet to encounter noticeable problems due to perceived discrimination, prejudice or intra-community conflict. Additionally, the Company Community Liaison Officer has surveyed and observed the local population to determine historical relationships between villages that have or could negatively impact transparent hiring and employment process. The Company's management, active in hiring and managing local employees for around 10 years has been surveyed and supports the CL Officer's findings.

The Company has established and used, and will continue develop a transparent recruitment mechanism according to international and PS2 standards.

The Company's hiring process is and will be managed in a way to continue maximum local hiring in the context of local skill levels. Employment brokers are used to facilitate most hiring of local nationals for drilling worker positions. All recruitment brokers will be evaluated for compliance to national labour law and PS2 standards. The Company did a survey, and consulted other major international employers in ROC to discuss and compare and benchmark level of skills, commercial terms and conditions, and corporate governance (do the brokers pay their workers on time, etc.). The Company follows international best practice to select employment companies/brokers etc. to work with. Wages for workers are and will be established in compliance with minimum wage legislation and competitive with relevant projects and industries in the country. Except for gardeners and similar positions, the Company pays its' workers at a rate above minimum wage.

Additionally, the Company is affiliated with the Eucalyptus Fibre Congo (EFC), which employs over 2,000 local employees, which comprise over 95 % of the company workforce. EFC has a very successful record hiring and training local employees, and managing local expectations throughout the process. Company management communicates with EFC management regularly to share the implementation of best practices for local hiring.

The Company is gathering and analyzing information on the local labour pool in order to maximize the engagement of skilled local workers as well as hiring and training workers when possible. This combined program of hiring and training will provide increased term and full time employment during the phases of Construction and Operations as well as expanding the future employment capability of workers after they leave employment with the Company ».

To date, the Company has engaged a local external consultant (UR2PI) who surveyed the population of the villages in the exploitation permit zone, identifying skill levels of the working population (between 16 and 55 years old). Survey data will be analyzed to evaluate existing numbers of potential applicants at various skill levels. This information will be used to develop and implement Company hiring guidelines giving preference to the local population. The Company has identified a training center in Pointe Noire and assessed its different training and capacity levels. A report has been made by UR2PI concerning the training company.

To meet skill training needs during both Construction and Operations phases, the Company plans to develop a training program for both company staff and the staff of subcontractors in response to operational needs and as part of annual performance evaluation process. Within this program, there will be limited capacity for the hiring and training of local Congolese for employment during the Construction and Operations phases. For more information, see report of Institut Supérieur de Technologie d'Afrique Centrale in training facilities review (Appendix 2).

Within the Company's Community Development Plan, co-operative projects are planned, with the intent to provide the local population with opportunities for longer-term employment related to the Construction and Operations phases. For example, a plan is being developed for the creation of an agricultural co-operative to grow and sell produce to the General Contractors during plant construction.

The Company's ability to locally recruit skilled workers will be influenced by several other large projects in the vicinity of Pointe Noire, which will require large numbers of employees. Two of these, oil and gas exploration and development projects are operated by Total, Moho-Bilondo, requiring 5000 workers and Gaz Central, requiring 2000 workers. Oil and gas companies in the ROC and in the region, typically hire skilled workers at higher wages than wages planned by the Company. In the context of this employment market, Mag will have a significant challenge to attract and hire the most skilled workers.

3.2 General Conditions of Service

3.2.1 Employment Contracts

Four categories of employment contract are envisaged:

- *Daily contracts*, which will apply to employees recruited for daily casual-labour requirements;
- *Fixed-term contracts*, which will apply to a specified term;

- *Open-ended contracts*, which will be the typical form of contract for Congolese staff hired on a permanent basis. The minimum age is 16 years. A probation period will apply to all open-ended contracts. The probation period will depend on the category of the employee. Typically, a skilled or unskilled worker will have a one month probation that can be renewed once. At supervisory levels, the period is two months, renewable once and at management level, three months renewable once. Termination arrangements will apply on the same basis: one, two or three months;
- *Independent Contracts* are simplified contract agreements specifying the task and the payment due on completion. Independent contractors are not the Operating Company staff, and apart from contractually agreed provisions, there will be no benefits.

All safeguards in ROC law and international best practice will be applied to contracts, including provisions relating to child and forced labour. The contracting arrangements described above ensure the full documentation of working arrangements. Contractual arrangements will always be clearly communicated.

The Company will ensure the documentation and communication to all employees and direct subcontracted workers (CCC) their working conditions and terms of employment, including their entitlement to wages and benefits, in accordance with ROC labour law. Generally, the ROC local labour law is quite clear and stipulates that each employee receives their own employment contract, plus a copy of the "Convention Collective" (Collective Bargaining Agreement) plus a copy of "Règlement intérieur" (Internal regulations). For employees directly engaged by Mag, each will receive a job description explaining what the company is expecting from them. All information given to applicants and employees will be in French, a national language at the comprehension level of the local population. Information will be conveyed verbally to illiterate individuals. For employees indirectly engaged by Mag, they will receive a job description, plus an explanation of their duties by the subcontractor; this is further explained in CCC's working conditions.

The Company will inquire about and address child labor and forced labor in the supply chain to ensure that suppliers, and particularly employment brokers follow the requirements set out in paragraph 14 and 15 of Performance Standard (PS2) and included in the Company Employment Policy. (Per Schedule in the Development of the ESMP)

3.2.2 Working Hours

For the Construction phase, the General Contractor, CCC will have calculated an annual cost of their labour, converted to an hourly rate and allowed for any applicable overtime or extra payments in their rates for units of work. This a major calculation, in which CCC takes into consideration public holidays, rainy season, normal time rates of pay, overtime rates of pay, productivity, leave pay, sick pay, family grief allowed days etc. This is a standard procedure for CCC and an international construction organization of their calibre.

During operations, normal working hours will not exceed eight hours per day or 40 hours per week. Normal working hours and a duty-shift schedule will be established and made known to employees. Key elements of the working hour policy are the following:

- Standard office hours for non-shift duty will be 8h00 to 5h00 Monday to Friday, with a lunch break between 12h30 and 13h30. Times may vary from department to department;
- Shift duty will be defined in duty rosters. A three-shift system will apply, and employees should not work less than an average of 40 hours per week. The maximum number of hours per week should not exceed 60, including overtime. A 24 hour off-duty period must be allowed for every 7 days of work. Night shift duty will be compensated;
- Overtime is work done outside the normal daily and shift hours, or on the weekly rest day or public holidays. A supervisor must request overtime. Overtime compensation will vary between +30 % for normal overtime and +100 % for work on the weekly rest day.

Regarding overall working hours and conditions, the Company's proposed Project activity will conform to host country laws, regulations and permits and IFC Performance Standards and the World Bank Group EH&S Guidelines.

3.2.3 Leave

Paid leave will include annual leave, sick leave, maternity leave and public holidays. The general provisions in the four cases are:

- Staff, at all levels, are entitled to annual leave days for each full year worked. The period stipulated by the Congolese Labour Code is 26 days but is variable depending on the sector and the collective agreements applicable to them;
- Employees are entitled to nine days paid public holidays;

- Sick leave is also variable depending on the sector and the collective agreements applicable to them;
- Female employees are entitled to fifteen weeks paid maternity leave;
- Employees are entitled to maximum ten days paid leave for specific family events.

3.2.4 Medical and Health Care

The Operating Company will provide employees and their families³ access to medical and health care facilities and services. The main provisions of the medical and health care policy are the following:

- Access to clinic and hospital facilities for the Operating Company employees and their family members as defined below, upon presentation of a medical ID card. This will entitle the holder to free medical and dental attention and prescribed drugs although some charges will apply in line with the medical insurance coverage, which implements charges for some treatments and applies ceilings to the value of some treatments;
- Employees or potential employees living with HIV/AIDS will work or pursue work without discrimination. Confidentiality will be respected. Voluntary counselling and testing will be promoted among all Operating Company employees;
- A health dispensary within the plant will provide first aid and emergency care as well as preventative care for all employees. In acute situations, the patient will be transferred to clinic or hospital in Pointe-Noire. Severe and life-threatening situations will normally be treated in the various facilities in Pointe-Noire.

3.2.5 Termination of Employment

Termination of employment under Congolese Law is complex, and the various scenarios are set out below.

Regarding the termination of an employment contract for reasons attributable to the employee - Gross misconduct

Congolese lawmakers did not set a legal definition for gross misconduct. Nevertheless, legal doctrine and case-law, which compensate for the law's deficiencies, have accepted the following cases, although this list is not exhaustive:

3 Defined in law as "legitimate wives and children". Art. 142 61 EC stipulates that " every company must assure a medical services for all the workers and members of his family recognised by the "caisse nationale de prévoyance sociale"

- poor performance of duties by the employee, *i.e.* professional negligence, indiscretion, embezzlement, misappropriation of funds, insubordination;
- fights between employees, violence and unlawful acts, unjustified absences, detention for suspicion of the employee, inebriety, desertion of his workplace, participation in an illegal strike, insults, threats, etc.

Based on the provisions of the new version of Article 41 (paragraph 3) of the Employment Code, the termination of a contract may be implemented without notice in the event of gross misconduct.

The only requirement set down by law is the fact that such termination may only take effect after the employee has presented arguments in his defence to the employer. The employee is also entitled to representation by a person of his choice.

In principle, during the time allocated for the employee to present his defence, which may not exceed thirty days, his employment contract is suspended.

It should be noted that in cases of proven gross misconduct, the employee is not entitled to any severance payment.

Legitimate termination for reasons not involving the employee

Cases subject to review by the Congolese employment courts, *i.e. Juge social*, mainly involve the following:

- job suppression, particularly due to the lack of resources resulting from salary increases, automation of the company;
- acts of the State, *i.e. fait du prince*;
- "Africanisation" of a job;
- shutdown of the company;
- "Africanisation" of a job.

It thus results from the above list that dismissals for any other reason are deemed by the employment courts to constitute unfair dismissal.

Consequently, the following procedures all constitute unfair dismissal:

- failure to verify acts attributed to the employee, *i.e.* unproven theft, non-existence of the alleged fault, unproven resignation, inaccurate reason for dismissal, illness;

- absence of fault, *i.e.* erroneous cause, job transfer not provided for in the individual employment contract, lack of reason, lack of good and sufficient cause, criminal proceedings that have not yet given rise to a criminal sentence, lack of a specific and valid cause;

Regarding the termination of an employment contract for reasons due to the offensive attitude of the employer

Disputes ruled on by Congolese courts have generally concerned the following:

- failure to comply with the law on the Africanisation of executive-level *cadre* employees;
- refusal to assign duties to the employee;
- breach of an out-of-court arrangement;
- non-payment of salaries;
- termination of the employment contract of a union member without referral to the *Commission des Litiges*, *i.e.* Dispute Commission;
- failure to provide notification of the dismissal;
- failure to provide a letter of dismissal;
- significant amendment to the employment contract;
- accumulation of sanctions;
- dismissal following sexual harassment;
- expulsion of the employee from his place of work;
- revocation of an employee by ministerial order;
- employer's failure to submit pleadings before the Industrial Tribunal;
- gross misconduct sanctioned belatedly;
- the requirement of a medical certificate by an employer aware of its employee's state of health;
- change in the employer's legal status;
- unlawful suspension of the employment contract, etc.

However, the burden of proof is borne by the party, employer or employee, making the claim.

All contract terminations must be notified in writing.

Moreover, the terminating party must observe a period of notice, pursuant to the provisions of Article 39, paragraph 2, of the Employment Code, which provides as follows: "*Termination shall be subject to notice issued by the party taking the initiative to terminate*".

The period of notice, which may be based on collective bargaining agreements or regulations, depends on the situation: 3 months for executive-level *cadre* employees, 2 months for supervisors *agents de maîtrise* and 1 month for operational-level employees *agents d'exécution*. Certain collective bargaining agreements set shorter notice periods of eight (08) days, in particular for unskilled workers *manœuvres* or manual workers *ouvriers*.

Dismissals ruled as unfair by the courts entitle the employee in question to be reinstated in the company or to be awarded damages.

Regarding legitimate dismissals for a minor offence, the employee in question is entitled to (1) payment in lieu of notice and (2) severance pay.

The payment in lieu of notice comprises the following elements: the remuneration and benefits in kind that the employee would have received during the notice period that did not take place.

It should be noted that the new version of Article 41 (paragraph 2) of the Employment Code states that employees who find another position during the notice period shall not be entitled to this payment in lieu of notice. Before definitively leaving the company, employees must inform their employer two business days in advance.

There are no legal provisions governing the severance payment. As a result, the collective bargaining agreements bridge the legal gap by setting rules for awarding and calculating this payment.

From this point of view, the severance payment may vary depending on the length of time that the employee has been with the company and the company's business sector.

As a general rule, it is determined based on the average monthly salary over the last twelve months, at a rate that increases depending on the seniority of the employee in question.

Furthermore, the employee is entitled to claim payment in lieu of paid leave from his employer if his seniority with the company is equal to or in excess of twelve months. He is entitled to a minimum of twenty-six weekdays per year and the employer must

also provide him with a work certificate (*certificat de travail*). Failure to comply with this formality, if established, is subject to financial sanctions, determined at the court's discretion.

Regarding the termination of a contract by the employer for economic reasons or internal restructuring of the company

This method of termination is provided under and governed by the new version of Article 39, paragraph 5, of the Employment Code.

This article provides the following: "In the event of individual or collective dismissals due to the downsizing of the business or internal restructuring, the employer must inform the employees' representatives in writing to obtain their suggestions in terms of the dismissal plans. To achieve this, it must provide them with all those documents and information required to analyse the company's situation.

Priority shall be given to professional qualifications, seniority and, lastly family situation, when determining the order of dismissal [...]".

This legal provision was clarified by Order no. 1108 of the Ministry of Public Service and Social Security, implemented to set procedures for individual or collective redundancy for economic or structural reasons and for the termination of contracts by mutual agreement.

Articles 2, 3 and 4 of such Order govern the establishment of the redundancy application file, the number of copies, the procedure to follow and the powers of the director general of employment *Directeur Général du Travail*, in his capacity as Chairman of the *Commission des Litiges* (Dispute Commission).

Article 2 provides that: *"All application files [...] must be established by the employer in two copies and submitted to the Regional Director of Employment for the region in which the company is located"*.

Article 3 states that: "The file [...] must include the following:

- *financial and accounting information on the company to enable its actual situation to be determined;*
- *a detailed plan for furthering or restructuring the business;*
- *the jobs or positions affected by the measures;*
- *the opinion of the employees' representatives"*.

Article 4 provides that the Regional Director of Employment shall launch, via the Commission, an inquiry into the financial and accounting information included in the redundancy application file and shall convene, within fifteen days of the date at which the application was received, the *Commission des Litiges*, which shall rule on the application. The Commission may issue a positive or negative opinion.

As a general rule, the above procedure includes: 1. the submission of the plans to the employees' representatives in writing; 2. the submission of the file to the *Commission des Litiges*; 3. the establishment of the order of redundancy, *i.e. employee qualifications, seniority and family situation*.

Regarding the termination of the contract by mutual agreement

Article 6 of the above-mentioned Order defines this method of separation as "a method of termination based on the independent intention of the parties to the contract".

It should be noted that the implementation of this method and its performance are subject to review by the labour inspection officer *Inspecteur du Travail*.

Article 7 stipulates that: "Any departure by mutual agreement becomes effective only after review by the labour inspection officer to whom the employer has submitted the information concerning the circumstances of the negotiated departure".

The labour inspection officer, without encroaching on the intentions of the parties, verifies the circumstances surrounding the employee's consent and the risks he incurs (Article 8 of the Order).

Articles 9 and 10 provide, respectively, that: "If the employee's consent is invalidated by deceit, influence or pressure of any kind, the labour inspection officer will inform the parties and the employees' representatives" and "The employee's consent may only apply to the principle of his departure from the company. He therefore has the right to bring a claim before the labour inspection officer or the appropriate court to challenge, in particular, the indemnity payment for contract termination as agreed to by the employer".

Regarding the termination of the employment contract of a pregnant woman

Article 113 of the Employment Code provides that "Any pregnant woman whose pregnancy has been medically established may leave her employment without notice and without paying an indemnity for termination of contract".

Pursuant to this article, a pregnant woman may terminate her employment contract at any time, provided that her pregnancy has been established. She is not entitled to any payment from her employer.

Paragraph 2 of the above-mentioned article states that: "Any woman has the right to suspend her employment for fifteen consecutive weeks, of which nine following childbirth [...]. During this time, her employer may not give her notice of termination; she is entitled to half her salary and free medical care [...]".

Terminating her contract although she has committed no fault would therefore constitute an unfair dismissal.

Regarding the termination of the employment contracts of protected employees (Employee & Union Representatives).

The new version of Article 176 of the Employment Code provides that: "Plans to dismiss an employees' representative, as envisaged by the employer or its representative, must be submitted for authorisation to the *Commission des Litiges*, as provided in Article 39 (new).

However, in the event of suspected gross misconduct, the employer may suspend the employees' representative pending the final decision of the Commission des Litiges. This situation shall not entail a suspension of the employee's base salary".

It should be noted that pending the judicial proceedings before the Court, the Employees' Representative retains his base salary until the judgment is pronounced, unless he has been dismissed with authorisation from the *Commission des Litiges*.

In the event of unfair dismissal, the Court will order that the Employees' representative be reinstated or award him damages.

The same legal provision extends the guarantees provided to Employees' representatives to "applicants to the position of employees' representative for six months following the expiry of their term of office", "applicants to the position for the period between the submission date for applications to the company manager and the election date", "applicants who have not been declared elected for three months following the date of their election".

Based on the above, the employer must be extremely cautious in terms of dismissing an Employees' representative, due not only to the legal protection afforded to the latter but also to the extension by law of this protection to other categories of representatives with no official elected status.

It should be noted that the protection of Union Representatives against dismissal is provided in Article 19 of Chapter VII of Order no. 1109 regarding union representatives and union activity in companies.

This article in fact provides that: "Union representatives, who have been legally established pursuant to the conditions provided in Article 10, are entitled to union protection from dismissal as defined under the new version of Article 176 of Law no. 6-96 of 6 March 1996, with the exception of the provisions concerning the continuation of salary payments pending the outcome of the judicial process".

Article 34 of Order no. 1110 regarding the establishment of employees' representatives states the following: "*Plans to dismiss an employees' representative, as envisaged by his employer, must be submitted to the Commission des Litiges, as defined in Article 39 of the Employment Code, and must comply with the procedure set down in Article 176 of such Code*".

These provisions are public policy. In other words, any dismissal made by an employer in violation of these provisions shall be deemed to constitute an unfair dismissal.

3.3 General Contractor's (CCC) Human Resources Policy & Employee Terms/Conditions:

CCC confirms that its human resource policy provides employees with information regarding their rights under national labour and employment law, including their rights related to wages and benefits.

CCC employment contracts cover the following itemized points below. As an example and in order to illustrate this better a "SAMPLE EMPLOYMENT CONTRACT" for Expatriates used for CCC employees in Equatorial Guinea is attached. A similar contract will be developed for Republic of Congo taking into consideration applicable statutory laws and practices.

- **Expatriates:**

The policies and procedures pertaining to Expatriate Staff will be developed when the project is awarded and will cover the following issues:

- Accommodation;
- Messing;
- Transportation;
- Area Allowance;

- Special Location Allowance;
- Overtime;
- Special Family Subsidy (Schooling);
- Family Living Subsidy (Status of married employees serving on single status);
- Annual Leave Cycles;
- Sick Leave;
- Medical Insurance;
- Accident Insurance;
- End of Service Indemnity (Upon release of staff).

- **Nationals:**

The policies and procedures pertaining to National Staff will be developed when the project is awarded and will cover the following issues:

- Salary;
- Overtime;
- Annual Leave;
- Sick Leave;
- Medical Insurance;
- Accident Insurance;
- Workmen's Compensation.

CCC will act in compliance with the Republic of Congo prevailing laws and acts regulating labour relations and with international treaties ratified by the Republic of Congo. CCC will make its workforce understand that collective bargaining agreement is a possibility, within the framework of the statutory laws and practices (where applicable).

3.3.1 Grievance Mechanism

The Company encourages the informal resolution of all problems whenever possible before the filing of a complaint, and encourages open communication so that resorting to the formal complaint procedure normally will not be necessary. A complaint may occur when an employee believes that any condition affecting the employee's terms and conditions of employment is unjust, inequitable, or creates a problem.

Under the Company's policy, an employee has the right to file a complaint concerning the following, but not limited to:

- Performance evaluations if the evaluation was based on factors other than the employee's performance on the job;
- Reduction in pay without justification;
- Increment was not provided after one year of employment;
- Justification for not being promoted;
- Dissatisfied with the incentive / bonus compensation;
- Dissatisfied with the leave cycle;
- Lack of appropriate orientation and training.

When an employee feels that a complaint exists, he should arrange a meeting with the immediate supervisor. The complaint may be expressed verbally or in writing (supervisor will fill such a complaint application for illiterate workers). It is the intent of the Company that, whenever possible, complaints be resolved at this stage, through discussions between the employee and the immediate supervisor.

The immediate supervisor must respond to the employee's complaint shortly after the meeting. If a written complaint is provided to the supervisor, the response shall be in writing. If the complaint is provided verbally, the response may be provided in writing at the discretion of the supervisor. Employees who do not consider their complaint resolved after meeting with their immediate supervisor, shall address their complaint in writing, either to their Functional Manager, or to the Group Manager, Human Resources, who will initially determine, if the subject matter of the complaint shall be proceeded or denied and assures that:

- a) The review is fair and completely impartial;
- b) The review is thorough and objective.

If the decision was to continue with the complaint, then efforts to resolve the complaint should be made up to and including the review, at the Group Vice Presidential level, if necessary. The written response from these levels of supervision shall be returned to the employee through the Human Resources Department.

3.3.2 Disciplinary Procedure:

The Company shall administer a consistent procedure covering disciplinary actions used as guidelines to the following ranges of penalties for various types of work deficiencies and conduct offenses:

Discharge for cause results from, but is not limited to:

- Misrepresentation in the application for employment;
- Repeated tardiness;
- Unexcused absenteeism;
- Proven theft or dishonesty;
- Breach of the terms of the contract of service;
- Assault on any supervisor or fellow employee;
- Deliberate act or negligence with intent to cause material loss;
- Violation of safety practices;
- Drinking on the job or reporting to work under the influence of alcohol.

After three written warnings within twelve months for serious breaches of normal employment discipline. The purpose is to warn the employee in writing of a specific offense or deficiency in performance standards and give notice to the employee of the next level of discipline for a repeated offense. The written warning shall be in a memorandum format informing the employee of the possible consequences if the offense is repeated. The memorandum shall be provided to the employee with a copy forwarded to the Human Resources Office for inclusion in the employee's personnel file. The employee, after being served with three written warnings shall be terminated from the Company after obtaining the authorization of the Project Manager in the employing location. An employee shall be given written notice of termination by the Human Resources Officer stating the reasons of termination.

The provisions of this policy are subject to applicable collective bargaining agreement provisions.

3.4 Recruitment Procedures

3.4.1 Expectations and Transparency

The Operating Company recruitment policy and procedure recognises the need for cultural sensitivity, fairness and transparency. The company currently employs a transparent recruitment policy and procedure mechanism, which is also applied to guard staffing.

The Company has established and used, and will continue develop a transparent recruitment mechanism according to international and PS2 standards.

The Company's hiring process is and will be managed in a way to continue maximum local hiring in the context of local skill levels. Employment brokers are used to facilitate most hiring of local nationals for drilling worker positions. All recruitment brokers will be evaluated for compliance to national labour law and PS2 standards. The Company did a survey, and consulted other majors international employers in ROC to discuss and compare and benchmark level of skills, commercial terms and conditions, and corporate governance (do the brokers pay their workers on time, etc.). The Company follows international best practice to select employment companies, brokers etc. to work with. Wages for workers are and will be established in compliance with minimum wage legislation and competitive with relevant projects and industries in the country. Except for gardeners etc., the Company pays its' workers at a rate above minimum wage.

It seeks to prevent dissatisfaction over access to jobs and perceptions of bias. Non-discrimination and equal opportunity principles will be applied to recruitment, monitored by the Human Resources Department and the recruitment/selection team.

3.4.2 Recruitment and Selection

The recruitment and selection process is designed to provide a clear and simple sequence of steps for flexible recruitment whilst ensuring a transparent and fair process and clear communication of relevant information. The main steps will be the following:

- Internal Promotion: If a suitable candidate is available within the existing staff, he/she will be considered for the job;
- Contact Labour Exchange: The *Office national de l'Emploi et de la Main-d'oeuvre* (ONEMO) will be contacted to see what candidates are registered. Relevant CVs will be inspected, and if non are suitable, other methods will be used as outlined below;

- Advertisement/Vacancy Announcement: Methods will include appropriate bulletin boards, local radio and the local and national press. The content of a vacancy announcement is specified. Employee referral may be a good source of candidates, but strong and meticulous transparency will have to be applied in such cases;
- Development of Selection Criteria: These must be: designed to provide evidence of the required capabilities; documented and transparent; effective and equitable; free from conflict of interest. They must be clearly defined before hand;
- Deployment of Recruiting and Selection Teams: The composition of the teams must be sensitive to ethnic representation. Ideally teams should include a mix of people who are representative and credible. Among the members of the team should be a person who understands the job and a person trained in recruitment and principles of equity. A gender balance should be sought where possible;
- Processing Applications: Applications will be received in a well-designated location, easily accessible and free from interference or tampering. Anyone is entitled to submit an application. The applications will be screened and narrowed to a short list by the selection team, based on clear criteria;
- Interview: Interviews will be well organised beforehand. Candidates will be informed about the interview process, including forms to be filled in by interviewers in the course of the interview. In general the interviewers must be open-minded, neutral and ready to listen;
- Offer of Employment: A formal job offer with terms of employment will be made available to the successful candidate for review. All offers of employment will be made subject to a satisfactory pre-employment medical examination, the purpose of which is to ensure that the candidate is physically fit to perform the duties of the position.

The HR department will undertake formal contracting following recruitment and selection.

3.4.3 Contractor recruitment policy

The following is information about expatriate employee terms and conditions needed to assess CCC's compliance with the requirement for non-discriminatory hiring according to PS2. CCC's Statement on Non-Discrimination and Equal Opportunity is that recruitment and selection decisions affect the company's ability to meet its business planning needs and strategic objectives. Therefore, it is important to invest time and energy into recruiting high caliber staff. The Company is committed to a systematic approach to recruitment and selection in order to attract, select and

appoint the best staff through a fair and a merit based process. This will maximize the employees/candidates effectiveness and ensure that the Company recruits quality staff on a consistent basis. Therefore, discrimination on the basis of applicant's race, color, national origin, religion, sex, age or disability is prohibited by the Company.

CCC's Statement on Child and Forced Labour is that CCC has joined the UN Global Compact Initiative which emphasizes 'bringing human rights into company policy and culture'. As the International Labour Organization, in which CCC takes part, considers child labour exploitative, CCC strictly abides by both the United Nations and International Labour Organizations whereby it is stipulated that the rights of children are to be protected from economic exploitation and from performing work which is detrimental to a child's development in any way. Therefore, CCC follows a stringent policy of not employing labour under the ages specified by the country of operation.

It is important to the Company to ensure that it has a security plan that considers good international practices in terms of hiring, the Company will revise its' hiring and vetting procedures according to international best practices (specifically identify responsibilities or security requirements), and coordinate with the Company's Human Resources department and that of CCC to ensure compliance. These hiring and vetting procedures will be communicated to the subcontractors as the standard level of conditions applicable. (OH Clarify)

3.5 Remuneration and Compensation Procedures

3.5.1 Remuneration

Employees will receive remuneration for the performance of their contracts. This is composed of a salary or wage, and of benefits and allowances. The salary component is determined by a basic salary in a salary grid, and is affected by the category and the responsibility function he will assume. The Operating Company will ensure that employees understand how salaries are set and how increases will be determined.

Additional responsibility will be remunerated in clearly defined circumstances. These include "acting" positions, "in-charge" positions, hardship positions and in situations where there is extra cash handling responsibility. All deductions will be made within the ROC legal framework, and will be transparent and well communicated.

3.5.2 Benefits

The benefits to be made available are either taxable or non-taxable: The two points below may be covered by a Convention collection (CC). However, the details of this are still being established. The CC may be just for the Operating Company or also with other mining companies. This issue will be resolved by the HR manager in country.

- Taxable benefits may include an annual gratuity, severance pay (Section 3.2.5), a salary adjustment in case of temporary incapacity, an indemnity in case of death and salary advances. The latter will only be granted in exceptional circumstances;
- Non-taxable benefits may be determined by a 'convention collective'. This will be prepared between the employer, *i.e.* the Operating Company, labour inspection authorities, employees representatives and labour unions. The Operating Company will sign an "*Accord d'Établissement*" which will set out these benefits in detail.

Details of all benefits, including eligibility, will be clearly laid out in the Operating Company HR policy and procedure guideline.

3.6 **Training and Development Policy**

In addition to the responses in section 3.5, much relevant information regarding Training and Development in the Project has been addressed in the introductory section 1.3-Project Phases and Employment. The context and content of the response in 1.3 addresses issues of recruitment, HR training and development and labour legacy in the larger framework of Project Phases.

3.6.1 Types of Programmes

The Operating Company will encourage all employees to pursue occupational excellence. It will also ensure that employees have the skills, knowledge and ability to perform the assignments entrusted to them. There will be four types of training programmes:

- *In-house training* provided by the Operating Company. This will enable employees to improve job performance and to develop;
- External *task-oriented training* addressing the skills required for specific technical, mechanical, clerical or administrative jobs;
- *Educational incentives* that will assist employees to continue with formal education;

- Access to conferences, seminars, workshops and courses will be offered to specified categories of employees, to assist them in maintaining and building expertise in their profession.

3.6.2 Eligibility

Information regarding access to training will be distributed to all Operating Company employees. Employees can apply for in-house and task oriented training and educational incentives, supported by a supervisor. A Selection Committee comprising the HR manager, the training manager, and the manager of the relevant line department will review applications. Employees in categories eligible for participation in the advanced external programme can submit applications to the Selection Committee. The Committee will also meet all applicants. All applicants will get a written notification of the decision.

3.7 **Dispute Settlement Procedures**

3.7.1 Dispute Resolution and Cultural Differences

The nature and resolution of disputes is complex in culturally diverse environments. This is so because there are different views on making a complaint, and on the issues underpinning the complaint. The Operating Company dispute settlement procedure will be sensitive to the complexities and will seek to reduce barriers where these exist.

3.7.2 Informal Resolution

The Informal Resolution comprises two parts:

- Wherever possible disputes will be resolved through interaction between the complainant and the respondent. If necessary, a facilitator can be called to assist with mediation;
- If the mediation does not succeed or if the dispute contains more than two complainants, the dispute will be resolved through this process. The essential elements of the process are the following:
 - Written complaints must be submitted to the relevant supervisor or to the HT manager. Receipt must be acknowledged in writing;

- The complaint must be investigated in the framework of a specified procedure, and the investigation must be documented. Complaints can be withdrawn in writing by the complainant. If the investigation concludes that the complaint is ill founded, the HR manager will be called on to make a judgement in this regard;
- The HR manager or a designated mediator may propose a solution and allow the complainant and respondent to comment;
- The HR manager or the mediator will inform the complainant and respondent of the resolution. They will sign an agreement to officially conclude the dispute. An independent actor (such as a Union) would be part of this agreement.

3.7.3 Formal Resolution

Where complaints cannot be resolved informally, they will be subject to a formal process of resolution. The essential elements of the process are the following:

- Every worker or every employer could ask for the services of the Labour Inspector to settle the dispute through an amicable agreement;
- As soon he receives this request, the Labour Inspector summons the parties in order to find a resolution;
- The parties must present themselves before the Labour Inspector at the date and time set out in the summons. In case of a refusal to attend the Labour Inspector establishes the infringement in the minutes of the case (PV);
- The Labour Inspector verifies if the parties are inclined to directly find an agreement on basis of the provisions fixed by law, regulations, Conventions collectives and individual contracts;
- In case of settlement, the executory formula is affixed by ordinance of the President of the Labour Court. This formula has the same value as a verdict from the Labour Court;
- Through lack of or in failure of settlement, a legal action is brought in front of the Labour Court in the form set out in the Employment Code.

3.8 **Policy on Rights of Association and Bargaining**

The Operating Company will honour the ROC Labour Code provisions relating to union formation and membership, the right to organise, the right to bargain collectively and the right to strike (Section 2.3.3).

With or without unions, the Operating Company will encourage and facilitate structures representative of workers and worker interests, and will provide procedures for these structures to communicate with supervisors and managers. Participants will not be subjected to discrimination, and viewpoints and problems raised through the representative structures will be considered and discussed in a defined and transparent manner.

Regarding the PS2 requirement for a collective bargaining agreement, A "Convention Collective" (Collective bargaining agreement) for the local staff is already drafted and agreed to by the Directeur Départemental du Travail (Labour Department Director). It should be discussed with the social partners. The company will complete the final version of collective bargaining agreement and communicate it and make it available to all employees. The company will monitor that CCC communicates its' collective bargaining agreement and makes it available to all expatriate workers. CCC confirmed that it will act in compliance with the Republic of Congo prevailing laws and acts regulating labour relations and with international treaties ratified by the Republic of Congo. CCC will make its workforce understand that collective bargaining agreement is a possibility, within the framework of the statutory laws and practices (where applicable).

Regarding conditions and terms of employment provide reasonable working conditions, the Human Resources Employment Policy mirrors principles of PS2 and complies with ROC labour law. See Human Resources Employment Policy in Appendix 1.

Mag will develop a plan regarding retrenchment of employees. The Congolese law (Labour Code) and Règlement intérieur (Internal regulation) clearly stipulates the plan for employment retrenchment. Mag will follow all ROC labour law procedures pertaining to retrenchment of employees.

In accordance with national labour law, a grievance mechanism will exist within the terms and conditions documents for both CCC expatriate and local employees and Company employees. As referred to in the human resource policy, the policy supports procedures to settle disputes, including:

« The Company will provide a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The Company will inform workers of the grievance mechanism at their time of hire, and make it easily accessible to them. The mechanism will involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any

retribution. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements ».

The Company will develop and implement internal guidance notes such that the Company will communicate to and assist local businesses the nature and process of achieving quality standards to be considered for contracts for local goods and services associated with the Construction and Operations phases.

The Company will explore relevant options to increase the level of local supply of goods and services to the construction phase, including CCC's hiring of locals. Plans will be developed to support local contractors to achieve required standards, to have access to priority bidding processes as well as unbundling contracts or forming associations so that the scale of local enterprise is not an obstacle. Together the Company and CCC will identify opportunities for contracting to local businesses, seeking to achieve healthy numbers of contracts and percentages of spending contracts expected to go to local companies.

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4 WORKPLACE HEALTH AND SAFETY PLAN

4.1 Planning Phase

4.1.1 Risk Identification and Control

All significant work activities during the construction and operational phase of the Project will be covered by a specific risk assessment before commencing with the activity. The risk assessment process will allow contractors and the Operating Company to pro-actively identify risks and implement mitigation measures to reduce the risk to a level as low as reasonably practicable (ALARP). This principle will be applied during the construction phase of the Project to ensure contractors and sub-contractors identify and manage risks.

The APELL process followed in terms of the Emergency Preparedness and Response Plan also requires an evaluation of risks and hazards which could affect communities in the vicinity of the Project. This will be carried out in conjunction with the Emergency Preparedness and Response Plan for the Construction phase (on site or construction activity related risks) and for Operations (within battery limits) and with reference to the relevant sections of the Risk Management Plan prepared by MagIndustries risk consultants. These risk assessment initiatives will be coordinated to ensure compatibility. Risk assessments will be reviewed by line and functional management and in conducting these assessments; consideration shall be given to the following risk categories:

- Construction methodology;
- Piecework;
- Monotonous and repetitive work;
- Work at predetermined rate;
- Influence of shift work;
- Overtime loading;
- Fatigue and Stress.

With full consideration given to the following groups of hazards:

- Chemical hazards;
- Physical hazards;
- Ergonomics;
- Psychological hazards; and

- Environmental hazards.

Generic areas of risk, identified on the basis of previous project safety statistics and industry guidelines, are listed in Table 5.1. Risk abatement strategies will be developed around these areas of risk. These will consist of the following:

- Elimination of the risk;
- Substitution;
- Redesigning;
- Separating the hazard from the person;
- Defining safe behaviours;
- Administrative measures; and
- Personal Protective Equipment (PPE).

4.1.2 Management Organisation

For the operational phase of the Project, the HSE manager will be responsible for the implementation of the health and safety management plans for the various phases of the project. The incumbent's primary focus is on ensuring the integrity of the management plans for the various phases of the project life-cycle. He will also be responsible for the provision of safety advice, especially in the field of international best practices to line management. The clinic manager will have responsibility for the overall management of the clinic after it has been handed over at completion of the construction phase of the project.

During the construction phase, a General Contractor Safety Superintendent will report to the General Contractor Project Manager, who reports to the Project Manager and HSEC Manager of the EPCM Team. The General Contractor HSEC Manager will be responsible for managing sub contractors in a specific area or phase of the construction site. The HSEC Manager of the EPCM team will also report to the Owner's team HSEC Manager. Safety will also be a responsibility of all line managers. Although the primary focus will be on safety, these managers will also assist in ensuring that contractors do not engage in activities that may negatively impact on the environment. This structure ensures that construction schedule and production does not enjoy priority over safety during the project.

The clinic may be outsourced during the construction phase to a service provider that has the expertise and know-how, as this does not form part of the core business of the EPCM contractor who will be responsible for the project management of the

construction phase of the Project. The General Manager will have the overall accountability for the safety of mine and plant employees during the operational phase of the Project, with safety support being provided by the HSEC Department.

Table 4.1 Process Elements & Strategy.

Process Element	Strategies
<i>Design Phase</i>	
Work Methodologies	Ensure both temporary and permanent works are designed by competent structural designer in accordance with codes of practices, legal requirements and international good practices.
People	Ensure constructability of design with special emphasis on the ergonomics of workstations and equipment.
Materials	Ensure specified materials are safe to handle. Where material poses an inherent risk to workers – work through the hierarchy of controls to reduce the risk
<i>Procurement Phase</i>	
Environment	Develop an HSE specification for inclusion in all tender documentation to make contractors aware of the requirements to be met during the construction phase to ensure a safe working environment
Work Methodologies	Contractors to be informed of the requirement to develop work methodologies in line with international good practices. Preliminary work methodologies to be submitted for review before mobilisation to site.
Work Activities	Pre-emptive risk assessments to be prepared for all work activities.
People	Ensure all project personnel are fit, suitable and competent to carry out the work. Ensure all project personnel are committed to health and safety.
Plant Equipment Material	Ensure all plant, equipment, tools and materials are safe to work with and stored safely. Ensure contractors and suppliers comply with Legal requirements with regards to health and safety. Obtain all required licenses and permits to operate in ROC. Establishment of legal registers and conducting of legal compliance audits early in project stage to ensure the Operating Company meets all legal and other requirements.
<i>Construction and Operational Phase</i>	
Environment Work Methodologies	Provide safe and healthy working conditions to all project personnel. Maintain all plant, equipment and tools in a safe working condition. Plan all work to eliminate or minimise the risks to a level ALARP.
Work Elements Work Activities	All activities to be preceded with a risk assessment to identify risks, controls and the control effectiveness to ensure the risk to the workers is ALARP. Report all incidents and near misses.
People	Provide all personnel with understanding of risks associated with work methodologies, work elements, and work activities prior to commencing work. Ensure all personnel at a workplace receive and understand the appropriate inductions and instructions and training prior to commencing the work. Provide all personnel with appropriate training and/or instruction in the correct handling and use of equipment and materials
Plant Equipment	Systems and procedures such as maintenance systems, pre-work inspections, machine safeguarding etc. to be implemented to ensure plant and equipment is safe and the risk to operators and other is ALARP.

In addition, during the construction phase, each construction contractor will be required to have a safety organisation similar to the owner's and EPCM team. Job descriptions will be developed for all employees and training will be developed in line with the various roles and responsibilities to ensure a competent workforce during all phases of the Project.

The Company plans to provide a confidential and non-discriminatory health screening program as appropriate for employees and a clinic to treat minor emergencies at each of its project sites. National legislation requires each applicant to attest to their state of health and The Company has plans for a clinic to treat minor emergencies at the project site and for health insurance policies to cover workers and some specified family members. Each year, every single employee will undergo a health screening at a hospital, as stipulated by law.

During the Construction phase, Company subcontractors (FORACO and CCC) will conduct their own health screening programs within their hiring processes.

4.2 Training, Awareness and Competence

The intent of this element is to ensure that personnel are competent to conduct their work in a healthy and safe manner and also to maintain a high awareness level among project employees. During the construction phase of the Project specifically, training will be carried out on three levels.

- Induction and training provided by the project to raise awareness levels;
- Task specific training to be conducted by the Contractors; and
- Specific interventions based on the pro-active identification of safety behaviour and trends.

The Company plans to put in place a program to train employees in safety procedures and protocols covering methods of working, use of personal protective equipment (PPE), first aid and action in emergencies. This training program will be based on EHS guidelines that will comply with the MagIndustries Health and Safety Policy. Specifically, the training program will include safety procedures and protocols covering methods of working, use of personal protective equipment (PPE), first aid and action in emergencies. An Action Plan item will specify how the training will take place, reflecting the processes and standards of the EHS, will be outlined in the Action Plan.

Building on the Social and Environmental Management System the Company will expand training programs for employees focusing on environmental health and safety to include training programs to on community engagement orientations and cross-cultural awareness for all employees. Local employment-related training will also be implemented for operations staff.

The Labor and Contracting Plan contains orientations describing company and worksite policies, including environmental policy, ethics, and health and safety measures. Additional training programs will be designed and implemented in cultural awareness and community stakeholder engagement. Also to be developed are guidelines to proactively diminish workplace and company community conflicts. This plan will also include programs designed to train employees on matters of environmental awareness and job analysis that will enable them to perform their work in a manner that will meet environmental objectives.

When project work is proposed to be located in an area where cultural heritage is expected to be found, procedures will be in place to ensure that any chance finds are identified properly and not disturbed further until an assessment by a competent specialist is made and actions taken are consistent with the PS8. Detailed procedures and training plans will be developed to support worker and management competencies to best manage chance finds. An incentive program based on recognition, not money will be implemented to motivate training and implementation compliance.

The Company plans to promote awareness of community health and safety by working with employees, regulatory agencies and communities to ensure preparedness for possible emergencies related to each of the Company's project sites. The company will ensure that its AIDS/HIV policy (to be presented) is in alignment with the new national AIDS strategy for 2009-2013 launched in ROC in July 2008.

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5. HEALTH AND SAFETY MONITORING AND REVIEW

5.1 Monitoring

5.1.1 Performance Measurement and Monitoring

Processes will be implemented to measure the performance of the integrated health and safety management system on a regular basis. Leading and lagging performance indicators will be set. More information regarding this is included in the OHS management plan.

5.1.2 Management System Safety Audits

Internal as well as external health and safety audits will be conducted to monitor the compliance of the implemented system with the management plans. Project HSEC advisors will be required to conduct audits on the compliance of contractors with their own Safety Management Plans. Audits will be internal, but external legal compliance audits will be conducted to ensure that all minimum legal and other requirements are met.

5.2 Review

5.2.1 Management Review

Management review will be conducted once per annum as defined in the procedure for management reviews. It will assess whether the safety management system has been fully and effectively implemented and will determine whether the system remains suitable for achieving the objectives of the organisation during the various project life-cycle phases. The main objective of the management review process is to identify areas of continual improvement.

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Appendix 1
MagIndustries Policies

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Sustainable Development Framework

MagIndustries is committed to managing its extensive mineral, energy and forestry resources in a responsible way, to the benefit of its/our relationships with (our) host communities, the environment and the business itself. MagIndustries recognises the need to contribute to sustainable development and aligns itself with the Sustainable Development Principles developed by the International Council on Mining and Metals as far as these are appropriate to the activities of MagIndustries.

1 Implement and maintain ethical business practices and sound systems of corporate governance.

- Develop and implement company statements of ethical business principles and practices that management is committed to enforcing.
- Implement policies and practices that seek to prevent bribery and corruption.
- Comply with or exceed the requirements of host-country laws and regulations.
- Work with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies.

2 Integrate sustainable development considerations within the corporate decision-making process.

- Integrate sustainable development principles into company policies and practices.
- Plan, design, operate and close operations in a manner that enhances sustainable development.
- Implement good practice and innovate to improve social, environmental and economic performance while enhancing shareholder value.
- Encourage customers, business partners and suppliers of goods and services to adopt principles and practices that are comparable to our own.
- Provide sustainable development training to ensure adequate competency at all levels among our own employees and those of contractors⁴.
- Support public policies and practices that foster open and competitive markets.

⁴ This will be implemented by ensuring that contractors comply with our policies and guidelines by making this and other requirements contractual obligations.

3 Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

- Ensure fair remuneration and work conditions for all employees and do not use forced, compulsory or child labour.
- Provide for the constructive engagement of employees on matters of mutual concern.
- Implement policies and practices designed to eliminate harassment and unfair discrimination in all aspects of our activities.
- Ensure that all relevant staff, including security personnel, are provided with appropriate cultural and human rights training and guidance.
- Minimise involuntary resettlement, and compensate fairly for adverse effects on the community where they cannot be avoided.
- Respect the culture and heritage of local communities, including indigenous peoples.

4 Implement risk management strategies based on valid data and sound science.

- Consult with interested and affected parties in the identification, assessment and management of all significant social, health, safety, environmental and economic impacts associated with our activities.
- Ensure regular review and updating of risk management systems.
- Inform potentially affected parties of significant risks from mining, minerals and metals operations and of the measures that will be taken to manage the potential risks effectively.
- Develop, maintain and test effective emergency response procedures in collaboration with potentially affected parties.

5 Seek continual improvement of our health and safety performance.

- Implement a management system focused on continual improvement of all aspects of operations that could have a significant impact on the health and safety of our own employees, those of contractors and the communities where we operate.
- Take all practical and reasonable measures to eliminate workplace fatalities, injuries and diseases among our own employees and those of contractors.
- Provide all employees with health and safety training, and require employees of contractors to have undergone such training.
- Implement regular health surveillance and risk-based monitoring of employees.
- Rehabilitate and reintegrate employees into operations following illness or injury, where feasible.

6 Seek continual improvement of our environmental performance.

- Assess the positive and negative, the direct and indirect, and the cumulative environmental impacts of new projects –from exploration through closure.
- Implement an environmental management system focused on continual improvement to review, prevent, mitigate or ameliorate adverse environmental impacts.
- Rehabilitate land disturbed or occupied by operations in accordance with appropriate post-mining land uses.
- Provide for safe storage and disposal of residual wastes and process residues.
- Design and plan all operations so that adequate resources are available to meet the closure requirements of all operations.

7 Contribute to conservation of biodiversity and integrated approaches to land use planning.

- Respect legally designated protected areas.
- Disseminate scientific data on and promote practices and experiences in biodiversity assessment and management.
- Support the development and implementation of scientifically sound, inclusive and transparent procedures for integrated approaches to land use planning, biodiversity, conservation and mining.

8 Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.

- Advance understanding of the properties of metals and minerals and their lifecycle effects on human health and the environment.
- Conduct or support research and innovation that promotes the use of products and technologies that are safe and efficient in their use of energy, natural resources and other materials.
- Develop and promote the concept of integrated materials management throughout the metals and minerals value chain.
- Provide regulators and other stakeholders with scientifically sound data and analysis regarding our products and operations as a basis for regulatory decisions.
- Support the development of scientifically sound policies, regulations, product standards and material choice decisions that encourage the safe use of mineral and metal products.

9 Contribute to the social, economic and institutional development of the communities in which we operate.

- Engage at the earliest practical stage with likely affected parties to discuss and respond to issues and conflicts concerning the management of social impacts.
- Ensure that appropriate systems are in place for ongoing interaction with affected parties, making sure that minorities and other marginalized groups have equitable and culturally appropriate means of engagement.
- Contribute to community development from project development through closure in collaboration with host communities and their representatives.
- Encourage partnerships with governments and non-governmental organisations to ensure that programmes, such as community health, education, local business development, are well designed and effectively delivered.
- Enhance social and economic development by seeking opportunities to address poverty.

10 Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

- Report on our economic, social and environmental performance and contribution to sustainable development.
- Provide information that is timely, accurate and relevant.
- Engage with and respond to stakeholders through open consultation processes.

Source: www.icmm.com/icmm_principles.php

MagIndustries has an Environment, Health and Safety Committee which operates at Board level and considers, on an on-going basis, the management of environmental and health and safety issues within its business units. Each business unit has a representative responsible for EHS issues. Although they are supported by staff members who provide specialist advice and support in managing all aspects of EHS, ultimate responsibility rests with the senior management teams for each business unit, *i.e.* MagMinerals, MagMetals, MagForestry and MagEnergy. The highest EHS governance body is the EHS Committee which reports directly to the Board.

Policies

Policies have been developed and adopted by the MagIndustries Group covering Human Resources, Environment, Community and Health and Safety. These are provided below:

HR Employment Policy reflecting PS2

The policies stated in this handbook are subject to change at any time at the sole discretion of MagMinerals (The Company). From time to time, information regarding any changes in policy may be published and distributed or communicated to employees.

The contents of this handbook are not intended to create a contract or agreement between the Company and employees. For those employees in a position covered by a collective bargaining agreement, employees should refer to the agreement which governs the terms and conditions of employment.

There are specific procedures for many of the general policies stated in the handbook. Please direct any questions to a manager, department head, or to Human Resources.

For The Company, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient to the sustainability of the enterprise. Through a constructive worker-management relationship, and by treating employees fairly and providing them with safe and healthy working conditions, The Company endeavours to create an employee culture and operational workplace with a high level of efficiency and productivity.

The content of this Employment Policy is based on the principles of Performance Standard 2 (PS2) which have been in part guided by a number of international conventions negotiated through the International Labour Organization (ILO) and the United Nations (UN). These principles are meant to:

- Establish, maintain and improve the worker-management relationship;
- Promote the fair treatment, non-discrimination and equal opportunity of workers, and compliance with national labor and employment law;
- Protect the workforce by addressing child labor and forced labor;
- Promote safe and healthy working conditions, and to protect and promote the health of workers.

The Company Employees and Contractor Employees

Throughout this Employee Policy, the term “workers” is used to refer to employees of The Company, as well as to certain types of non-employee workers described in paragraph 17. The application of this Employee Policy will vary depending on the type of workers, as follows:

- **Employees:** All the requirements of this Performance Standard, except for the requirements under paragraphs 17 and 18,
- **Non-Employee Workers:** The requirements of paragraph 17 apply

Working Conditions and Management of Worker Relationship

1. Human Resources Policy

The Company has adopted a human resources policy appropriate to the size and composition and needs of its workforce that sets out its' approach to managing employees consistent with the requirements of national labour law and the standards (International Finance Corporation Performance Standard 2 (PS2)). Under the human resources policy, The Company will provide employees with information regarding their rights under national labor and employment law, including their rights related to wages and benefits. The policy will be clear and understandable to employees and will be explained or made accessible to each employee upon taking employment, including illiterate employees.

2. Working Relationship

The Company will document and communicate to all employees and workers directly contracted by the Company their working conditions and terms of employment, including their entitlement to wages and any benefits and permissible wage deductions.

3. Working Conditions and Terms of Employment

Where the Company is a party to a collective bargaining agreement with a workers organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment (such as wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or holiday), the Company will provide reasonable working conditions and terms of employment that, at a minimum, comply with national law.

4. Promotion requirements and procedures:

Promotion refers to a change in the duties of a qualified employee and a change from one classification to another classification, which involves increased responsibility and a higher salary range. A promotion may result from a change in positions or a reclassification. (Resumes and applications must be reviewed for qualifications prior to the job offer. Exceptions to the minimum required experience must be approved by the Director of Human Resources.).

5. Vocational training opportunities:

The Company is committed to providing vocational training opportunities to employees that ensure the greatest degree of match between the Company and employee/individual learner requirements, their learning goals, learning environment and opportunities provided. The Company aims to provide all learners with the highest quality available personal development, and vocational training support. The Company is committed to widening participation and to actively seek to encourage employees to engage, participate, achieve and progress in appropriate workforce development opportunities.

The Company plans to provide vocational training opportunities to prepare the workforce and to upgrade its efficiency in various non-academic vocational training levels and specializations relevant to the Company's business and to work on varying the vocational training including apprenticeship for employees to participate in regular long term training established under the provisions of this program.

6. Workers' Organizations

In countries where national law recognizes workers' rights to form and to join workers organizations of their choosing without interference and to bargain collectively, The Company will comply with national law. Where national law substantially restricts workers organizations, The Company will enable alternative means for workers to express their grievances and protect their rights regarding working conditions and terms of employment.

In either case regarding collective bargaining described in paragraph 3, and where national law is silent, the Company will not discourage workers from forming or joining workers' organizations of their choosing or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and bargain collectively. Clients will engage with such worker representatives. Worker organizations are expected to fairly represent the workers in the workforce.

7. Non-Discrimination and Equal Opportunity

The Company is committed to providing a work environment that is free from unlawful discrimination and harassment in any form. It is The Company's policy to comply with all applicable laws that provide equal opportunity in employment for all persons and to prohibit unlawful discrimination in employment. The Company's policy is not to discriminate by reason of race, color, religion, sex/gender, gender identity, sexual orientation, marital status, pregnancy, citizenship status, national origin, age or disability.

The Company will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements. The Company will base the employment relationship on

the principle of equal opportunity and fair treatment, and will not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and discipline. In countries where national law provides for nondiscrimination in employment, The Company will comply with national law. When national laws are silent on non-discrimination in employment, The Company will meet PS2 standards. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed discrimination.

8. Retrenchment

If the Company anticipates the elimination of a significant number of jobs or a layoff of a significant number of employees, it will develop a plan to mitigate the adverse impacts of retrenchment on employees. Any retrenchment plan will be based on the principle of non-discrimination and will reflect consultation with employees, their organizations and, where appropriate, the government.

9. Grievance Mechanism

The Company will provide a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The Company will inform workers of the grievance mechanism at their time of hire, and make it easily accessible to them. The mechanism will involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

Protecting the workforce

10. Child Labor

The Company will not employ children in a manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. Where national laws have provisions for the employment of minors, The Company will follow those laws applicable to The Company. Children below the age of 18 years will not be employed in dangerous work.

11. Forced Labor

The Company will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labour, such as indentured labor, bonded labor or similar labor-contracting arrangements.

12. Occupational Health and Safety

The Company will provide the workers with a safe and healthy work environment, taking into account inherent risks in the mining sector and specific classes of hazards in The Company's work areas, including physical, chemical and biological hazards. The Company will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, so far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice, The Company will address areas, including: the identification of potential hazards to workers, particularly those that may be life-threatening; provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; training of workers; documentation and reporting of occupational accidents, diseases, and incidents; and emergency prevention, preparedness and response arrangements.

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Environmental Policy

MagIndustries Corp.(the “Company” or “MagIndustries”) and its controlled affiliates recognizes environmental management as a corporate priority and is committed to the integration of environmental and social considerations at all levels of project development and operation. (There are separate Policies relating to Health and Safety and to Community Development).

The Company will develop an environmental programme and environmental management procedures for its operations, aimed at minimising and mitigating any adverse environmental impact and protecting biodiversity and taking cognizance of conservation opportunities.

The Company will seek to develop environmental management procedures at the Company’s operations consistent with the Equator Principles and thus the World Bank Group (WBG) policies, guidelines and procedures, as at February 4, 2008, and internationally recognized industry best practice.

The implementation of the Environmental Policy and environmental management procedures will be key requirements during all phases of project development. The Company will also seek to require its consultants, contractors, suppliers and subsidiaries to adopt the principles of this Environmental Policy as a minimum standard.

MagIndustries is cognisant of the principles of sustainable development, which is taken to mean “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Accordingly, the Company is committed to the harmonisation of economic development with the health and wellbeing of the natural and human environments.

MagIndustries believes that setting and meeting high environmental standards are prerequisites for carrying on business in a sustainable society, and the Company is committed to good stewardship in the protection of life, health and the environment.

Environmental Policy Implementation

Technically sound and economically feasible environmental protection measures will be adopted throughout the exploration (where appropriate), development and operational phases of its projects, as well as on closure.

Specific Objectives

The Company will address the following specific objectives in it’s commitment to environmental management:

- as a minimum, to assess, design and operate its activities in order to comply with all relevant national legislation relating to the environment;
- in the absence of comprehensive national legislation, then as a minimum requirement to seek to apply the policies, guidelines and procedures of the Equator Principles and thus those of the World Bank Group as of February 4, 2008;
- as far as possible, to plan for operation, closure and reclamation of each new project at the design stage;
- to implement an Environmental Management Plan which contains, inter alia, procedures covering all aspects of operations, and aimed at ensuring compliance with legislation, EP policies, guidelines and procedures as of February 4, 2008, and the requirements of the Company;
- to carry out periodic, systematic, internal environmental audits and to use the results as a basis for planning continual improvements in environmental performance;
- to develop and maintain staff training programmes to promote both awareness of environmental issues, and practices designed to protect the environment and natural resources;
- to promote the efficient use of energy, materials and other resources at the Company's operations;
- to promote reuse and recycling as far as economically justifiable;
- to provide adequate resources to meet environmental management obligations for the development, operation and closure of each operation;
- to work with employees, regulatory agencies and the local communities to promote awareness of and ensure preparedness for possible emergencies;
- to consult with stakeholders such as employees, government, and local communities and to maintain open and constructive communication and participation and to address environmental priorities and concerns;
- to review this policy on a periodic basis and update as necessary.

Approved by the Board of Directors on February 4, 2008:

Chairman of the Board:
Bryan Benitz

Date: February 4, 2008

Community Development Policy

MagIndustries Corp.(the “Company“ or “MagIndustries“) and its controlled affiliates recognises that it has responsibilities towards the local communities in which its projects are based. The Company is committed to the integration of community consultation, liaison and development at all levels of project development and operation, and seeks the best possible participatory relationships with all parties.

The implementation of the Community Development Policy will be a key requirement at all phases of project development. MagIndustries will also seek to require its consultants, contractors, suppliers and subsidiaries to adopt the principles of this Community Development Policy as a minimum standard.

The Company is committed to facilitating sustainable contributions to the physical and economic development of communities close to its project sites and ultimately to limit the dependence of these communities on mining and other projects with a limited lifespan.

MagIndustries is cognisant of the principles of sustainable development, which is taken to mean “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

MagIndustries will assist in the improvement of conditions and infrastructure in communities close to its project sites, while recognising that it cannot undertake major infrastructure development projects. The Company will, in due course, seek to provide a specific amount of financial support to a Not-For-Profit Foundation or site specific community development projects at each of its project sites depending on the financial success of the operations. It is intended that each Not-For-Profit Foundation will be established and managed with the purpose of financing sustainable community development initiatives, within carefully prescribed guidelines.

Policy Implementation

Technically sound and economically feasible approaches to community development will be adopted throughout the exploration, development and operational phases of its projects, as well as on closure.

Specific Objectives

The Company will address the following specific objectives in it’s commitment to community development:

- to adhere to all community laws, regulations and guidelines that are applicable to its project sites. Where no such national framework exists, the Company will seek to apply the requirements of the Equator Principles as at February 4, 2008;
- to respect diversity and cultural differences;
- to work with government, stakeholders and local communities at its project sites to maintain open and constructive communication and to address priorities and concerns, where possible through Partnership agreements;

- to undertake a series of projects to benefit the local community at each project site, to be identified, evaluated and approved, based on local needs identified in consultation with communities, their representatives and leaders, government and NGOs as appropriate. Such programmes must be shown to be efficient, equitable and transparent;
- where appropriate, to invite NGO partners to assist in implementing aspects of the Community Development Policy and Community Development Plan at each project site, which will be a product of the Environmental and Social Assessment process;
- to provide a scholarship scheme for local students;
- to employ skilled Community Nursing personnel at its project sites, where appropriate, to provide a Health Advisory Programme that will include inter alia education programmes on basic hygiene, nutrition, family planning, malaria and HIV/AIDS;
- to establish and provide initial seed capital to a Not-For-Profit foundation or site specific community development projects to enable financing of Sustainable community development issues in specified communities close to its project sites;
- to engage in open dialogue with stakeholder groups and communities at each project site to assist in defining, prioritising, implementing and maintaining community development projects;
- to ensure that community development is managed by appropriately qualified local staff who are aware of local issues;
- to ensure that the results of the community development initiatives at each project site will be monitored by a Public Liaison Committee made up of individuals and representatives of the local population, MagIndustries, appropriate local Government officials and appropriate NGO representatives in terms of success, sustainability and compliance with this Community Development Policy;
- to work with employees, regulatory agencies and the local communities to promote awareness of community health and safety and to ensure preparedness for possible emergencies related to each of the Company's project sites;
- to work effectively with stakeholders such as employees, government, and local communities to maintain open and constructive communication at each of its project sites;

This Policy will be reviewed on a periodic basis and updated as necessary.

Approved by the Board of Directors on February 4, 2008:

Chairman Of the Board:
Bryan Benitz

Date February 4, 2008

Health and Safety Policy

MagIndustries Corp.(the “Company” or “MagIndustries”) and its controlled affiliates recognises its responsibilities as regards health and safety. The Company is committed to the integration of health and safety issues at all levels of project development and operation. This policy also links with the Community Development Policy and the Environmental Policy.

The Company will seek to develop an employee health and safety programme (including management procedures for its operations), in accordance with local legislation, lenders’ requirements and internationally recognised industry best practice. MagIndustries will implement training and development programmes as part of its objective of aiming continually to improve health and safety performance in the workplace and community.

The implementation of the health and safety programme will be a key requirement at all phases of project development. MagIndustries will also seek to require its consultants, contractors, suppliers and subsidiaries to adopt the principles of the Health and Safety Policy as a minimum standard.

The Company recognises the problem of HIV/AIDS in Africa and is committed to developing an HIV/AIDS policy, and where appropriate a programme of information, including training on universal precautions, for the workforce

Policy Implementation

The Company is committed to promoting the health, wellbeing and safety of its employees and the safety of the communities affected by its project operations.

Thorough and technically appropriate health and safety protection measures will be developed and put in place at the earliest stages of project development, through exploration, construction, operation and closure.

Specific objectives

The Company will address the following specific objectives in it’s commitment to the management of health and safety:

- to adhere to all employment, safety and health laws, regulations and guidelines that are applicable to its projects. Where no such national framework exists, the Company will seek to apply the requirements of the Equator Principles as at February 4, 2008;
- to respect diversity and cultural differences;
- to work with employees, government, stakeholders and local communities to maintain open and constructive communication and to address priorities and concerns;

- to put in place a programme to train employees in health and safety issues. Safety procedures and protocols for employee activities will be developed and detailed training given, covering methods of working, use of Personal Protective Equipment (PPE), first aid and action in emergencies;
- to provide a health screening programme as appropriate for employees and a clinic to treat minor emergencies at each of its project sites;
- to establish accountability for occupational health and safety performance amongst employees;
- to work with employees, regulatory agencies and the local communities to promote awareness of community health and safety and to ensure preparedness for possible emergencies that might arise from the Company's operations
- to monitor the results of the health and safety initiatives in terms of both success and compliance with the Health and Safety Policy.

This Policy will be reviewed on a periodic basis and updated as necessary

Approved by the Board of Directors on February 4, 2008:

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Chairman of the Board:
Bryan Benitz

Date February 4, 2008

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Appendix 2

Training Facilities Review

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Mag summary of visit to Institut Supérieur de Technologie d'Afrique Centrale

Friday, 28th November 2008

The *Institut Supérieur de Technologie d'Afrique Centrale* was founded in 2002 and is providing general and specific technical training.

In accordance with our needs, the most interesting existing curriculum is the *Formation Technicien Supérieur* – Technician Training Programme-.

Technician Training Programme

This programme is 3 years long – half the time at the IST and the other half in the company sponsoring the training (more specifically, 6 weeks at the IST, and 6 weeks at the company). In short, the student is on rotation.

All students must have completed their French baccalaureate (college). They are admitted on exams/tests sent from France and must pass the French official *Brevet de Technicien Supérieur en Maintenance Industrielle* to graduate.

Another requirement is that the student has to contribute to the fees. They must pay 20% of the student fees while the balance is sponsored by the company.

Thus, the company has the chance to sponsor someone highly motivated, who will learn, over the course of a three-year period, industrial maintenance concepts including mechanical repairs, electrical and electronic systems and circuits, pneumatic and electronic control systems, industrial automation and programmable logic controllers (PLC's), piping, valves and manifold systems, preventative maintenance, equipment troubleshooting and repair, hydraulic systems, cooling and heating systems (refrigeration), ventilation systems, etc. The program puts an emphasis on both theoretical and practical aspects. Theoretical concepts are acquired in a classical classroom environment while practical hands-on experience is acquired through numerous workshops and laboratory training sessions. In addition, students acquire real-life hands-on training through paid 6-week on / 6-week off training schedules organized through local and regional industry who agree to provide a mentor for the student during his practical industrial experience. The curriculum has been set up to produce very well rounded individuals well versed in the principal technical fields (electricity, hydraulics, mechanics, refrigeration, etc) and possessing both theoretical and practical training.

The institute seems to have a fairly good technical/equipment and teaching level; a level that is proved year after year by their students' results to the French official *Brevet de Technicien Supérieur en Maintenance Industrielle*.

This is without a doubt a training facility that we should consider if we want to train skilled technicians for the construction and operation phase. For your information, Total is sponsoring 2 students every year, and the institution's facilities are located in Total's old operation compound.

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