

STAKEHOLDER RELATIONS AND COMMUNICATION



Stakeholder relations and communication



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Mining has been the backbone of the South African economy for more than 100 years, and it will continue to be a catalyst for economic and social development if the environment is conducive to investment and there is community acceptance of our operations.

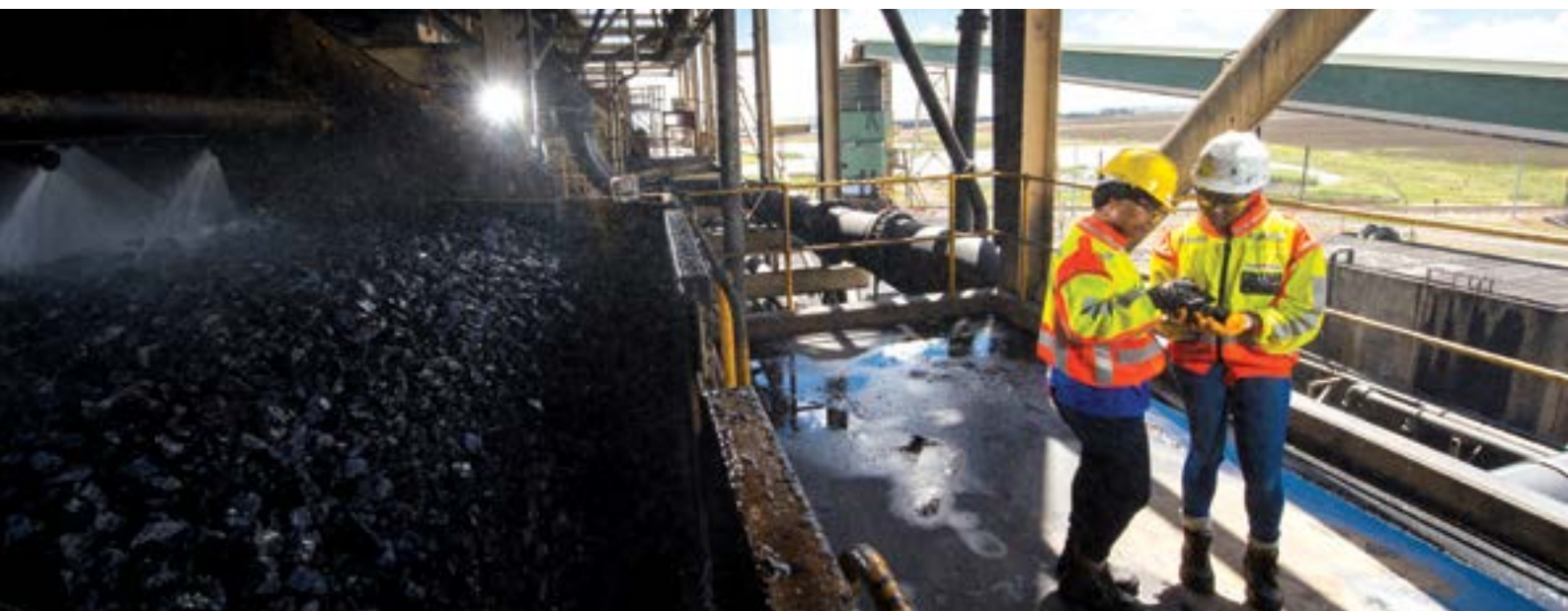
We continue to build relationships with all our key stakeholders and periodically review our engagement strategies to ensure we respond to stakeholder expectations. This includes engaging stakeholders on difficult issues which may include legacy issues and our current and future contributions to the country's economic growth.

We define stakeholders as those individuals, groups and entities directly and indirectly affected by our activities, and aim to develop and enhance relationships with these key stakeholders in order to create and sustain an enabling environment in which to do business.

In 2017, the Chamber Public Affairs and Transformation team continued the extensive exercise of identifying and mapping our stakeholders, in order to identify and prioritise material issues of mutual concern to the industry and stakeholders. This process is important in order to create an enabling, business-friendly policy, legislative and operating environment for a sustainable and successful mining industry.



Glencore - Goedgevonden



STAKEHOLDER RELATIONS AND COMMUNICATION continued



GOVERNMENT



The Chamber and our members are committed to contributing positively to the growth and development of the South African economy. Importantly, we continue to engage and raise concerns with government on ethical leadership and governance, given that a well-governed country is critical for economic development and growth.

In the year under review, lapses in governance within government were key risks in the mining industry. These included state capture allegations implicating senior government officials and, in some instances, the over-regulation of the industry.

We realise the importance of the relationship between the industry and the regulator for the creation of a sustainable mining environment. The relationship between the Minister of Mineral Resources and the industry deteriorated and put a strain on the working relationship with a Ministry that is supposed to regulate the industry. A case in point, was the gazetting of the Reviewed Mining Charter in June 2017, without any meaningful engagement with the industry.

We appreciated the referral of the MPRDA Amendment Bill back to Parliament in January 2015 by the President; however, we have been extremely concerned by the delayed finalisation of the Bill. The Chamber is in support of the President's substantive concerns that the Bill would not pass the Constitutional muster.

The substantive issues are, the Codes, Standards and Charter in the definition of 'this Act' and giving the power to the DMR Minister to amend the Codes, Standards and Charter will bypass the constitutionally required legislative procedures for the amendment of legislation. Furthermore, that sections 26(2B) and 26(3) may be inconsistent with South Africa's obligations under the General Agreement on Trade and Tariffs (GATT) and the Trade, Development and Cooperation Agreement (TDCA) and could render the state vulnerable to challenges in international fora.

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> • Governance issues in government negatively impacted the growth and stability of the mining industry 	<p>We believe our engagements with the government in addressing governance concerns were not appropriately addressed, however, at the time of this report, there were signals that the government was heeding our call to address the challenges affecting the regulatory environment.</p>
<ul style="list-style-type: none"> • Continued contribution to transformation and to the growth of the economy of South Africa 	<p>Our contribution to the economy included: 464,667 employees, R312 billion to GDP, R16 billion in taxes and R5.8 billion in royalties.</p>
<ul style="list-style-type: none"> • The Reviewed Mining Charter 	<p>Whilst the engagements with the government on the Mining Charter did not produce desired outcomes during the year under review, we are proud of the broader consultations we undertook with the wider range of stakeholders on what the Mining Charter should look like. We believe a consultative and inclusive approach will derive a win-win result that can be welcomed by all stakeholders.</p>

The Chamber will continue to be the voice of the mining industry in government as we look forward to the finalisation of the MPRDA Amendment Bill in 2018. The delay in the assenting of the Bill has contributed to heightened regulatory uncertainty in the mining industry.

STAKEHOLDER RELATIONS AND COMMUNICATION continued



POLITICAL PARTIES REPRESENTED IN PARLIAMENT

Constructive engagement with Parliament continues to be a key deliverable for the Chamber. We engaged the priority Portfolio Committees on critical legislative issues affecting the mining industry.

Additionally, the alleged involvement of the mining industry on base erosion and profit shifting (BEPS) was one of the key areas of engagement with Parliament in the past year. Whilst evidence points to minimal misapplication of BEPS, we have committed to continuous engagement with Parliament in the coming year to address possible shortfalls in data collection and reporting.

The publishing and the effectiveness of Social and Labour Plan (SLP) implementation were concerns raised by political parties. As part of our commitment to transformation and to contribute to the positive social performance of the industry where it operates, we are supportive of the proposals to publish our members' SLPs. One of the areas where we are responding positively to stakeholder expectations is in the establishment of the regional office in Nkangala, Mpumalanga to ensure and enhance the acceptance of mining operations. The office will be instrumental in the coordination of development programmes and ensure full participation of the local municipality in ensuring the sustainability of SLP projects.



Environmental management, health legacy issues and safety continued to dominate in engagements with parliament, however, whilst there is concern with the pace of the tracing, tracking and compensation of ex-mineworkers, there is acknowledgement of the improvement in the identification and compensation of beneficiaries.

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> • Continuous engagement with the respective Parliamentary Portfolio Committees • Demonstrate progress on transformation, safety, health and environmental management 	<p>A series of engagements were held with the following Portfolio Committees: Mineral Resources, Water and Sanitation, Trade and Industry, Environment, Health, Labour and the Select Committee on Land and Mineral Resources.</p> <p>The engagements centred on the economic performance of the mining industry, the transformation Charter, the MPRDA Amendment Bill, workforce skills development, and health and safety.</p>
<p>The Chamber welcomed the views of the Parliamentarians as the elected representatives of society, which are subject to ongoing engagements. We will continue with our engagements with political parties to ensure there is improvement in understanding of the mining industry; an enabling legislative, regulatory and operating environment for business; and furthermore, sharing of success stories on how mining companies are transforming society.</p>	



BUSINESS AND INVESTORS

We remain committed to our key role in business structures which assist in ensuring that the business environment is conducive and contribution to the country's economic growth is maximised. The Chamber is an active member of both Business Leadership South Africa and Business Unity South Africa (BUSA), where we represent the interests of the mining industry in the economy.

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> • Enhance our role in business structures for an enabling environment, inclusive growth and employment 	<p>The Chamber has been instrumental in lobbying for the strengthened role of BUSA as a collective business representative.</p>
<p>Going forward, the Chamber will lobby for inclusive and transformed policies that ensure that the political and policy environment is conducive for the economy to thrive which includes available and cost-effective infrastructure.</p>	



STAKEHOLDER RELATIONS AND COMMUNICATION continued



NON-GOVERNMENTAL ORGANISATIONS AND OPINION MAKERS

We acknowledge the importance of continued engagement with NGOs on environmental, social and economic issues. Furthermore, the engagements are a platform to share best practice and showcase industry successes and challenges, as well as to understand the NGOs' concerns about the industry to promote co-existence of activities and sustainable development.

A series of engagements were held with the NGO community working towards finding solutions on community engagements and importantly, the formulation and implementation of the Transformation Charter (see Transformation section for detailed issues).



 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> Reviewed Mining Charter Continued engagement with NGOs on the environmental, social and economic issues 	<p>In the absence of a third version of the Mining Charter, companies continued to observe the previous Mining Charter's targets.</p> <p>The assessment of 2016 performance, revealed that of the 28 companies surveyed, 25 spent more than 1% of net profit after tax (NPAT). Their total spending in 2016 amounted to R1.14 billion. The entire industry's NPAT for the period amounted to R34 billion, of which 1% is R339 million. Therefore, just the 28 companies spent triple the total 1% of NPAT standard. Importantly, 16 of the 66 operations managed by the 28 companies reported financial losses in 2016, yet they collectively contributed more than R180 million to mining community development.</p>
<p>Our engagements with the NGOs are a journey to finding solutions that will promote co-existence of activities and we commit to work with them towards our common goal of socio-economic development in a sustainable manner in host communities.</p>	



COMMUNITIES

Challenges facing communities continued to take a prominent space in the mining industry. Whilst the Chamber agrees with the notion that globally there is acknowledgement that business has to contribute to society beyond its core business, historically, our members have always regarded social investments as a key business imperative.

However, the growing tensions around host mining communities fuelled by limited economic opportunities and diminished service delivery posed serious instability. The Chamber, as part of our mandate to serve our members and promote their interests by providing strategic support and advisory input, organised a session with the Emerging Miners' Desk for a dialogue on understanding the community dynamics and to discuss and share ideas on the delivery of the Social and Labour Plans (SLPs).

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> Two-pronged approach to counter the negative image the industry has Establishment of a regional presence to foster collaboration beyond Gauteng and into other regions with the Steelpoort, Carletonville, and Emalahleni areas as pilots 	<p>The Curriculum Assessment Policy Statements (CAPS) aligned education materials to support the national curriculum were successfully developed and a Mining for Schools website portal is now active.</p> <p>The Chamber office in Nkangala, Mpumalanga was successfully launched and is functioning well.</p>
<p>With community expectations of the mining industry increasing, the Chamber has identified an increased need to engage with broader society on the benefits of mining in order to create shared value in a manner that will ensure the retention of our members' social licence to operate. This action will include establishing Chamber presence in other regions, after the successful launch of the Nkangala site.</p>	

STAKEHOLDER RELATIONS AND COMMUNICATION continued



MEMBERS

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> • Creating a platform which allows members to raise concerns • Ensuring that the Chamber is fully aligned with its members 	<p>The Chamber hosts and meets with the communications executives of its member companies on a quarterly basis. These meetings facilitate open discussions on industry issues.</p> <p>The Chamber also reports on its activities on an annual basis in its integrated annual report and publishes a quarterly newsletter which is distributed to its members to keep all abreast of the latest developments.</p>



As an advocacy organisation, the Chamber recognises that successful advocacy depends on finding a delicate balance that puts South Africa first, and creates an environment in which the mining sector can function optimally. Presenting its members' interests continues to be the Chamber's main priority.

Our main priority remains representing our members' interests. We are also looking at innovative ways of improving the mining industry's profile through a number of globally-accepted transparency instruments. We will report on the progress of this initiative in due course.



MEDIA AND ANALYSTS

The Chamber remains committed to promoting the mining industry amongst the investment community and to convey the industry's position to the media and public at large.

 2017 PRIORITIES	 PERFORMANCE
<ul style="list-style-type: none"> • Promoting the mining industry amongst the investment community • Communicating the Chamber's position on various aspects including health and safety, environmental issues, transformation and economic performance and stability, amongst others, to the media and the public at large 	<p>The Chamber ensures that accurate and up-to-date information is available and accessible to the investment community, the media and the public at large. The Chamber also addresses investors at many international platforms, for example, at the Mining Indaba.</p> <p>A key component of these efforts is ensuring that the Chamber's website contains information which is useful, relevant, up-to-date and easy to access.</p> <p>The media relations function at the Chamber has been outsourced to an external public relations agency as part of the Chamber's drive to engage proactively with the media. During the year, a proactive media relations programme was implemented to ensure that the industry's position is communicated accurately and timeously.</p>

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THE CHAMBER OF MINES AT WORK

The Chamber and its members have clear views on:

- The sustainability of mining in a shifting economic and legislative environment
- Modernisation based on changing technologies and mechanisation on which the industry's future will increasingly depend
- Job security and skills development in an environment characterised by declining labour-intensiveness and moves towards productivity enhancements
- The financial ability of mines to provide fair wages and benefits
- The industry's provision of acceptable living conditions to employees
- The industry's health and safety initiatives, particularly progress towards the goal of zero harm
- Community wellbeing, including facilitating the transition of communities to sustainable post-mining futures

The Chamber and its members are in accord over the centrality of the mining industry in creating a socio-economic environment that contributes to government's economic growth, transformation and social development goals. The central message is that all of the industry's stakeholders should be treated equitably if these aims are to be achieved and if new investment is to be attracted to help create and sustain a vibrant mining sector.

THE MINING INDUSTRY ASSOCIATION OF SOUTH AFRICA

As part of our contribution to a wider, regional appreciation of mining's developmental role, the Chamber is a member of the Mining Industry Association of Southern Africa (MIASA) which brings together the chambers of mines of nine southern African countries – Botswana, the Democratic Republic of Congo, Madagascar, Malawi, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. The Chamber of Mines of South Africa acts as the MIASA secretariat and is the primary MIASA contact. Amongst MIASA's aims is building a regional consensus on what constitutes 'shared value' particularly in relation to African Mining Vision, which covers the aspirations of the African continent's governments and societies.



 **CAPTION**

Impala Platinum – Rustenburg

STAKEHOLDER RELATIONS AND COMMUNICATION continued



CASE STUDY

CHAMBER PRESENCE IN COMMUNITIES

We view community as an important stakeholder group for the industry and have noted with concern the increase in social protests against mining operations. The acceptability of mining operations by host communities guarantees continuous operations and positive socio-economic spin-offs for local stakeholders. However, the violent social unrests that are becoming common have affected mining industry operations. The protests have resulted in loss of production time and at times damage to property. As a result, the Coal Leadership Forum mandated the Chamber to assist the coal mining operations to identify and explore collaborating on some of the SLPs, especially those that can result in greater and more positive regional impact. In addition to this, the Chamber also established an office in Emalahleni (Witbank), Mpumalanga Province, as part of providing support to its members and the collaboration initiative.

In the short- to medium-term, the objective is to work with mining companies, government (provincial, district and local) and community-based organisations in building meaningful and sustainable relationships which will help the participating mines to obtain public acceptance and retention of the mining social licence to operate. This in turn helps in the efforts for collective collaboration in contributing to the solutions on matters such as mine community development, access to skills development, procurement and employment opportunities. This is our commitment to finding win-win solutions with society to enhance socio-economic growth and successful mining industry operations.

The strategic intent behind Chamber representation on the ground, is to encourage collaboration of the mining companies on community development programmes aimed at developing the community and its region. In addition, this step has been taken to encourage dialogue between the industry and the host communities. The key stakeholders are the municipality, community representatives as well as religious, youth and political groups.

It is anticipated that the growing contingent of emerging miners in the region will also support the initiative as often they do not have the capacity and the expertise to manage complex community issues. Asked about the significance of the initiative, Tebello Chabana, the Chamber's Senior Executive: Public Affairs and Transformation said: "It is important for the industry, as a collective, to understand the issues that affect the community and to have an ongoing dialogue about common issues of interest in a coordinated manner". He further added: "With this initiative, the industry is positive that it will receive support from broader stakeholders and a commitment to resolve issues together".

A similar initiative is being pursued in the Northern Cape (John Taolo Gaetsewe District) with the support of the Manganese Leadership Forum. Again, the objective is to assist mining companies to build meaningful and sustainable relationships with various stakeholders in host communities. It is believed that once the logistical issues have been finalised, the mining companies, working together with the stakeholders, will be able to start making a visible and positive impact to the immediate challenges of high unemployment, literacy levels and youth development.