



MINERALS COUNCIL
SOUTH AFRICA

INTEGRATED ANNUAL REVIEW 2019

#MakingMining Matter



VISION

To ensure that
mining matters
for South Africa



MISSION

To play a leadership role in enabling the South African mining sector to achieve its real potential for investment, growth, transformation and development in a socially and environmentally responsible manner.



VALUES

Members are obliged to conduct their business according to the agreed Minerals Council values, which dictate the minimum standards of conduct required of them in order to become a member or remain a member of the Minerals Council. The five values of the Minerals Council are:



Responsible
citizenship



Respect



Trust



Honesty



Accountability

About this report

This is the Minerals Council's integrated annual review and covers the financial year 1 January 2019 to 31 December 2019. This report has been structured around our strategic goals and covers noteworthy events and developments during this period. The report was prepared using the International Integrated Reporting Framework as a guideline and is also aligned to the Sustainable Development Goals (SDGs). The separate consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities – these financials include those of Mining Lekgotla (Pty) Ltd, a wholly-owned subsidiary company. The report aims to provide the Minerals Council's members and key stakeholders with a holistic view of its performance as well as its challenges and opportunities.

This report, including the financials, are available online at: www.mineralscouncil.org.za/industry-news/publications/annual-reports



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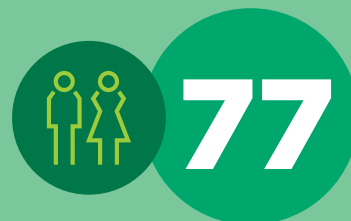
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TOGETHER THESE MEMBERS IN 2019
REPRESENTED 90%
of South Africa's mineral production by value

MINERALS COUNCIL MEMBERS

17	Coal
10	Platinum
10	Other minerals
7	Gold/Uranium
6	Manganese
5	Diversified minerals
4	Associations
4	Contractors
3	Diamonds
3	Chrome
3	Zinc/Copper
3	Corporates
2	Iron ore



THE MINING SECTOR IN 2019



employed
454,861
people



contributed
R24.3 BILLION
in taxes to
South Africa



contributed
R360.9 BILLION
to GDP

STRATEGIC GOALS

SECTION 3 STRATEGIC GOAL 1

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Play a leadership role in pressing the reboot button for the mining industry

SECTION 4 STRATEGIC GOAL 2

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Create an enabling policy, legislative, regulatory and operating environment for a successful mining industry

SECTION 5 STRATEGIC GOAL 3

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Minerals Council and members to implement a positive contribution model (including to the NDP)

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Lead by example. Demonstrate progress on transformation, safety, social and environmental imperatives (including through sharing leading practice)

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Continually improve effectiveness and performance

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ORGANISATIONAL OVERVIEW

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Council South
Africa supports
and promotes
the country's
mining industry

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ABOUT THE MINERALS COUNCIL SOUTH AFRICA

The Minerals Council South Africa (Minerals Council) represents 90% of South Africa's mining industry by production, and is thus the industry's primary advocacy and lobbying organisation.

The Minerals Council supports and promotes the growth and transformation of the South African mining industry, and serves its members and promotes their interests by providing strategic support and advisory services.

A key function of the organisation is to facilitate interaction among mining companies, to examine policy issues and other matters of mutual concern, and to develop and refine positions on key matters related to the industry and the country.

These matters frequently need to be taken up at government level: the Minerals Council is the industry's primary advocacy body tasked with negotiating, consulting and lobbying. The Minerals Council also communicates with the public at large on these matters, and about major policies endorsed by its members.

A further vital function of the organisation is to represent certain sectors in collective bargaining with organised labour.

Repositioning mining in South Africa

The Minerals Council, recognising the industry's legacies in South Africa, has developed a vision to reposition the mining sector in the eyes of its stakeholders and to act as a primary participant creating an environment that is conducive to shaping policy and legislation in a way that will facilitate a significant increase in real investment in the mining sector by 2030. Such an outcome would be a positive and game-changing catalyst in helping the country achieve its economic growth, development and transformation targets as articulated in the National Development Plan (NDP).

Member benefits

Representations to government and other stakeholders carry more weight when expressed collectively and, thus, the Minerals Council constitutes a body of members more powerful than the sum of its parts.

The Minerals Council participates in several international bodies to further strengthen social, environmental and economic performance in the South African mining industry. The organisation is a member of the International Council on Mining and Metals (ICMM) and the Mining Industry Association of Southern Africa (MIASA), and engages closely with the World Platinum Investment Council.

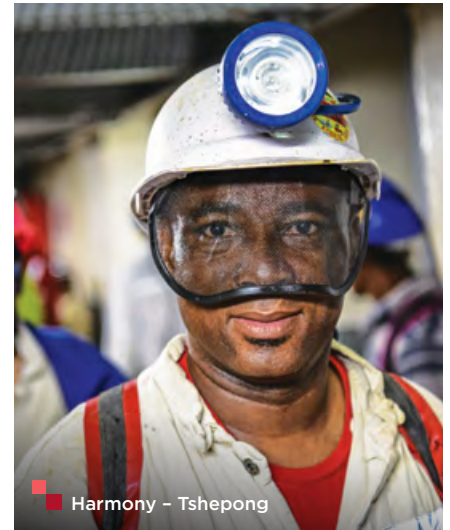
The Minerals Council is staffed by a group of professionals who enjoy the confidence and respect of the policy-making community and who actively engage and consult with the legislative and public administration mechanisms of Cape Town and Pretoria, and with all relevant civil society organisations throughout South Africa and beyond the country's borders. The team operates in areas that include mine health and safety, sustainable development, skills development, legal issues, legacy issues, environmental management, economics, employment relations, community relations and communications.



OUR BUSINESS MODEL

HOW WE CREATE VALUE

The Minerals Council creates value by acting as the principal advocate for the South African mining industry on behalf of our members, our primary stakeholder. At the Minerals Council, we are striving to reposition the industry to enable it to further unlock its potential and to optimise its contribution to the South African economy. Much of the value created by the Minerals Council is indirect and cannot be measured strictly in financial terms.



Harmony – Tshepong

WHAT WE DO



IDENTIFY

- Identify and understand main issues of concern to members and stakeholders
- Examine policy issues and matters of mutual concern



COLLABORATE

- Engage and partner with stakeholders to address concerns identified and devise strategies to address them effectively
- Promote consultation and collaboration, and facilitate interaction among members and stakeholders



COMMUNICATE

- Promote understanding of our industry and its contribution to the South African economy by:
 - advocating on behalf of the industry to ensure an enabling policy, legislative, regulatory and operating environment



GUIDE

- Guide industry in terms of best practice in areas of safety, transformation, industrial relations, skills development, occupational health and environmental management

KEY RISKS

Ten key risks facing the Minerals Council and the South African mining industry are:

- The threat that **COVID-19** presents to the industry
- **Electricity** – security of supply and cost
- **Mining Charter 2018**'s impact on the industry's global competitiveness and ability to attract investment
- Broader **uncertainty of policy and security of tenure**, and rising costs (power and labour especially)
- Complex, onerous and misaligned regulatory **environmental framework**, including carbon tax
- Heightened expectations and demands from **communities**
- Effectiveness of payment system for **occupational disease compensation**
- Underperformance by the industry in meeting **health and safety** targets
- Inadequate application of **innovation** to sustain the industry in the long term
- Potential for **labour relations** to destabilise the sector

Minerals Council – primary capital inputs employed in delivering value

Human capital

- The necessary knowledge and skills to fulfil the Minerals Council's mandate are vital
- Expertise in the fields of economics, employment relations, transformation, occupational safety and health, environmental stewardship, skills development, junior and emerging mining, modernisation, community relations, and the legal and regulatory framework, among others
- Internally, the necessary financial and administrative expertise supports delivery on our strategic goals

Social and relationship capital

- Engagement and collaboration with various stakeholders underpin much of what we do
- In addition to our members, we engage with a wide range of stakeholders, from the South African government, ministers and government departments to unions, non-governmental organisations (NGOs), mining and labour-sending communities, investors in and analysts of the South African mining sector, parliament and political parties, as well as the media

Intellectual capital

- Allied to human capital, this encompasses our body of institutional knowledge on the South African mining industry, related technology and the various constituent parts of this industry
- Promotion of mining-related research, development and innovation (RDI) initiatives

Natural capital

- While not a significant input for the Minerals Council itself, natural capital is vital to the mining industry, which extracts metals and minerals from identified ore bodies and which, in turn, by its very nature, impacts the natural environment
- Care and stewardship of the environment is of major socio-economic importance and we collaborate with members to ensure that best practice is applied in their environmental management practices

Financial capital

- Our funding is predominantly by fees from members for our advocacy and other work to address mining industry concerns and risks identified

VALUE CREATED IN 2019:

Strategic goals:



01



02



03



04



05

For the Minerals Council:



01

- Continued to drive the promotion of ethical leadership and good governance, both internally and externally.
- Valuable engagement with members – member companies are represented at senior level on either the Board or in the seven leadership forums
- Led and facilitated an engagement with the top five business associations (Association for Savings and Investment South Africa (ASISA), Banking Association South Africa (BASA), Business Unity South Africa (BUSA), Business Leadership South Africa (BLSA), Minerals Council – and soon to include the Black Business Council) at the end of 2019 to ensure a more 'assertive' role for organised business in 2020



04

- Promoted zero harm and effective transformation, and worked at reducing the industry's environmental footprint



05

- Ensured the continued improvement in the communication performance of the Minerals Council, with a focus on raising the bar.
- Ensured the implementation of a modernised organisational structure aligned to the strategic plan
- Implemented a comprehensive performance management system
- Ran the regional office in Emalahleni to improve co-ordination and encourage collaboration with mining communities and municipalities, and to share best practice
- Established commodity- and region-specific leadership forums to improve performance of structures and to develop commodity strategies

For the mining industry:



01

- Played a material role in shaping and managing the processes dealing with major legacy issues
- The Membership Compact signed by all members continued as a strong guide to responsible behaviour



02



03



04

- Represented the mining sector at a multiplicity of conferences and investor meetings such as the Presidential Job and Investment Conferences, to drive a positive reform agenda for the industry and to engage the investment community, ratings agencies and multilaterals
- Stayed the course and implemented the Board approved strategy to challenge the problematic provisions in the Mining Charter 2018. The judicial review application was launched in March



02

- Provided substantial input to NERSA on the fourth Multi-Year Price Determination (MYPD4) and played a key role in encouraging NERSA to moderate the price increases granted to Eskom
- Provided material inputs on tax issues including the carbon tax and demonstrated the large impact in phase 2



03

- Implemented Board-approved strategy to establish regional offices, with a new office established in the Northern Cape. Focus points have been to encourage collaboration on SLPs to improve community development impacts



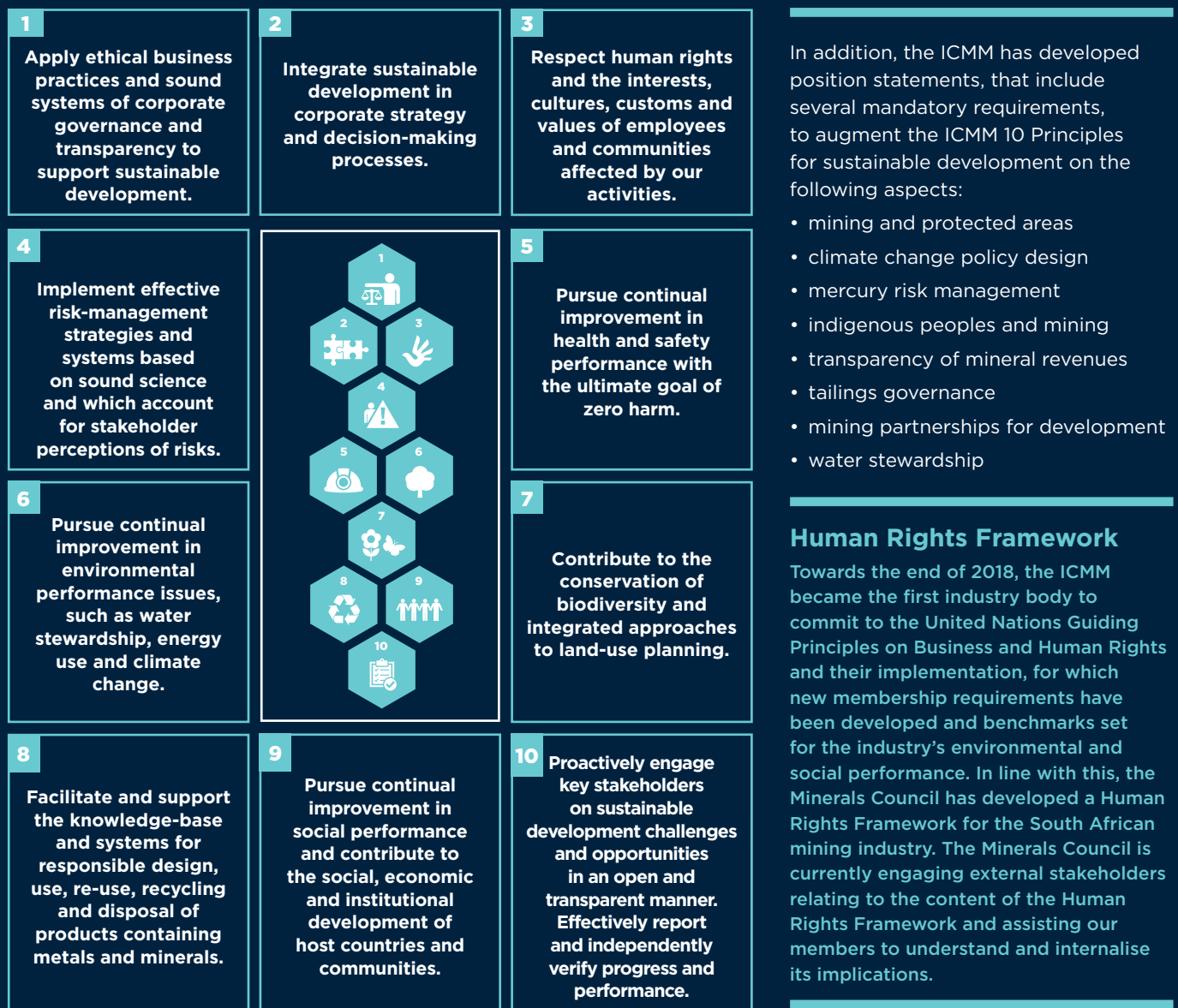
04

- Continued to be a key catalyst to improve safety and health in the mining sector. 2019 was the safest year in the 130-year recorded history of the South African mining industry, with a 37% reduction in fatalities to 51 people versus 81 in 2018

THE MINERALS COUNCIL AND SUSTAINABLE DEVELOPMENT

As an associate member of the ICMM, which is dedicated to ensuring a safe, fair, responsible and sustainable global mining industry, the Minerals Council and our members, through the Membership Compact, support the ICMM's 10 principles for sustainable development in the mining and metals industry.

10 PRINCIPLES



In addition, the ICMM has developed position statements, that include several mandatory requirements, to augment the ICMM 10 Principles for sustainable development on the following aspects:

- mining and protected areas
- climate change policy design
- mercury risk management
- indigenous peoples and mining
- transparency of mineral revenues
- tailings governance
- mining partnerships for development
- water stewardship

Human Rights Framework

Towards the end of 2018, the ICMM became the first industry body to commit to the United Nations Guiding Principles on Business and Human Rights and their implementation, for which new membership requirements have been developed and benchmarks set for the industry's environmental and social performance. In line with this, the Minerals Council has developed a Human Rights Framework for the South African mining industry. The Minerals Council is currently engaging external stakeholders relating to the content of the Human Rights Framework and assisting our members to understand and internalise its implications.

The Sustainable Development Goals

The ICMM has also endorsed the United Nations' Sustainable Development Goals* (SDGs) which are becoming increasingly significant for investors as they represent the world's most pressing environmental, social and economic issues.

While the Minerals Council does not contribute directly to many of the SDGs, Goal 17 is especially pertinent, given our mission.



Achieving the SDGs depends on strong commitment by all role players to work in partnership and co-operation. For the Minerals Council, Goal 17 is of paramount importance. We work together and in partnership with our members and stakeholders to deliver on the SDGs and their overall aims – particularly in their objectives relating to the National Development Plan.

Given its role within the economy, the South African mining industry has a crucial role to play in delivering on the SDGs. The Minerals Council already reports indirectly on the mining sector's contribution to various SDGs such as decent work and economic growth, good health and well-being, responsible consumption and production, climate action, water management and life on land, among others. Regular, more transparent reporting on these goals to our stakeholders will help to build trust, promote accountability and encourage investment in the industry.

The remaining 16 SDGs are:



** The 17 SDGs were developed to support the United Nations 2030 Agenda which is aimed at ending poverty and inequality, protecting the planet, and ensuring that all people enjoy peace and prosperity. In South Africa, these goals are supported by the National Development Plan.*

Planned value creation for the South African mining industry and related SDGs		SDGs per capital
Human capital	<ul style="list-style-type: none"> • Safe mining • Improved employee engagement and communication • Enhanced training and development • Transformation 	1, 2, 3, 4, 5, 8 and 10
Intellectual capital	<ul style="list-style-type: none"> • Promoting RDI to unlock the full potential of the mining sector and create the mines of tomorrow 	4, 8, 11 and 12
Social and relationship capital	<ul style="list-style-type: none"> • Improved, responsive and responsible stakeholder relationships • Enhanced understanding and awareness of the South African mining industry and the contribution it makes to the economy • Addressing legacy issues 	1, 2, 3, 4, 5, 8, 10 and 11
Natural capital	<ul style="list-style-type: none"> • Improved resource management to ensure efficient, responsible use of resources and consumption • Responsible environmental stewardship 	6, 7, 11, 12, 13, 14 and 15
Financial capital	<ul style="list-style-type: none"> • Increased investor confidence, boosting investment in the mining sector • A profitable mining sector 	1, 8 and 10
Manufactured capital	<ul style="list-style-type: none"> • Improved technology and mining practices (modernisation) 	9, 11 and 12

OUR MEMBERS

The Minerals Council represents 77 member companies including four associations that together generate 90% of South Africa's mineral production by value, employ

**APPROXIMATELY
450,000
PEOPLE**

and contribute some R24 billion in taxes per annum.

Coal

Coal is the largest component of mining by sales value and is a critically important source of primary energy (electricity and liquid fuels) that drives the South African economy. Coal mining member companies of the Minerals Council include:

Anglo American Coal, Atha-Africa Ventures, Exxaro Resources, Glencore Coal, Jindal Africa, Kuyasa Mining, Ledjadia Coal, MC Mining, Mbuyelo Group, Msobo Coal, Sasol Mining, Seriti Resources, South32 - South Africa Energy Coal, STA Coal, Tweewaters Fuel and Vaalburg Mining

Platinum

Platinum group metals (PGMs) constitute six noble metals, all silvery-white in appearance – platinum, palladium, rhodium, ruthenium, osmium and iridium. Platinum, palladium and rhodium are the primary metals of significant economic value. They are used largely by the automotive and chemicals industries for their excellent catalytic properties. Other uses include jewellery, investment (coins and bars), fuel cells, and many other industrial and medical purposes. South Africa is the largest PGM producer in the world and ten of these mining companies are members of the Minerals Council. These include:

Anglo American Platinum, Barplats, Bauba Platinum, Impala Platinum, Ivanplats, Northam Platinum, Platinum Group Metals, Royal Bafokeng Platinum, Sedibelo Platinum Mines and Wesizwe Platinum

Other minerals

South Africa produces more than 50 different commodities. These range from building sands and materials, to industrial minerals and metals, and other niche chemical elements. Given the sheer range of products that are mined, quarried and in some cases manufactured, a special category of 'other minerals' has been created for ten of the Minerals Council member companies.

These companies include:

Afrimat, Bushveld Vanadium, Corobrik, Imerys, NV Commodities Trading International, Opal Mining, Pretoria Portland Cement, Richards Bay Minerals, Tando Resources and Tronox Mineral Sands

Gold/Uranium

Gold is one of the world's most-coveted metals, revered for its beauty and symbolism and held as a store of value. This versatile metal is malleable, conductive and does not tarnish, making it ideal for use in jewellery and many industrial applications. While not as dominant as it once was, gold mining is still a significant player in South Africa's mining industry. A unique feature of South Africa's gold mining sector is that uranium is produced as a by-product of many of the mines. Seven gold mining companies are members of the Minerals Council. These include:

DRD GOLD, Gold Fields, Harmony, Pan African Resources, Rand Uranium, Stonewall Mining and Village Main Reef

Manganese

Manganese has numerous industrial and metallurgical applications, particularly in the manufacture of steel. In various forms, manganese is used in batteries and chemicals. Given its importance as an alloying element, manganese is the fourth most traded metal commodity in the world.

South Africa hosts 80% of the world's known resources of manganese. Six of the country's manganese miners are members of the Minerals Council. These include:

Assore, Kalagadi Manganese, Kudumane Manganese Resources, South32 - South Africa Manganese, Tshipi é Ntle Manganese Mining and United Manganese of Kalahari

Diversified minerals

There are a number of South African mining companies that are wholly diversified in their activities and mine a number of products across the commodity spectrum. Five of these diversified miners are members of the Minerals Council. These include:

African Rainbow Minerals, Eurasian Resources Group (ERG) Africa, Mvelo Minerals, New Venture Mining Investment Holdings and Sibanye-Stillwater

Associations

Four of the Minerals Council members are associations that represent many South African companies that quarry, mine and produce a wide range of products. These include:

Aggregate and Sand Producers Association, Clay Brick Association of South Africa, South African Mining Contractors Association and the South African Diamond Producers' Organisation

Contractors

The Minerals Council also counts contractor companies as members. These companies provide much-needed services to the mines.

These member contractors include:

Fraser Alexander, Moolmans, Murray and Roberts Cementation and Redpath Mining

Diamonds

Diamonds, arguably the ultimate luxury mineral, are made of an intricate lattice of carbon atoms, a crystalline structure that makes them harder than any other form in nature. This characteristic makes diamonds not only popular in jewellery, but also desirable in high-tech cutting, grinding and polishing tools. South Africa is still a significant producer of diamonds and three companies are members of the Minerals Council. These include:

De Beers, Petra Diamonds and Trans Hex Group

Chrome

Chrome is known for its high corrosion resistance and hardness. It is an essential metal in the production of stainless steel, which accounts for 85% of its commercial use. Three of South Africa's chrome producers are members of the Minerals Council. These include:

African Rainbow Minerals, Anglo American Platinum, Assore, Bauba Platinum, Glencore Alloys, Northam Platinum, Merafe Resources, Samancor Chrome, Sibanye-Stillwater and Tharisa Minerals

Zinc/Copper

Zinc, a crucial new-tech mineral that is driving the world's fourth industrial revolution, is the rising star in South Africa's mining portfolio. In the Northern Cape, where the mineral is mined, zinc occurs alongside copper and, thus, copper is a significant by-product of zinc mining. Three zinc producers are members of the Minerals Council. These include:

Black Mountain Mining, Orion Minerals and the Palabora Mining Company

Corporates

Three of the Minerals Council's members are entirely corporate entities, being either umbrella holding companies or companies with no current operations within South Africa. The exception is AngloGold Ashanti, which is in the process of selling its last remaining operation in South Africa. For this reason, they have been listed under the corporates category. These include:

Anglo American South Africa, AngloGold Ashanti and Rio Tinto

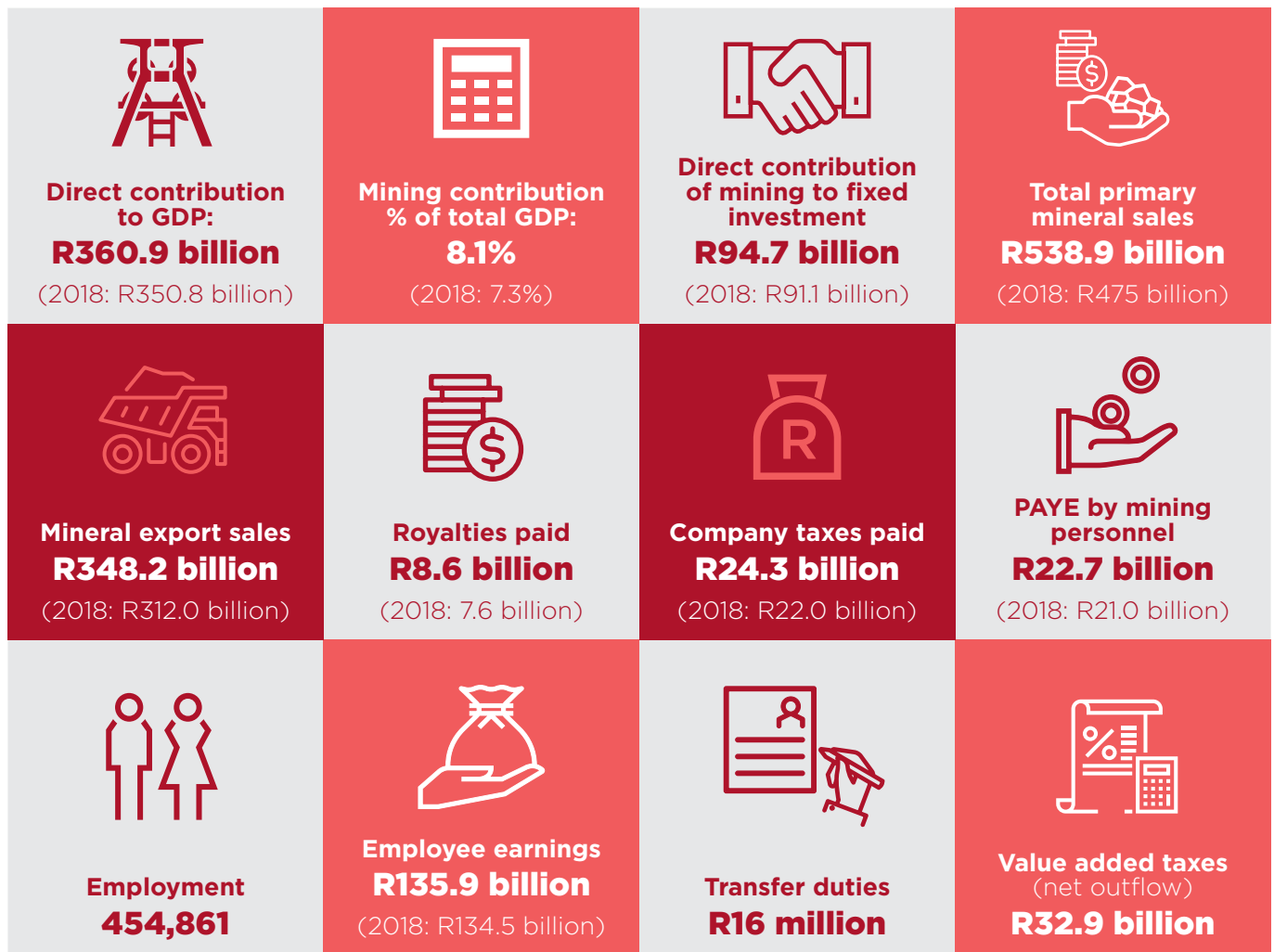
Iron ore


Iron is among the most common elements on earth, comprising much of the planet's inner and outer core. Iron ore is mined in the earth's crust, where it comprises 5% of the total minerals. Most iron ore is used to manufacture steel, which, in turn, is used to manufacture machines, buildings and tools. Two of South Africa's iron ore producers are members of the Minerals Council. These include:

Kumba Iron Ore and Sedibeng Iron Ore

HOW MINING CONTRIBUTES TO SOUTH AFRICA

Mining's 2019 contribution snapshot



 Petra Diamonds – Koffiefontein

HOW MINING CONTRIBUTES TO SOUTH AFRICA

CONTINUED

Mining production

Full-year production for the mining sector in 2019 contracted by 2.8%, similar to the decline recorded in 2018.

Although mining production saw some short-term improvement in the latter part of the year, the improvements were not strong or sustained enough to revise this outlook, even before the advent of COVID-19.

The indexed production trend shows that, since 2009, mining production has been unable to rise consistently above levels achieved in 2000.

Explanations for this are:

- Logistical constraints (such as rail capacity)
- Utility disruptions, particularly, in the past year, due to electricity shortages and load-shedding
- Industrial action and community unrest in some mining areas

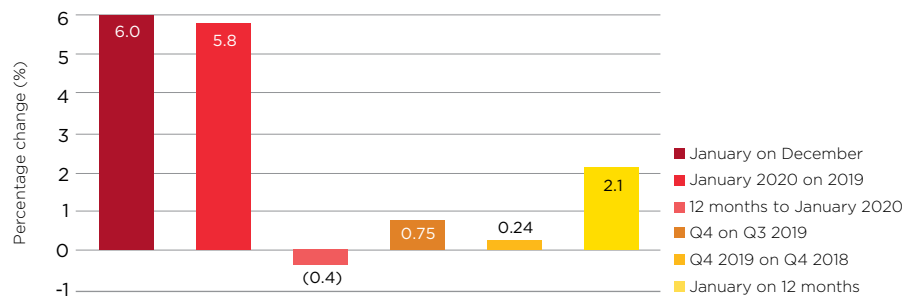
A notable feature of 2019 was the loss of approximately 26 tonnes of gold valued at approximately R1.6 billion as a direct result of the AMCU four-month strike in the gold industry, which ended in April 2019.

Mining revenues

Commodity prices measured in South African rands have been especially volatile recently.

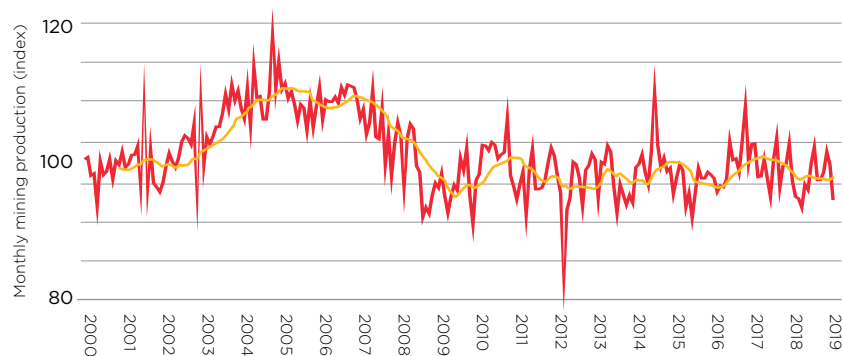
Gold and PGMs were the best performers of 2019. The gold price surged on global uncertainties while the PGM basket was boosted by the prices of rhodium and palladium, which surged to their highest ever levels. From October 2018 to September 2019 coal prices dropped by 40% but by December 2019 had recovered to 27% below the peak. Iron ore prices jumped by 113% over a year to July 2019 but declined again by 26% by the end of 2019.

Mining production (as at January 2020)



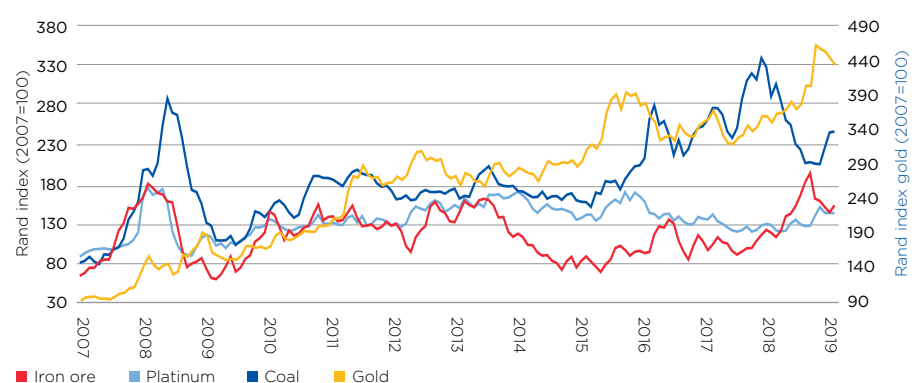
Source: Statistics South Africa, Minerals Council South Africa

Mining production (index): 2000-2019



Source: Statistics South Africa, Minerals Council South Africa

Rand commodity price indices: 2007-2019



Source: World Bank, South African Reserve Bank, Statistics South Africa, Minerals Council South Africa

2019 percentage movement in PGM prices

	Platinum	Palladium	Rhodium	Iridium	Ruthenium	ZAR/US\$
% US\$ prices	-1.8%	49.5%	76.1%	15.3%	7.2%	8.91%
% Rand prices	6.9%	62.8%	91.9%	25.6%	16.7%	

Source: Minerals Council South Africa

The weighted average rand price of the four major commodities (gold, PGMs, coal and iron ore) appears to have had little effect on mining production (see adjacent graph). This is mainly owing to the erratic supply of electricity and other structural constraints.

Despite the lack of a response in production, nominal sales improved due to the improved commodity prices, which have provided some reprieve, but is not sustainable in the longer term for the viability of the mining sector. In time, commodity prices always correct and the poor fundamentals underpinning the sector will continue to constrain it.

Mining costs

Relentlessly rising mining input costs are a further threat to the sustainability of the sector.

The Composite cost index graph illustrates the same price trajectory for South African commodities, and its relationship to cost escalation over the same period. The Minerals Council estimates that input cost inflation for the total mining sector was 8.4% in 2019, 3.5 percentage points above the national average production inflation.

The gold sector recorded the highest input cost inflation at 10.5% in 2019 (see the Input cost escalation graph).

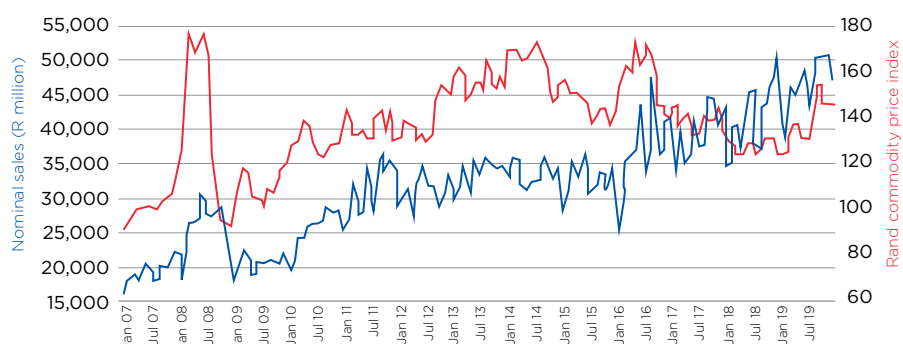
As a consequence of the improved commodity prices, the components indicating the highest rates of cost inflation were in fact mining and

Commodity prices versus production: 2010-2019



Source: Minerals Council South Africa

Rand commodity price index and nominal sales



Source: Minerals Council South Africa

Composite cost index: 2010-2019



Source: Minerals Council South Africa



Northam Platinum – Booyssendal

HOW MINING CONTRIBUTES TO SOUTH AFRICA

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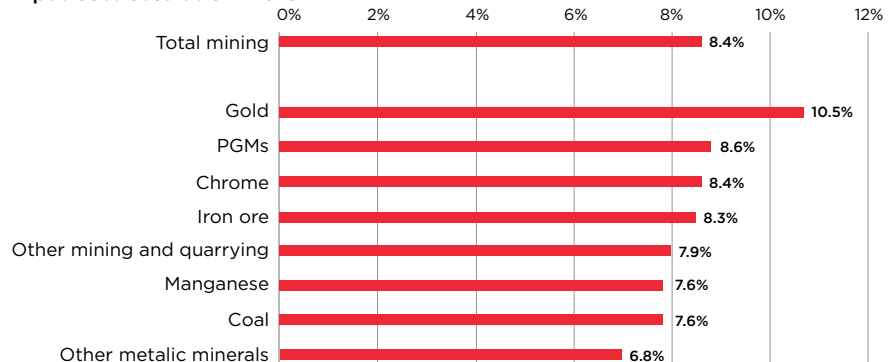
quarrying products, which rose by 21.1% in 2019. This was followed by electricity, gas and water, at 10.9% owing to Eskom's adjustments to electricity tariffs.

The industry spent a total of R22 billion on electricity, and R8 billion on water in 2019. Rising electricity prices are of critical concern to the mining sector in South Africa.

Other significant costs to the industry included transport and storage, which accounted for R71.6 billion, and wages, which accounted for R157.5 billion of total input costs.

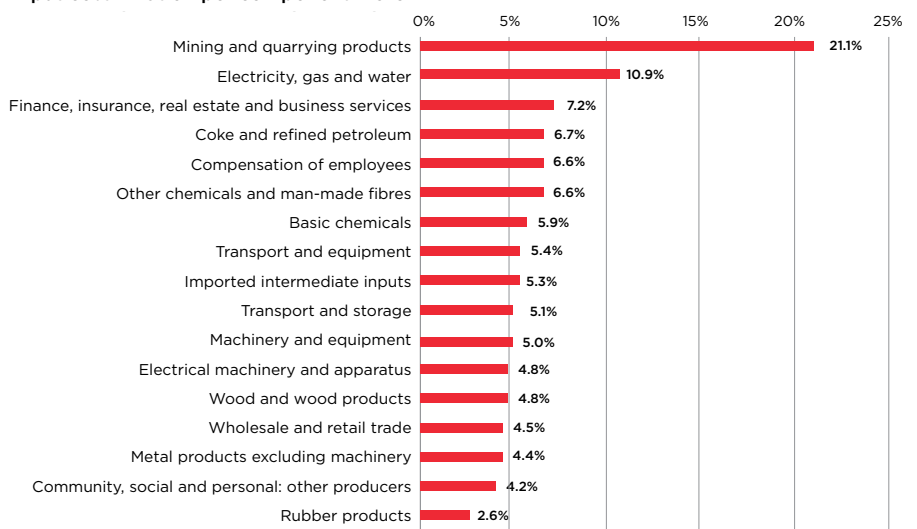
While the input cost escalation graph shows trends for all mining procurement, the impact of government on the general cost structure of the economy is significant. The Public and private CPI graph indicates that the cost escalation of government-supplied goods and services is running at two percentage points higher than the headline consumer price index, and in some instances four percentage points higher than private sector-induced cost escalation.

Input cost escalation: 2019

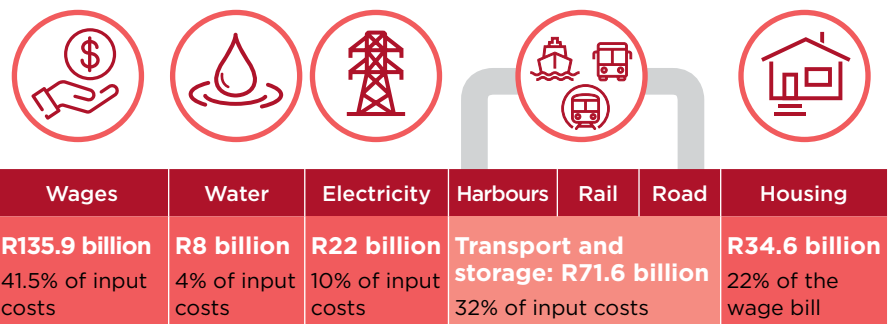


Source: Statistics South Africa, Minerals Council South Africa

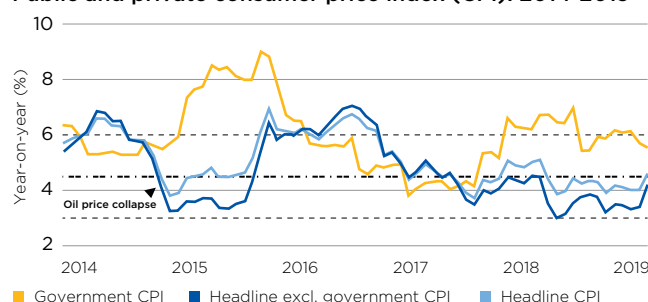
Input cost inflation per component: 2019



Source: Statistics South Africa, Minerals Council South Africa



Public and private consumer price index (CPI): 2014-2019



Government CPI is a combination of assessment rates: water; electricity; petrol taxes; trains; motor licence and registration fees; communication; education; university boarding fees; SABC TV licence; Lotto; alcoholic beverages and tobacco; non-alcoholic beverages and soft drinks.

Source: Statistics South Africa, South African Reserve Bank

Employment

Employment levels stabilised during 2019, as illustrated in the Total employment gains and losses graph. Some small employment gains registered during the early part of the year stagnated towards the end of the year. It is hoped that this is not the prelude to further job losses during 2020.

Fixed capital trends

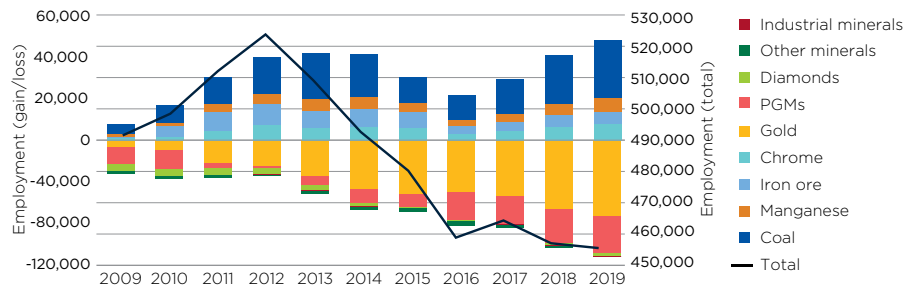
Gross fixed investment in the mining sector has shown some improvement since the middle of 2018 after a long period of stagnation since 2007, and a major decline between 2013 and the lower turning point in 2018.

The net fixed investment (after depreciation or the 'consumption of capital') trend correlates with the gross investment pattern but at a much lower level.

A concerning trend from the disaggregated data is that spending on the construction of mines keeps on falling. Conversely, spending on new machinery and transport equipment increased strongly during 2019, which resulted in depreciation falling, which explains why net investment improved during 2019.

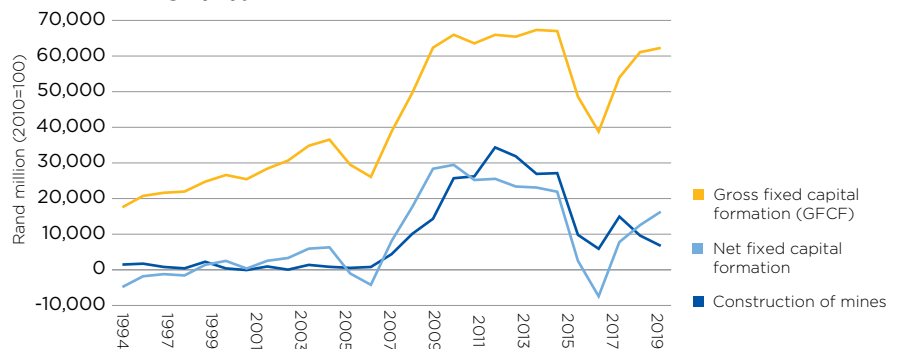
A year of improved revenues, declining production and stable employment.

Total employment gains and losses by commodity



Source: Minerals Council South Africa

GFCF of mining by type



Source: Statistics South Africa, Minerals Council South Africa



Implats - Impala Platinum

SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW



Safety performance

Safety performance improved significantly in 2019, with a 37% decline in reported fatalities. Since 1993 fatalities have reduced by 92%.

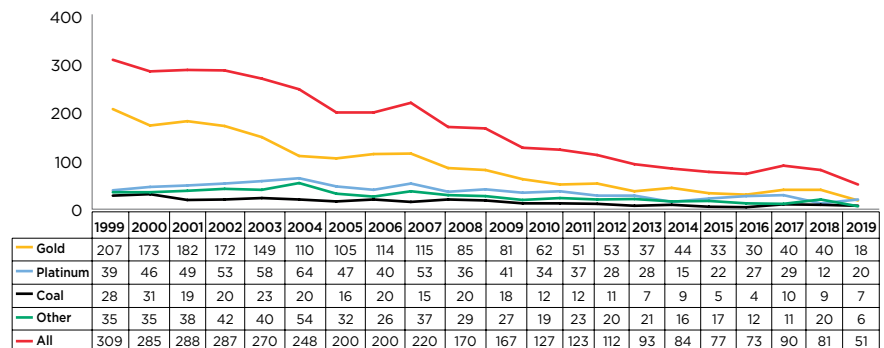


DRDGOLD – Far West Gold Recoveries

The number of fatalities in the gold sector reduced by 55% from 40 in 2018 to 18 in 2019 while the fatalities in other commodities decreased by 70% from 20 in 2018 to six in 2019. An overall 70% improvement was recorded when comparing 2019 and 2003 safety performance, the highest improvement since the 2003 milestones. However, the number of fatalities reported in the PGM sector increased to 20 (2018: 12), representing a regression of 67% in that sector.

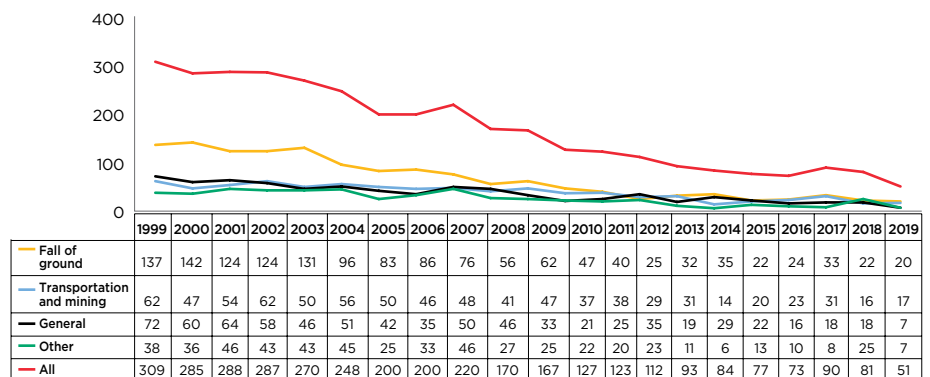
The industry's safety performance in the latter part of 2017 and the first half of 2018 was a major concern as the industry experienced an increase in fatalities for the first time in a decade. A total of 90 fatalities were recorded in 2017, an increase of 17% year-on-year, compared with 73 fatalities in 2016. The spike in the numbers of accidents during the latter half of 2017 and the first half of 2018 was associated primarily with seismic activity, fall of ground and underground fire incidents.

Mining fatalities per commodity: 1999-2019



Source: Department of Mineral Resources and Energy

Causes of fatalities: 1999-2019



Source: Department of Mineral Resources and Energy

Fall of ground and transportation were the two most significant contributors to the overall industry fatalities in 2019 at 20 and 17 respectively. The number of transport-related fatalities increased to 17 in 2019 from 16 in the previous year. However, there was also a decrease in the general category of fatalities from 18 in 2018 to 7 in 2019.

The overall number of serious injuries reported in 2019 was 2,406 compared to 2,447 in 2018. This marks an overall improvement of 2% which is below the milestone reduction target of 20%. The largest contributor to serious injuries were those classified as general at 1,361

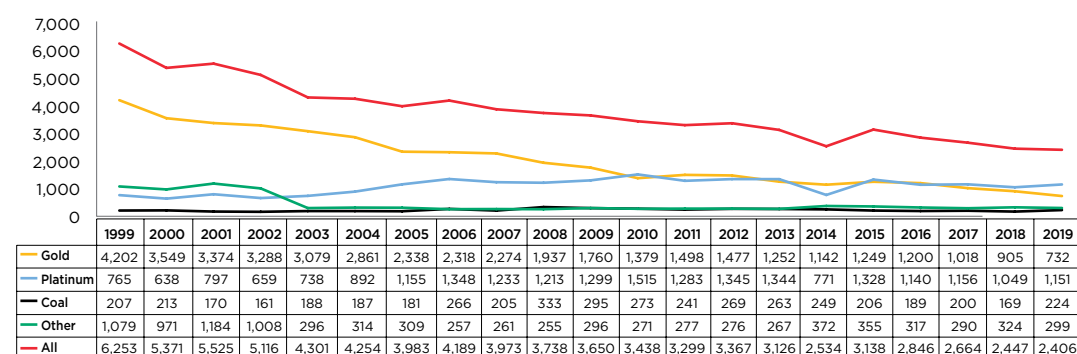
followed by transportation and mining at 427, and then fall of ground at 379.

The improvement in the 2019 safety performance can be attributed to the collaborative efforts of employers, employees, government and organised labour. Initiatives that have also facilitated the improvement in performance include the launch of the Minerals Council's annual National Day of Safety and Health in Mining in 2018, which also took place in 2019 under the Khumbul'ekhaya banner; the increase in the roll out and adoption of leading practices by mining operations; various health, safety

and organisational improvement initiatives implemented by individual member companies; and the CEO-led Khumbul'ekhaya health and safety strategy.

The 2017-2018 trend shook the industry and galvanised it into action, with the Minerals Council Board immediately initiating a number of new safety measures. These were largely undertaken through the CEO Zero Harm Forum and included intense scrutiny of the major causes of accidents, the sharing of good practice protocols, and additional fundamental research, which was conducted by the Mine Health and Safety Council (MHSC).

Injuries by commodity: 1999-2019



Source: Department of Mineral Resources and Energy



SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW

CONTINUED

The forum also launched an industry-wide initiative that was designed to emphasise its renewed focus on health and safety at every operation.

Khumbul'ekhaya strategy

Khumbul'ekhaya, which is the Nguni word for “remember home”, is a strategy on health and safety that has been developed to drive and sustain the mining industry’s pursuit of zero harm. The emphasis on “home” directly acknowledges that fatalities have the greatest impact on loved ones at home and encourages mineworkers and their managers to bear these loved ones in mind as they go about their day-to-day tasks.

The way forward and next steps on the Khumbul'ekhaya strategy

The CEO Zero Harm Forum, with its new Khumbul'ekhaya strategy, recognises that even one fatality is one too many. That said, the reduction demonstrates the beneficial effects of initiatives such as the National Day of Safety and Health in Mining and the value of continuing with strategies such as Khumbul'ekhaya.

Improvements and successes cannot, however, be cause for complacency. On the contrary, industry efforts, as spearheaded by the Minerals Council, not only need to be maintained but they must also be intensified. In everything the industry does, the half a million employees need to continually remember home.

The implementation of the various projects of the Khumbul'ekhaya strategy is underway. These include a feasibility study focusing on the safety training of employees in the most vulnerable job categories such as rock drill operators and miners, a holistic peer-review of incident investigation systems, the digitisation of learnings in order to ensure we learn from each other as well as other industries, tripartite

engagements with principal stakeholders, Khumbul'ekhaya health and safety communications, as well as the 2020 National Day of Safety and Health in Mining through the Khumbul'ekhaya strategy.

Health performance: progress against milestones

The industry continues to support and implement measures to meet the 2024 occupational health and safety milestones set in 2014 through the MHSC.

Since 2016, the Minerals Council has had an electronic health reporting system in place that collects data on the milestones. The health reporting system is available to all companies, including to non-members.

A trend emerged in 2019 whereby the number of finalised hygiene reports, which are required for compliance purposes, fell below the usual percentage of more than 80% of reports finalised in the last three quarters of 2018. For medicine reporting compliance, a large number of companies registered on the system, but did not report. Out of 92 companies registered, 31 companies consistently uploaded

data. These 31 companies, however, account for 81% of industry employees and the number is thus very representative.

As there is a lag in the reporting of health-related performance, the statistics presented are for 2018.

Respirable crystalline silica quartz (RCS) milestone

The RCS 2024 milestone target is a 95% reduction to a limit of 0.05 mg/m³. There was a deterioration in performance in meeting this milestone target, with 9.1% to 12% of exposures being over the limit in 2017 and 2018 respectively – see the graph overleaf. At the current trajectory, the industry needs to redouble its efforts to further reduce silica dust exposure and meet the RCS milestone.

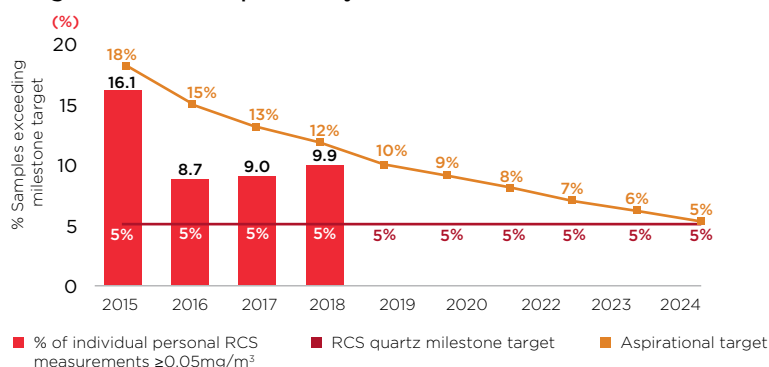
While the RCS performance by Minerals Council members in 2018 was well within the set aspirational target of 12%, the industry regressed when comparing 2017’s exposure data with 2018’s exposure.

Most gold companies were not on track to meet the milestone, while most companies in coal, platinum and other commodities were on track.



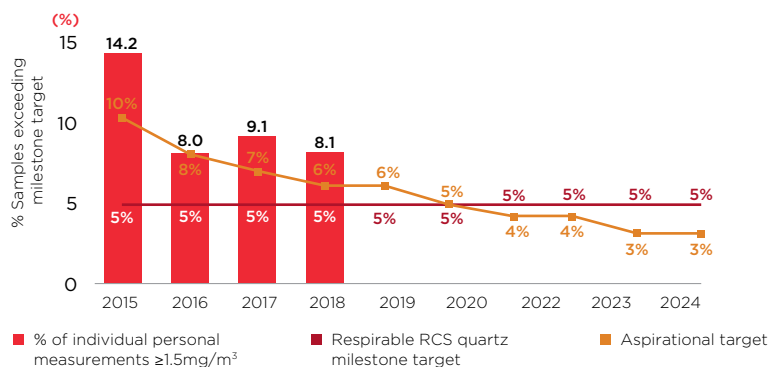
Sibanye-Stillwater – SA gold operations

Progress towards respirable crystalline silica milestone: 2015-2018



Source: Department of Mineral Resources and Energy

Coal mines progress towards coal milestone: 2015-2018



Source: Department of Mineral Resources and Energy

Coal dust milestone

Meeting the coal dust milestone also showed a deteriorating performance, from 9% in 2017 to 12% in 2018, both of which are off the target to reach the milestone in 2024.

The aspirational target in 2018 for coal dust was 6% and a number of coal companies did not meet this target. The industry is NOT progressing well to meet the milestone target for respirable coal dust.

These developments underscore the need to continue to reduce levels of silica and coal dust in the industry.

Noise Induced Hearing Loss (NIHL) Milestone on machinery

The industry is obliged to eliminate all machinery emitting more than 107dB(A) by 2024.

Much progress has been made, with a 46% decrease, from 2015-2018, in the number of machines emitting more than 107dB (A). Most of the machines that were not compliant were in the platinum sector.

Occupational and non-occupational diseases

The Minerals Council member companies, through the Health Department at the Minerals Council, monitor the sector's performance on the prevention and management of occupational diseases. In the recent past, through its "flagship" Masoyise Health Programme, the Minerals Council prioritised non-communicable diseases e.g. diabetes, hypertension and mental health.

The disease management programmes are implemented by member companies and data is submitted to the Minerals Council on a quarterly and annual basis on the Minerals Council Information Management System. The programme performance is monitored against the industry milestones.

Milestone on pneumoconiosis

Since 2013, the milestone on pneumoconiosis stipulates that there should be no new cases of silicosis or coal worker's pneumoconiosis (CWP) in employees who join the industry as novices in 2009.

No cases of pneumoconiosis in novices have been reported on the Minerals Council Reporting System. The Department of Mineral Resources and Energy (DMRE) however reported in March 2019 that three cases of pneumoconiosis in novices had been diagnosed. It was agreed between the MHSC and the CEO Zero Harm Forum that these cases should be investigated. The results of the investigation are still awaited.

Generally, from DMRE statistics, the numbers of employees diagnosed with silicosis have been reducing consistently, while cases of CWP have been increasing, with one case in 2009, 58 in 2016 and 66 in 2017. However, this number reduced to 27 in 2018.

Milestone on NIHL: Standard threshold shift (STS)

The industry committed to the target that, as of 2018, there should be no-one with an STS shift that exceeds 25dB from the baseline.

Although, a number of people with an STS shift of more than 25dB were diagnosed in 2018, all were proved not to meet the criteria for diagnosis.

Companies have been provided with a guidance note on how the STS cases should be reported.

SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

HIV

The industry, through the Masoyise Health Programme, committed to offer HIV counselling and testing to 100% of employees on an annual basis.

The total number of employees counselled is influenced by those who are on existing antiretroviral (ARV) therapy, and who do not necessarily receive counselling. Should these numbers be added, the total number rises to 92.9%.

Both graphs are, however, still below the target of 100%.

TB screening

The Masoyise Health Programme committed to screen 100% of employees every year.

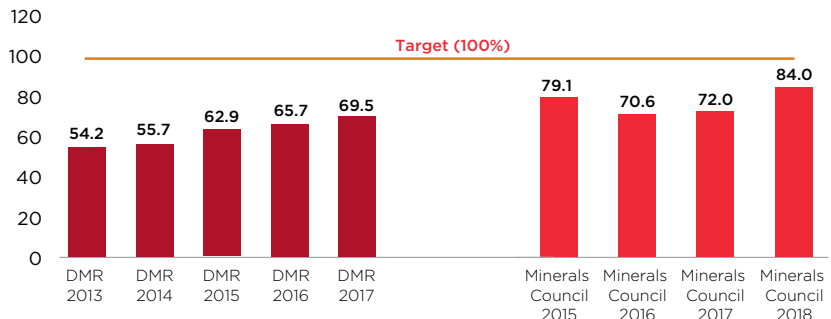
From 2016 to 2018 the number of screenings has stayed constant at around 90%, still below the target of 100%.

TB incidence

The industry target is that, by 2024, the TB incidence in the mining industry should be at or below the South African national TB rate.

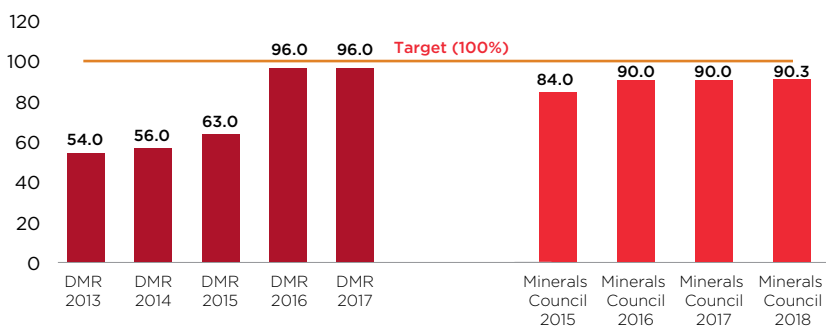
The total number of TB cases diagnosed has been reducing dramatically, with 1,716 cases diagnosed in 2018, 24% lower year-on-year. In 2018 the TB incidence rate measured 415/100,000, down from 548/100,000 in 2017.

Percentage of employees counselled for HIV (%)



Source: Department of Mineral Resources and Energy, Minerals Council South Africa

Percentage of employees screened for TB (%)



Source: Department of Mineral Resources and Energy, Minerals Council South Africa



Harmony – Tshepong



Anglo American Platinum - Tumela

TB incidence in the South African mining industry

From present data supplied by the Department of Health (DoH), the industry is already below the South African national rate which was 567 for every 100,000 in 2017.

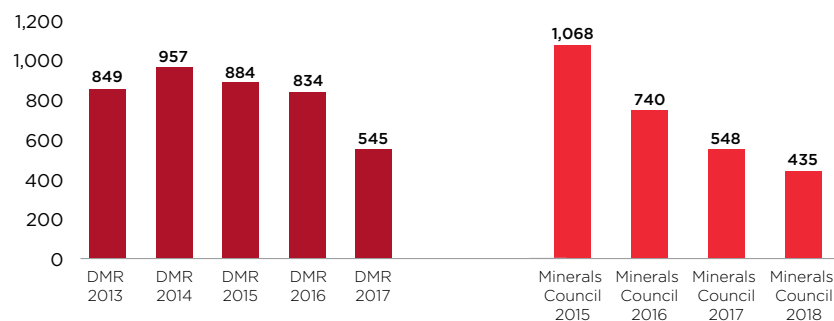
If one disaggregates for commodities, however, then the gold companies still have a TB incidence that is higher than the South African average.

As shown in the graph alongside, the extrapolation of the industry's TB incidence compared to the South African population indicates that the industry is on track towards meeting the targets.

Non-communicable disease

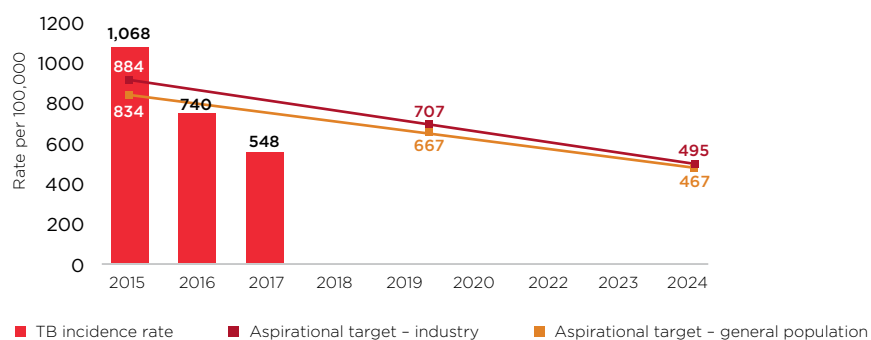
Reporting on non-communicable disease and mental health data commenced in 2019 and the results of the data collection will be available in the Integrated Annual Review 2020.

TB incidence (per 100,000 population)



Source: Department of Health, Minerals Council South Africa

TB incidence aspirational targets (industry and general population)



Source: Department of Health

ENGAGING WITH OUR STAKEHOLDERS

The primary stakeholders engaged by the Minerals Council are:

- **Minerals Council members:** Established members and junior and emerging miners
- **Business community:** BUSA (through which we engage at Nedlac), BASA, BLSA, ASISA, CEO Initiative, AgriSA
- **Government:** Includes the Presidency and various government departments such as: Mineral Resources and Energy; Employment and Labour; Home Affairs; Human Settlements, Water and Sanitation; Trade, Industry and Competition; Environment, Forestry and Fisheries; Planning, Monitoring and Evaluation; Health; Higher Education and Training; and Co-operative Governance and Traditional Affairs
- **Industry trade unions:** AMCU, NUM, Solidarity, UASA, NUMSA
- **Suppliers and research groups:** Includes existing and emerging suppliers, universities and NGOs
- **Investment community:** Local and international investors
- **Media:** National and regional print, online and broadcasting media
- **Legislative entities:** Parliament (NCOP, Parliamentary Portfolio Committees, study groups)
- **Civil society groups/NGOs:** NGOs with a specific interest in mining, including Centre for Applied Legal Studies, Bench Marks Foundation, ActionAid and Federation for a Sustainable Environment



Government

2019 priorities

Governance issues in government negatively impacted the growth and stability of the mining industry

Performance

During the 2019 Mining Indaba, the Minerals Council informally engaged with Transnet to share challenges that our members are experiencing in relation to the role of Transnet in the mining industry. A commitment was made by both parties to set up a formal meeting to have an in-depth discussion on all issues affecting our members. Formal engagements with Transnet have begun and we are encouraged by the commitment and willingness of the new Transnet CEO in ensuring that a relationship between the organisations is established and that all challenges are addressed.

Going forward

The Minerals Council will strengthen its stakeholder engagement strategy so as to ensure that we are able to improve on the successes we have achieved thus far.



Non-governmental organisations (NGOs)

2019 priorities

Continued engagement with NGOs on environmental, social and economic issues

Performance

A group of NGOs and civil society organisations representing a broad range of interests, from mining communities, to environmental protection, to human rights, were engaged relating to the Minerals Council Human Rights Framework. Their views were taken on board in revising the document.

Going forward

The Minerals Council acknowledges the importance of continued engagement with NGOs on environmental, social and economic issues. Furthermore, we recognise that these engagements are a platform to share best practice and showcase both industry successes and challenges, as well as to understand NGOs' concerns about the industry. We will continue to play our role in promoting sustainable development and co-existence strategies, and in sharing leading practice among our members.

Political parties represented in Parliament



2019 priorities

Continuous engagement with the respective Parliamentary Portfolio Committees on critical legislative issues affecting the mining industry

Performance

Fewer pieces of legislation than anticipated were tabled and a lower number was finalised by Parliament. The Minerals Council participated by making both oral and written submissions on the following legislation:

- The National Environmental Management Laws Amendment Bill is currently with the Select Committee on Mineral Resources. The Minerals Council made a submission to this Bill while it was with the Portfolio Committee and we are currently satisfied with the progress made at this level. We will however, continue to monitor the progress at the Select Committee level to see if there will be major changes that require our intervention.
- The written submission and oral presentation to the Standing Committee on Finance was made on the Taxation Laws Amendment Bill. Our submission also focused on the Carbon Tax Bill and its impact on our members. We continue to engage government on this issue.
- The Minerals and Petroleum Resources Development Amendment Bill was returned to the Minister of Mineral Resources and Energy for improvement. It is expected that the Minister will table the updated Bill during 2020.
- The *Ad Hoc* Committee on the amendment of Section 25 of the Constitution was set up by Parliament to process the amendment and provide for land redistribution without compensation. A proposed Bill was published with a request for submissions. The Minerals Council has made written submissions and will also be making an oral presentation.
- The Independent Electricity Management Operator Bill was tabled in Parliament by the Chief Whip of the official opposition. The Bill was referred to the Portfolio Committee on Minerals Resources and Energy for processing. Two meetings on the Bill were held before the President announced in his 2020 state of the nation address that government will soon allow for the generation of private electricity. We have engaged with the Chief Whip of the official opposition who is keen to share ideas with the Minerals Council on how South Africa can introduce private electricity generation, a decision that we believe could assist our members in ensuring affordable and uninterrupted energy supply for their operations.

Our work in Parliament continues to focus on ensuring that we make a meaningful contribution to the legislative process on behalf of our members. We have held individual meetings with the various political parties that are represented in Portfolio Committees such as the Mineral Resources and Energy; Human Settlements, Water and Sanitation; Trade, Industry and Competition; and Environment, Forestry and Fisheries.

Going forward

The primary objective of our work in Parliament is to ensure that all units within the Minerals Council and our members are assisted in achieving their objectives through the amendment and introduction of policies and legislation that address the challenges faced by our industry. We see our role in Parliament as primarily aimed to achieve a simplified legislative environment that allows our members to run their operations smoothly.

Going forward we intend to intensify our efforts by proactively sharing with Parliamentary Committees reports on various projects we have undertaken and making requests to brief the relevant Committees on our achievements, challenges and plans. It is our view that this approach will strengthen the work we do on behalf of our members in Parliament.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED



Members

2019 priorities

Providing a platform for members to raise concerns

Performance

In representing members' interests, the Minerals Council facilitated and hosted a series of commodity-based Leadership Forums, Policy Committee meetings, and other *ad hoc* meetings. These meetings facilitate open discussions on industry issues and the Minerals Council received mandates to represent the industry on various aspects.

Implementation of the industry's Human Rights Framework

In line with the Membership Compact, which is a mandatory code of ethical business conduct to which members of the Minerals Council subscribe, the Minerals Council has developed the industry Human Rights Framework with seven key performance areas, which is now being refined and implemented.

Going forward

We will continue to work with our members and other stakeholders to find solutions to various concerns such as sources of conflict in host communities, while we continue our conversations on policy issues and share leading operational practices.



Communities

2019 priorities

Regional presence of the Minerals Council

The Emalahleni office continued to champion proactive and consultative engagements with regional stakeholders, including local communities, various spheres of government, and other interested and affected parties, on a range of issues. Access to economic opportunities across the industry value chain has been unlocked for the benefit of local communities.

Our Northern Cape office in Kuruman supported the initial phases of the Northern Cape Shared Value initiative and will play a pivotal role in the implementation of resultant and collaborative pilot projects in the manganese/iron ore belt.

Collaboration in the mining industry

Several member companies have common host communities and municipalities and a collaborative approach has been formally adopted in the Mpumalanga Coalfields (Nkangala District) and the Northern Cape. Collaborative efforts will continue to focus on sharing best practices and joint community development efforts over and above legislated compliance requirements. Collaboration is also underway in the Far Eastern Limb (Limpopo and Mpumalanga), albeit in its nascent stage.

Going forward

In 2020, the Minerals Council will endeavour to facilitate positive outcomes from collaboration initiatives that have been put in place over the previous two years. Focus will be on the creation of alternative economic opportunities in the Mpumalanga Coalfields by utilising the mining value chain as a catalyst for the creation of those opportunities. Exploratory work that has been conducted by the mining industry and its partners (for instance, the Mine Water Coordinating Body) will also be incorporated into the programme of work.

In the Northern Cape, the Minerals Council will support mining companies in the roll-out of pilot projects that have been identified as part of the Northern Cape Shared Value project. Lessons from these pilots will guide the industry in scaling up and extending these socio-economic development projects beyond the pilot sites.

In the Far Eastern Limb in Limpopo, the Minerals Council will continue working with all key stakeholders, including mining companies and the provincial and local spheres of government, to establish a multi-stakeholder engagement forum while ensuring that social stability is achieved.



Media, analysts and shareholders

2019 priorities

Communicating the Minerals Council's position on various aspects including health and safety, environmental issues, transformation and economic performance and stability, among others, to the media, to analysts and shareholders and the public at large

Performance

A key component of these efforts is ensuring that our website contains information that is useful, relevant, up-to-date and easy to access.

The media relations function at the Minerals Council is outsourced to an external public relations agency as part of our drive to engage proactively with the media.

During the year, a proactive media relations programme continued to be implemented to ensure that the industry's position is always communicated accurately and timeously.

Promoting the mining industry to the investment community

The Minerals Council ensures that accurate and up-to-date information is available and accessible to the investment community, the media and the public at large. We also carry out a more formal programme to engage with local and international investors.

We address media, investors and other stakeholders at various international and local platforms.

Going forward

The Minerals Council's commitment to transparency of information, to developing and sharing knowledge and understanding of mining, to promoting the mining industry among stakeholders, and to conveying the industry's position to the media, investors and the public at large, remains steadfast.

Business



2019 priorities

Enhancing our role in business structures with a view to achieving an enabling environment, inclusive growth and employment

Performance

The Minerals Council has been instrumental in lobbying for the strengthened role of Business Unity South Africa (BUSA) as a collective business representative. We are active members of both Business Leadership South Africa (BLSA) and BUSA, where we represent the interests of the mining industry in the economy. In 2019, BUSA convened a structure of itself and five other major business organisations, including the Minerals Council, to engage with government and otherwise lobby more strenuously than previously on critical economic and financial issues facing South Africa.

Going forward

The Minerals Council will continue to lobby for inclusive and transformed policies that ensure that the political, legislative and policy environment is conducive to a thriving economy, and include the availability of cost-effective infrastructure.

SECTION 2

STRATEGY AND STRUCTURE

The Minerals Council's Board guides and directs the organisation's strategy

IN THIS SECTION

- 25 Minerals Council strategy at a glance
- 28 Letter from the President
- 30 Chief Executive's review
- 34 Minerals Council structure
- 40 Views from commodity/sector leadership forums

MINERALS COUNCIL STRATEGY AT A GLANCE



Strategic goal

01

Play a leadership role in pressing the reboot button for the mining industry

- Drive industry agenda for ethical leadership, good governance and positive transformation
- Help drive development of a shared vision for the sector, one that can be supported by all stakeholders
- Reboot process to enable social pact between stakeholders, which has as its cornerstones policy and regulatory certainty, and good governance
- Develop a framework for promoting and respecting human rights, and support our members in its implementation

OBJECTIVES

Play leadership role in setting business agenda for transformative change, ethical leadership and good governance. Do this through organised business: BUSA, BASA, ASISA, BLSA. Consider modifications to the Membership Compact to ensure ethical supplier conduct.

Rebrand, rename and reposition organisation against a milestone plan which co-ordinates finalisation of a reconciliation process, significant progress on legacy issues, completion of an industry vision for competitiveness and growth, and a stronger commitment to the core values statement. Emphasis on enhanced communications and the promotion of a positive image.

Implement meaningful acknowledgement process to acknowledge the past (good and bad), based on fundamental precepts in the Zambezi Protocol.

Successfully resolve a significant portion of legacy issues – migrant labour, accommodation, living conditions, social wage – in collaboration with stakeholders. Accelerate pay-out of pension funds to ex-mineworkers, compensation for occupational lung disease.

Implement bottom-up grass roots approach to engaging members and communities – establishing pilot regional offices to foster collaboration and partnership, and **better transformation outcomes**.

Form alliances with key business, labour, community, government, Parliament, religious groupings. Establish mechanisms for ongoing collaboration and engagement on strategic country and mining industry issues.

Effectively engage members through bilateral meetings and Minerals Council committees. Broaden the Minerals Council's membership to include more emerging miners and ensure their voice on the Board.

MINERALS COUNCIL STRATEGY AT A GLANCE

CONTINUED

Strategic goal

02



Create an enabling policy, legislative, regulatory and operating environment for a successful mining industry

Create an environment that is conducive to stimulating investment and transformation remains a significant focus of the Minerals Council.

OBJECTIVES

Create enabling policy environment for mining sector. Engage on all policies that impact the mining sector to ensure they are stable, competitive and predictable to promote investment and transformation. Develop an alternative view on what a “successful South African mining policy” should look like and key principles underpinning such a policy.

Create an enabling legislative and regulatory environment for the mining sector. Focus on legislation and regulations relevant to the sector and ensure these are stable, competitive and predictable. Propose an independent minerals commission to administer mining and prospecting rights outside of political interference.

Create an enabling operating environment for the mining sector. Engage with government, regulators and labour on key issues to promote the competitiveness of the sector. Issues include industry wage reviews; infrastructure challenges (electricity prices, rail, ports and water); social infrastructure development in mining areas (housing, schools, clinics); crime as it affects mining (illegal mining, product theft, theft of mining supplies, criminal syndicates).

Strategic goal

03



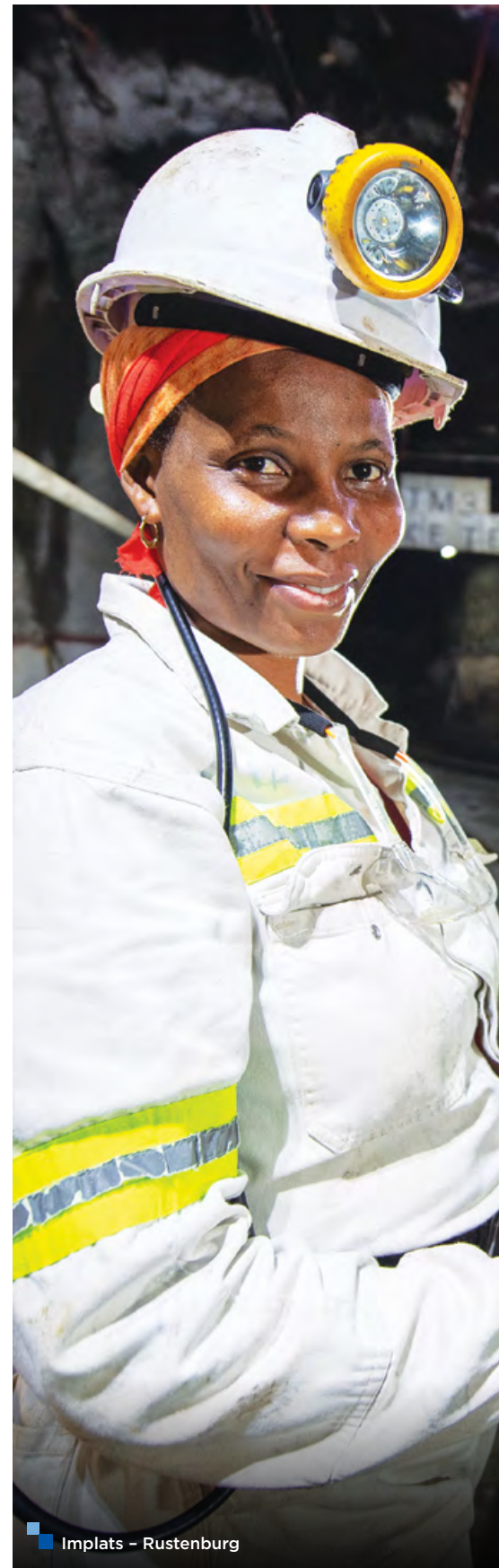
Minerals Council and members to implement a positive contribution model (including to the NDP)

OBJECTIVES

Promote local economic and community development. Facilitate industry collaboration through regional pilot offices and engaging government and other stakeholders (possibly establishing collaborative funding vehicles and obtaining Treasury co-contributions, sharing arrangement recognised under the social and labour plans). Promote localisation in supplier industries.

Promote innovation and R&D for the sector. Facilitate collaborative efforts on innovation that will contribute to achieving zero harm, improving productivity and competitiveness and creating sustainable and socially acceptable mining. Includes industry drive for innovation through the mining precinct, work with supplier industries, universities and government innovation agencies.

Help expand a cost-competitive and efficient infrastructure base for mining. Facilitate discussions on new capacity in rail, ports, water and electricity (including potential private sector participation and concessioning).



Implats – Rustenburg



Strategic goal

04



Lead by example. Demonstrate progress on transformation, safety, social and environmental imperatives (including the sharing of leading practice)

OBJECTIVES

Promote zero harm. Play leadership role in initiatives to fast-track mining's progress to zero harm (including culture transformation, training of health and safety representatives, adoption of leading practices identified by MOSH Learning Hub, TB and HIV initiatives, health and safety milestones).

Promote and enable effective transformation. Lead development of vision of what good transformation looks like in collaboration with stakeholders (and design of practical and workable Charter to facilitate further industry transformation). Engage members on progress and reporting. Share leading practice on transformation.

Reduce mining industry's environmental footprint. Play a leadership role in managing debate on climate change. Help guide debates on lowering industry's environmental footprint (energy and water efficiency, water environmental rehabilitation, monitoring emissions, leading practice).

Strategic goal

05



Continually improve effectiveness and performance

OBJECTIVES

Filter external issues and ensure alignment with the Minerals Council strategic plan. Only issues of strategic importance should be prioritised and tackled.

Ensure the effectiveness and efficiency of the Minerals Council. Effective implementation of the human resources strategy to attract and retain a professional team (including implementation of performance monitoring system and STIP/LTIP). Effective implementation of risk register process and its alignment with strategic plan objectives to mitigate and manage these risks. Improvement of internal governance and governance of structures where the Minerals Council is represented. Ongoing modernisation of internal policies and procedures. Improve principal, commodity-specific and policy committees. Ensure the Minerals Council remains fit for purpose in terms of organisational structure and capacity to meet the requirements of the Board-agreed strategic plan and budget.

Evaluate the performance of the Minerals Council and provide feedback to members. Provide appropriate progress report feedback to the Board. Conduct regular strategic reviews, guided by the Office Bearers and the Board.

LETTER FROM THE PRESIDENT

“The mining industry achieved a significant improvement in safety performance.”



This is my third presidential message in the Minerals Council's Integrated Annual Report. As I reflect on the events of 2019, I'd like also to reflect on the developments and trends of the past three years, as I believe they tell some profound stories of our industry and of our country.

I do need to begin, however, by addressing a matter of which none of us had heard by the end of 2019 but which is having a greater impact on our industry, and on the world, than anything in living memory.

COVID-19 is a matter that is difficult to address in a letter of this sort, because whatever I say at this time of writing will have dated by the time you read this. I would like to say, however, that our industry appears to have shown its mettle by addressing this scourge rapidly and head on, in a way that has held out the best chance of sustaining our industry through this disastrous period. It has optimised preventative measures and has so far succeeded in minimising disruptions. In doing so, it has also served the interests of mining communities and of our entire society in the best way it possibly could.

But let's go back a year and examine the issues of health and safety more directly related to our industry.

Tragically, the year 2019 began with the tailings dam tragedy at Brumadinho in

Brazil that killed 270 employees and townspeople caught in the path of the dam collapse. This tragedy impressed on all of us the need to assess, and reassess, the state of our tailings facilities and, where necessary, take action to strengthen them.

The Minerals Council and a number of its members have also played an active part in the work of the independent task team appointed by the International Council on Mining and Metals (ICMM) to develop a global tailings standard. We continue to follow its work with active interest.

The year 2019 was something of a turning point in health and safety in South Africa. We are gratified that the industry achieved a significant improvement in performance, most notably having recorded the lowest number of fatalities due to accidents in the industry's recorded history. This is particularly the case after the reversals of 2017 and only limited improvements in 2018. The improving trend in occupational health performance was notable too.

Mxolisi Mgojo
President - Minerals Council South Africa

However, as is clear from the launch of our Khumbul'ekhaya campaign in October 2019, we will remain dissatisfied with our performance for as long as it takes to eliminate loss of life from our workplaces. Zero fatalities can be our only acceptable goal.

COVID-19 is, of course, not the only external force buffeting our industry and our economy. Eskom's financial and operational travails will still be with us long after the COVID-19 nightmare has passed.

In 2019, load shedding and load curtailment severely constrained mining output, forcing it often to have to reduce power consumption by up to 20%. Almost invariably, this halted production of metallurgical plants. It has been a severe disincentive to new investment and prevented our mines from taking advantage of improving commodity prices in many sectors. Load curtailment reached a peak on 9 December with the advent of stage 6 load shedding, bringing home to businesses, householders and government the parlous state of Eskom.

That was less than three weeks after the announcement of the appointment of Andre de Ruyter as the organisation's new CEO.

Mr de Ruyter's initial performance has been a ray of light, as he has entered serious consultations with major customers and left us in no doubt that he understands what needs to be done on the operational side. The intensive maintenance programme he will have to carry out will continue to have an impact on power supplies – there is now a light at the end of the tunnel.

Still, we were forced to spend a great deal of energy early in 2019 opposing Eskom demands to NERSA for increases of some 15% a year for the fourth Multi-Year Price Determination (MYPD4) period, and then again to oppose the Eskom Regulatory Clearing Account application for an additional R27.3 billion in revenue for previous revenue shortfalls and cost overruns. NERSA's latter decision was yet to be delivered at the time of writing.

And this doesn't even begin to address the fiscal challenges of Eskom's R453 billion debt burden. We look forward to the day that those responsible for this untenable debt situation due to corruption and malfeasance come to face civil and criminal actions for their deeds.

All these factors led to the decision by Moody's on 27 March 2020 to downgrade South Africa's rating to a position below investor grade. As we stated at the time, while we were disappointed at the development, we were not surprised, given the path that government had led us down over an extended period. While the era of gross corruption and economic mismanagement is over, the new government was too slow in addressing the structural changes that must be made to turn the economy around.

The other big challenge for the industry and the regulator is the still unresolved matter of Mining Charter 2018 (MC2018), published in September 2018. The key issue

is MC2018's non-recognition of the continuing consequences of previous transactions in respect of renewal or transfer of mining rights.

Following some months of unsuccessful engagements with the DMRE, in March 2019, six months following the publication of MC2018, a legal technicality forced the Minerals Council to file an application for the judicial review and setting aside of those and certain of its other clauses.

It was a step we took with reluctance. The timing was based purely on the 180-day statutory time limit for a filing in terms of the Promotion of Administrative Justice Act. It will still be a matter of regret if this issue has to proceed through the courts, as we believe that a negotiated settlement of the MC2018 contested elements would be far preferable to what is likely to be a lengthy legal process.

There has not been any significant progress other than through the courts. We appeal to government to consider the resumption of these engagements.

As it is, the mid-April dates set for the court hearing have had to be postponed, which serves to extend the period of uncertainty investors will continue to face. This is naturally not good for the industry or the economy as a whole.

In an attempt to better understand the transformation situation in our industry, the Minerals Council commissioned, and published in December 2019, a report by an independent advisory firm to assess the industry's compliance with the previous charter (MC2010) applicable until 2018. The research found substantial compliance and significant progress in the industry's efforts to transform the mining sector, though there were certain areas where some companies lagged. We are aware of the need for this journey to continue.

The Minerals Council reiterates its condolences expressed to the colleagues, family and friends of Deputy Minerals Resources and Energy Minister Bavelile Hlongwa who died so tragically in September.

In conclusion, I would like to offer some acknowledgements. First, I acknowledge the sterling work by Minerals Council CEO Roger Baxter and his team during these increasingly challenging times for the industry. It is thanks to their work that the industry is as well-placed as it is to move forward into the future.

I would also like to thank all Board members and Office Bearers for the support and guidance they have given to me and to our Minerals Council colleagues, both over the past year and over the last three years.

Among these are Andile Sangqu who departed at the beginning of 2020 after a remarkable spell as a vice-president of our organisation. I owe him my personal thanks for the work he has done for the industry as a whole. And I welcome, Zanele Matlala, and thank her for the energy she has contributed to the office-bearers' team in her brief time with us.

Finally, as we face an interesting and challenging future in terms of managing COVID-19 and saving our economy, the point must be made that life will never be the same again. But as the Minerals Council, on behalf of the South African mining sector, we stand ready to work hand in hand with government, organised labour and society to beat this pandemic and emerge a stronger and more unified sector and nation. Mining will play its positive role and we will #MakeMiningMatter.



Mxolisi Mgojo

President – Minerals Council South Africa
7 May 2020

CHIEF EXECUTIVE'S REVIEW

“The impact of the spread of COVID-19 will be felt intensely by our country for a long time to come.”



I am sure it is the case for all of us that, when we reflect on the events of 2019, it is impossible to clear from our minds the unprecedented and frightening COVID-19 events that began to afflict our world from December 2019 and profoundly fully entered our consciousnesses and lives from February 2020.

At the time of writing, these events were still developing, so I will not attempt to offer any perspectives on them, other than to say that the impact of the spread of the disease and South Africa's lockdown will be felt intensely by our industry and our country for a long time to come. As I reflect on the events of 2019, these reflections need to be seen as an attempt to adhere to annual routines in a world where normal routine no longer seems to apply.

Economic crisis

As it is, well before the COVID-19 disaster struck, our industry and South Africa were already facing a range of severe crises. At the forefront of these were the broader economic and fiscal crises that were being exacerbated by Eskom's power insecurity and debt challenges, the latter of which had a material impact on mining production during 2019. These factors also set up the eventual March 2020 decision by Moody's to withdraw South Africa's last

investment grade rating as set by the top three ratings agencies.

The Minerals Council had been watching carefully and anxiously through the year for signs that government was ready to address the economic crisis with the seriousness it deserved. While a degree of lip service was paid to it, regrettably neither the October Medium Term Budget Policy Statement (MTBPS), the February President's State of the Nation Address (SONA) nor the February 2019/20 Budget took sufficient action. Nor did the plans through the year of the Department of Trade and Industry. In essence, the critical structural reforms necessary to turn the economic tide, to enable greater private sector competition and investment in the economy were not implemented as government clung onto an outdated state-controlled model, which, combined with corruption and unethical leadership, are mostly responsible for the economic malaise that South Africa is in.

Roger Baxter

CEO – Minerals Council South Africa

There was one ray of light in the National Treasury's Economic transformation, inclusive growth, and competitiveness plan. But while it avoided rejection, it wasn't sufficiently embraced either. However, not until the 2020/21 Budget with its proposal to drastically cut state employment spending and the warmer embrace of the National Treasury plan, did we see anything approaching the action that was needed. And particularly with the negative union reception of the Budget plans, it was too little, too late.

These crises did prompt a new approach by the Minerals Council, and by organised business in general, towards engagement with government on these matters. The Minerals Council was a critical part of engagement with and between the other top business associations – Business Unity South Africa, Business Leadership South Africa, the Black Business Council, the Association for Savings and Investment South Africa and the Banking Association of South Africa – towards the end of 2019 and in early 2020 to ensure a more assertive and progressive approach by organised business in 2020 to setting the economic agenda.

It was agreed that an overly polite and always cordial approach with government on key economic reforms and the Eskom crisis was not working: hence we noted in October the failure of the MTBPS “to break out of the structural growth straight jacket”. And we said then (as we continue to do) that “we stand firm on our call for a set of structural economic growth reforms that can create a virtuous circle of improving investor and business confidence, improving competitiveness and growing productivity, increasing investment, raising economic growth, reducing unemployment and poverty, growing transformation, and raising living standards”. This more assertive approach was also subsequently seen in action at the BUSA Business Economic Indaba held in January 2020 and in engagements with Cabinet Ministers, Directors General, heads of state-owned-enterprises (SOEs) and others.

The Minerals Council has had material engagement with the South African Reserve Bank, and various structures of government and think tanks on the critical need for urgent structural reform, including a credible fiscal policy, key decisions being expedited on SOEs and how to re-ignite economic growth. In several cases the Minerals Council team led discussions in Nedlac on these matters.

The Minerals Council has had significant engagement with rating agencies and members of the economics and investment community. We participated in the Presidential Jobs and Investment Conferences, and in various Minerals Council-coordinated roadshow meetings with investors. We have also participated in the Public-Private Growth Initiative process that is developing masterplans for each key sector, including mining.

Eskom crisis

A significant broad economic constraint lies with Eskom. The

persistent load shedding and load curtailment measures implemented by Eskom through much of 2019, along with the continuing threat of above-inflation tariff increases, have had a deeply constraining effect, not only on minerals production but also on mining investor confidence in the future. And Eskom’s R453 billion debt burden is in fact a fiscal burden for the country as a whole.

The Minerals Council has played a key business leadership role in engaging government and Eskom leaders on the crisis. We played a leadership role in engaging the Department of Public Enterprises and the DMRE Ministers on the Eskom crisis and proposed the establishment of the technical review task team. The task team report, drafted by a high-profile group, has not yet been made public, however.

The Minerals Council provided substantial input to NERSA on the MYPD4 and played a key role in encouraging NERSA to moderate the price increases granted to Eskom. Similar efforts have been made in respect of Eskom’s application for a further R27.3 billion in revenue through its Regulatory Clearing Account application. NERSA’s findings in this regard were still awaited at the time of writing.

The Eskom CEO, or acting CEO or COO attended three of the Minerals Council’s six ordinary Board meetings during the year to ensure ongoing conversations on the crisis, with a specific focus on solutions. One further ray of light during a year of bleak economy and unstable electricity supply was the appointment of a new CEO at Eskom. He has made a great deal of time for engagement with major power consumers. We continue to hope that the Eskom shareholder will permit and encourage him to take all the actions required to repair the institution. Even so, it is clear that the damage done to Eskom – along

with most other key SOEs – since 2009 will take a few years to repair. We cannot expect normal service to resume for some time to come.

It is for this reason that the Minerals Council has lobbied extremely strongly, with the backing of other parts of organised business, for government to open up the scope for self-generation of power by mining companies and other large power consuming businesses. The Minerals Council is aware of some 2.3GW of mostly renewable power projects awaiting regulatory easing and permits. This, in our view, would substantially mitigate the production losses due to Eskom’s current capacity constraints.

The point we make is that fixing Eskom is only part of the solution. The introduction of material private sector participation and competition in South Africa will not only create a more stable and diversified energy mix, but will materially lift the Eskom economic growth constraint.

Also on the SOE front, the Minerals Council engaged substantively with Transnet on the ongoing challenges of rail and wagon capacity constraints (for chrome and manganese), the inefficiency and high cost of government run ports, etc. We met the entire Transnet executive team in November 2019 and agreed to more regular leadership discussions between Transnet and the Minerals Council on a quarterly basis as well as to establish a task team for chrome.

Health and safety

I turn now to a topic where the news is better but still far from where we need to be. 2019 was the safest year in the 130-year recorded history of the South African mining industry, with a 37% reduction in fatalities to 51 people compared with 81 in 2018. It is still 51 people that lost their lives in the sector in 2019 and our thoughts and prayers go out to all their families, friends and loved ones.

CHIEF EXECUTIVE'S REVIEW CONTINUED

But the reduction in fatalities to the lowest level in recorded history was based on deliberate strategies and actions. In January, a very powerful CEO Heartfelt Conversations gathering was convened by the Minerals Council. Arising from this event and in addition to material work, the Minerals Council launched the new Khumbul'ekhaya strategy on 1 October, designed to draw together in a synergistic fashion to drive a further reduction in fatalities, improve health outcomes and achieve the aspirational goal of zero harm.

Continuing material progress has been made through the work of the CEO Zero Harm Forum and in encouraging the adoption of leading practices in health and safety through the MOSH Learning Hub and the Minerals Council's Health and Safety teams. The MOSH Learning Hub has helped source, validate and share leading practice in the key areas of fall of ground, transport and machinery, dust and noise, resulting in behavioural change.

We have driven a revised Masoyise Health Programme implemented in 2019. Significant progress has been made with 90% of workers tested for TB and 84% counselled for HIV/AIDS. Very significantly, the TB prevalence rate in mining has now fallen below the national prevalence rate, demonstrating the profound progress made. Yet, as we continue to remind ourselves, we cannot rest until every mineworker returns home healthy and safe every day.

Policy environment

Our aspiration to see a growing mining industry operating with excellence is dependent on a legislative and regulatory environment that facilitates it. The Minerals Council has continued to attempt to play its part in achieving this. Throughout 2019, and up to the time of writing, despite material political pressure, the Minerals

Council has continued to implement the Board-approved strategy to challenge the problematic provisions in the Mining Charter 2018. At the heart of these is the non-recognition of the continuing consequences of previous transactions in respect of transfers and renewals.

The judicial review application was launched on 26 March 2019. Following some discussion, the Minister agreed to suspend the offending provisions until the review application is finalised. A 3-day hearing was originally scheduled for mid April 2020, but delays in the filing of papers by the DMRE caused a postponement. In hindsight, the sitting would have been postponed anyway due to the COVID-19 lockdown.

Legal processes are on track regarding the Minister's appeal against the Minerals Council's 2018 successful declaratory order judgement on continuing consequences. On the matter of transformation specifically, we commissioned an independent study on progress and a report was published in December. The research, which measured industry compliance with the 2010-2018 Mining Charter, found substantial compliance and significant progress in efforts to transform the industry though, as we would in any event agree, there remains a long way to go.

The Minerals Council has developed a White Paper which was approved by the Board. And I will report further in 12 months on the critical campaign launched by the Minerals Council in March this year against sexual and gender-based violence and harassment in the industry. Regarding other legal and regulatory issues:

- Our Environmental department achieved a further delay to the implementation of the environmental trust fund financial provision regulations, ensured the mine residue and stockpiles are not

classified as hazardous waste and provided further input to the one environmental system.

- Our Economics department provided material inputs on tax issues, including the carbon tax, and demonstrated the large impact in phase 2, with further inputs on the Organisation for Economic Co-operation and Development (OECD) digital taxation proposals and the modification to the diesel rebate system.
- The Transformation team made significant representations on the first draft Housing and Living Conditions Standard, and virtually all the Minerals Council's inputs were accommodated by the DMRE in the final draft that has been gazetted.
- The Minerals Council made submissions on many other Bills and draft regulations that affect the sector. These include the Preservation and Development of Agricultural Land Bill, the Climate Change Bill, the section 25 committee hearings on land expropriation without compensation, the National Health Insurance Bill, labour legislation, immigration law, the environmental bills, illegal mining framework legislation, tax legislation, among others.

A further threat to the operating environment has been the deteriorating security situation in mining areas, with a surge of armed attacks on mining facilities, particularly gold plants. The Minerals Council arranged a meeting of 30 CEOs with the Minister of Police in October and agreed to the establishment of a 10-a-side task team to formulate plans. It seems that the Minister of Police has agreed to the concept of establishing a mining specific police unit. Security concerns relating to illegal mining have been a further topic of conversation with SAPS leadership.

Addressing legacies

In addition to correcting the shortcomings of the present, the Minerals Council is hard at work seeking to address, where possible, the legacies of the past. We have played a material role in shaping and managing the processes dealing with state compensation for occupational lung diseases through work with the Occupational Lung Disease Working Group. We are taking over those responsibilities entirely now that the working group's life is almost over following the establishment of the Tshiamiso Trust that will administer the proceeds of the silicosis and TB class action settlement.

This work includes adapting the MBOD/CCOD, resolving backlogs (certification and digitisation), ensuring the risk levies are adjusted down to realistic levels, creating a funding mechanism for continuing to improve the operational efficiencies of the MBOD, and ensuring collaboration between these institutions and the retirement funds for tracking and tracing former mineworkers.

The Minerals Council continues to fund an office that assists former mineworkers and their dependants to claim unclaimed retirement fund benefits, through which thousands of individuals have been assisted. The Minerals Council is also at the centre of work aimed at redesigning and integrating the country's dual compensation system for occupational injuries and diseases.

Community relations

We have continued to implement the strategy for a "bottom-up" approach to community development and addressing community conflict with the mining industry. The pilot regional office in Mpumalanga is operational and has facilitated discussion on community development with provincial and local government to promote better social development

outcomes from the work of member companies. The Mpumalanga office has also played a role in working with the coal mining companies, government and communities in addressing disruption and the closure of mines.

The Northern Cape regional office is also operational and good progress has been made in developing the Northern Cape Mining Leadership Forum's shared value strategy.

Internal relations

Internally, Minerals Council officials have been working hard at upping our game when it comes to engagement with members. Nearly all member companies are now represented at senior level on either the Board or in the hard-working leadership forums. Members also engage through the Minerals Council CEO, senior executives and heads of departments, and through the smooth operation of the many policy committees. Newsletters reporting progress on key activities are sent to members on a quarterly basis and much better engagement is taking place with members at multiple leadership levels. Minerals Council membership has continued to expand, with Tronox, Samancor Chrome and Vanadium Resources joining during the year.

Conclusion

The state of mining regulation and operating circumstances, and the state of investor perceptions, is well captured in the Fraser Institute Annual Survey of Mining Companies 2019 report. The Policy Perception Index (PPI), which measures overall policy attractiveness, ranks South Africa in 56th position out of 76 jurisdictions for which adequate feedback was received. This still places South Africa in the bottom half of the ratings. In 2018, South Africa's PPI ranking was 56th out of 83, compared to 81st out of 91 jurisdictions in 2017 following the end of Jacob Zuma's presidency.

While perceptions of South Africa have not deteriorated, it is disappointing that they have remained stagnant. The Minerals Council has previously said that a new phase of growth in mining investment will require South Africa, among other things, to enter the top quartile of attractive investment jurisdictions in measures such as these. This remains the industry's aspiration, which we hope government shares. It shows what a long journey we still face.

There is also an urgent need to re-ignite a greenfields exploration boom in South Africa. To this end, the Minerals Council has established an Exploration Leadership Forum and a draft new strategy will be developed in 2020.

In conclusion, I would like to express my sincere gratitude for the astute leadership and wise counsel of Minerals Council President Mxolisi Mgojo and Vice Presidents Steve Phiri, Neal Froneman, Andile Sangqu (who left from our Board early in 2020), and Zanele Matlala. I also pay tribute to the senior executives, departmental heads and all the professional and support staff it has been my privilege to work with over the past 12 months. We have striven to match our mantra of #MakingMiningMatter.

The future promises to be even more challenging as we address the greatest crisis the world has known in living memory, but I know we have the people who give us the best chance of addressing it and all else that lies ahead.



Roger Baxter

CEO - Minerals Council South Africa
7 May 2020

MINERALS COUNCIL STRUCTURE

The Minerals Council Board is the highest decision-making structure of the organisation. It guides and directs strategy.

The Board comprises of representatives of the Minerals Council's members and a representative of its Junior and Emerging Miners' Leadership Forum. Board representatives nominate and elect four Office Bearers – the President and three Vice Presidents – at the annual general meeting.



- 1 Mxolisi Mgojo
- 2 Andile Sangqu
- 3 Neal Froneman
- 4 Steve Phiri
- 5 Zanele Matlala

Andile Sangqu

Vice President (appointed in May 2015)

BCom (Acc); BCompt (Hons); CTA; Higher Diploma Tax Law; MBL

Andile Sangqu is currently Executive Head of Anglo American South Africa. He has also held senior positions in various government departments and currently serves as a non-executive director in several companies. Andile has provided the Minerals Council with leadership and guidance in various strategic areas including financial restructuring and development, strategic planning, organisational transformation and change-management processes.

Neal Froneman

Vice President (appointed in May 2016)

BSc Mech Eng (Ind Opt), University of the Witwatersrand; BCompt, University of South Africa; PrEng

Neal Froneman has been at the helm of Sibanye-Stillwater since January 2013 and has some 30 years of operational, corporate development and mining industry experience. Previously he was CEO of Gold and Uranium One, which was formerly known as Aflase Gold Limited. Prior to joining Aflase Gold, Neal held executive and senior management positions at Gold Fields of South Africa Limited, Harmony Gold and JCI Limited. He currently serves as a non-executive director in several companies.

Steve Phiri

Vice President (appointed in May 2017)

BJuris; LLB; LLM; Dip Corp Law

Steve Phiri has been the CEO of Royal Bafokeng Platinum since April 2010. Prior to this, he was the CEO of ferrochrome producer Merafe Resources Limited. He previously headed up the Royal Bafokeng Nation's corporate and legal affairs, which included negotiations with entities such as Merafe and Implats.

He is admitted as an attorney of the High Court of South Africa.

Zanele Matlala

Vice President (appointed May 2019)

BCom, BCompt (Hons), CA(SA)

Zanele Matlala joined the Merafe board as an independent non-executive director in 2005, becoming the Chief Financial Officer in October 2010. She was appointed CEO in June 2012. Zanele has served as a non-executive director on the board of Kagiso Media Ltd, an independent non-executive director at Gold Reef Resorts Ltd, group finance director at Kagiso Trust Investments Pty Ltd, and chief financial officer for the Development Bank of Southern Africa Ltd.

She is also a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings, RAC Limited and Old Mutual Investment Group Holdings.

OFFICE BEARERS

Mxolisi Mgojo

President (appointed in May 2017)

BSc (Hons) (Energy Studies); MBA; Advanced Management Programme (Wharton)

Mxolisi Mgojo was appointed as CEO of Exxaro Resources Limited on 1 April 2016. Previously he served as Exxaro's Executive Head of Coal and Executive Head of Operations. He was also responsible for the base metals and industrial minerals commodity business of Exxaro. Previously, Mxolisi served as Head of Group Marketing for Eyesizwe Coal.



- 5 Roger Baxter
- 6 Tebello Chabana
- 7 Nikisi Lesufi
- 8 Harry Groenewald
- 9 Sietse van der Woude

The Minerals Council continuously looks for ways to advance the position of the South African mining industry, and to make improvements, participating in various initiatives and projects in areas relating to health, education, policy and regulations.

MINERALS COUNCIL EXECUTIVES

Roger Baxter

Chief Executive Officer

BCom (Hons)

Roger Baxter joined the Minerals Council in 1992 and was appointed CEO in 2015. He has close on 30 years of high-level advocacy and strategy experience in the business and mining sectors. He was involved in the first mineral policy discussions with the ANC in 1992 and has participated in (and often led) discussions on all aspects of mining, economic investment, transformation and tax policy with government. He previously chaired the BUSA Econpol and Growth Task Team. Roger has played a key leadership role in rebranding the Chamber of Mines of South Africa as the Minerals Council South Africa. He brings leadership, governance, strategy, investment and transformation skills to the table. He is a member of the Minerals Council Board, the BUSA Board, and the Board of TEBA Trust. He chairs the World Platinum Investment Council and is Vice Chairman of the International Associations Working Group within the International Council on Mining and Metals. He is Chairman of the Mining Industry Association of Southern Africa.

Tebello Chabana

Senior Executive: Public Affairs and Transformation

BA (Law); LLB

Tebello Chabana joined the Minerals Council in July 2016, following his departure from Anglo American South Africa. He began his legal career at Deney's Reitz Attorneys, then joined Anglo American South Africa as a legal adviser and served in a range of positions, ending as Head of Public Affairs South Africa. Tebello also spent time at Kumba Iron Ore as Executive Head of Public Affairs.

Nikisi Lesufi

Senior Executive: Environment, Health and Legacies

BSc (Hons); MSc

Nikisi Lesufi joined the Minerals Council in 2002 as an environmental adviser. He was appointed to his current position in 2008. He previously lectured at the University of the North (now University of Limpopo) and served the then Department of Water Affairs and Forestry (DWAF) in various capacities such as Deputy Director: Water Quality, Director: Water Resources Management and head of the regional office of DWAF in the Free State.

Harry Groenewald

Senior Executive: Finance and Administration

BCom; MBL

Harry Groenewald's career in the mining industry started in 1985 when he joined Rand Mines. Prior to joining the Minerals Council in 2010, Harry was involved with copper and cobalt projects in the Democratic Republic of the Congo.

Sietse van der Woude

Senior Executive: Modernisation and Safety

MSc; MBL

Sietse van der Woude joined the Minerals Council in 2004 as a safety and sustainable development manager. He previously led the implementation of a regulatory framework for radiation safety in the mining industry at the National Nuclear Regulator.

MINERALS COUNCIL STRUCTURE CONTINUED

SENIOR MANAGEMENT



Mustak Ally
Head: Skills Development



Dr Thuthula Balfour
Head: Health



Ursula Brown
Head: Legal



Jeannette Hofsajer-Van Wyk
Head: Administration



Alex Khumalo
Head: Social Performance



Henk Langenhoven
Chief Economist



Stanford Mamoshito Malatji
Head: Learning Hub



Motsamai Motlhamme
Head: Employment Relations



Stephinah Mudau
Head: Environment



Dr Sizwe Phakathi
Head: Safety and Sustainable Development



Economics

The Economics discipline provides input, advisory services and analysis on matters affecting the industry's economic viability and performance, investment appeal and other economic impacts. The Economics discipline is also responsible for shaping industry responses to critical concerns affecting the sector.

Health

The Health discipline provides advisory services and support to members in the field of occupational health, medicine and hygiene, along with advocacy and advice on TB, HIV and AIDS.

Public Affairs and Transformation

The Public Affairs and Transformation discipline engages with social partners on all relevant matters of public policy, supporting the aims of the Mineral and Petroleum Resources Development Act (MPRDA) and its associated Mining Charter.

Social Performance

The Social Performance discipline, which is relatively new to the Minerals Council, provides a more collaborative and co-ordinated approach to community relations and local economic development.

Environmental

The Environmental discipline provides advisory services, guidance and strategic leadership on environmental sustainability in a manner that enhances members' contributions to sustainable development. This is achieved through the discipline's leadership in engagements in the development of position papers for policy formulation and implementation.

Employment Relations

The Employment Relations discipline provides advisory services to members in the field of labour relations, including labour market issues, collective bargaining, employment equity and social security.

MOSH Learning Hub

The MOSH (mining industry occupational safety and health) Learning Hub was established by the Minerals Council in 2009 to encourage and enable mining companies to learn from the safety and health expertise and leading practices that exist in the industry.



Junior and Emerging Miners' Desk

The Junior and Emerging Miners' Desk provides advice and support, and acts as a resource centre for the smaller Minerals Council member companies. It also ensures that the voice of junior and emerging miners is heard and understood by government.

Legal

The Legal discipline provides legal advice in influencing legislative and other matters affecting members' interests. The focus is on constructive policies that are consistent with the national interest. Included in the role of this discipline is addressing challenges that have arisen as a result of the increase in illegal mining in South Africa.

Safety and Sustainability

The Safety and Sustainability discipline actively promotes safety and health in the workplace for mineworkers. This discipline also provides high-level guidance on matters that affect the ESG impacts of the industry.

Finance and Administration

The Finance and Administration discipline provides the financial, ICT, human resources, administrative structures and facilities management for the Minerals Council's internal processes.

Communications

The Communications discipline conveys information about the Minerals Council and the mining industry to stakeholders in an honest and balanced manner. It plays a critical role in ensuring that external stakeholders are updated on mining industry events in South Africa.

Skills Development

The Skills Development discipline plays a vital role in advocating and lobbying for the creation of an environment that enables the mining industry to develop skilled employees for advancement and deployment.

Modernisation

The Modernisation discipline promotes research, development and innovation (RDI) as a critical enabler of modernisation. The discipline acts to facilitate a collaborative effort regarding innovation that will contribute to achieving zero harm, and, at the same, time improve productivity and competitiveness, and creating sustainable and socially acceptable mining.

MINERALS COUNCIL STRUCTURE CONTINUED

MINERALS COUNCIL BOARD

as at 31 December 2019



Mxolisi Mgojo

Minerals Council:
President
Exxaro: CEO



Neal Froneman

Minerals Council:
Vice President
Sibanye-Stillwater: CEO



Zanele Matlala

Minerals Council:
Vice President
Merafe Resources: CEO



Steve Phiri

Minerals Council:
Vice President
Royal Bafokeng
Platinum: CEO



Andile Sangqu

Minerals Council:
Vice President
Anglo American South
Africa: Executive Head



Ayanda Bam

Kuyasa Mining:
Executive Chairman



Roger Baxter

Minerals Council: CEO



Shadwick Bessit

Sibanye-Stillwater:
Executive Vice President:
South Africa operations



Paul Dunne

Northam Platinum: CEO



Werner Duvenhage

Richards Bay Minerals:
Managing Director



Michael Fraser

South32 Africa:
President and COO



Japie Fullard

Glencore Operations
South Africa:
Head: Ferroalloys



Chris Griffith

Anglo American
Platinum: CEO



Murray Houston

Glencore Coal: COO



Lucky Kgatle

Sasol Mining: Managing
Director

MINERALS COUNCIL BOARD as at 31 December 2019 CONTINUED



Moses Madondo

AngloGold Ashanti: Head SA Operations



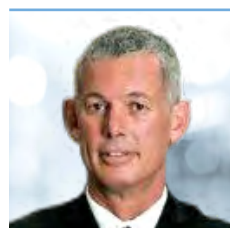
Maboko Mahlaole

Palabora Mining Company: GM: Human Resources



Themba Mkhwanazi

Kumba Iron Ore: CEO



Nico Muller

Implats: CEO



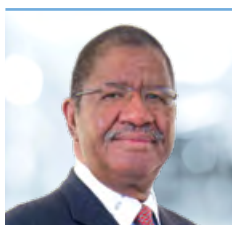
Deshnee Naidoo

Vedanta Zinc International: CEO



July Ndlovu

Anglo American Coal: CEO



Barend Petersen

De Beers Consolidated Mines: Chairman



Nico Pienaar

Aspasa: Director



Martin Preece

Gold Fields: (Executive Vice President: South Africa)



Niël Pretorius

DRDGOLD: CEO



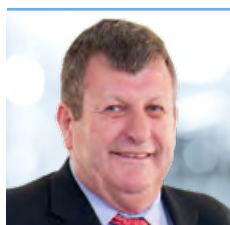
Mike Schmidt

African Rainbow Minerals: CEO



Errol Smart

Orion Minerals: CEO



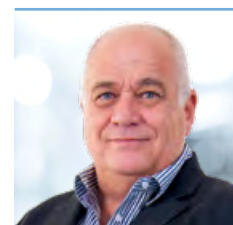
Peter Steenkamp

Harmony: CEO



Mike Teke

Seriti Resources: CEO



Robert van Niekerk

Sibanye-Stillwater: EVP: SA PGM operations

MINERALS COUNCIL LEADERSHIP FORUMS

CEO Zero Harm Forum	Coal Leadership Forum	Chrome Leadership Forum	Diamond Leadership Forum	Junior and Emerging Miners' Leadership Forum	Northern Cape Mines Leadership Forum	Platinum Leadership Forum
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VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

We have established leadership forums throughout our industry in an effort to streamline and promote collaboration. These forums provide a platform for engagement with our members and for our members to engage with government on sector-specific matters.

This section deals with the approach of the forums, along with their major challenges and opportunities, activities and focus.



COAL LEADERSHIP FORUM

As the largest component of mining by sales value, coal is a critically important source of primary energy that drives the South African economy.

 **Ledjadja Coal – Boikarabelo**



Overview and approach

Total sales for coal in 2019 reached R139.3 billion with an overall production of 258.9Mt. The coal industry employed 92,230 people directly who collectively earned R27.9 billion.

The Coal Leadership Forum (CLF) member companies are Anglo American Coal, Exxaro, Glencore Coal, Kangra Coal, Kuyasa Mining, Mbuyelo Group, MC Mining, Sasol Mining, Seriti and South32.



Challenges and opportunities


Climate Change: The International Convention on Climate Change's Conference of the Parties (COP25) took place in Madrid, Spain from 2 - 13 December 2019. Coal (as a fossil fuel) was in the spotlight and came under severe pressure from the NGO community and some developed countries which are

promoting decarbonisation of the world. The government of South Africa is committed to greenhouse gas (GHG) emission reduction within the context of its economic and social requirements. However, even in South Africa itself, there are organisations that are vehemently opposed to coal-related projects and are even discussing the concept of stranded assets.

Legislative framework: The South African Government is in the process of initiating various pieces of legislation regarding the management of GHGs. The National Treasury is implementing the Carbon Tax Act, as well as environmental and diesel levies. The Department of Environment, Fisheries and Forestry (DEFF) is implementing the Greenhouse Gas Inventory regulations and has also started discussions on the Climate Change Bill.

Environmental and Social Performance and Outcomes: Civil society organisations have



 **Glencore Coal –
Goedgevonden Colliery**

questioned the environmental and social performance of the coal mining industry, by either producing reports that highlight poor environmental outcomes or initiating community protests that highlight dissatisfaction with the community development initiatives at a mine level.

In response to the above challenges the CLF mandated the Minerals Council to consolidate various coal strategies and coal scenario-planning research and reports produced by various organisations into a coherent scenario framework, to inform strategic decision making.

The consolidated document that was subsequently developed, concluded that the best approach should be to:

- Recognise multiple coal scenarios arising from various angles, as opposed to a singular view on the future of coal.
- Consider the impact of new investments in coal resources.
- Reinforce the need for clean coal technologies as a strategic driver.

Furthermore, four key risks were identified through this process, namely:

1. That the relative cost of renewable energy continues to fall compared to coal.
2. That Eskom's performance incentivises South Africa to explore alternative power options.
3. That emissions controls continue to tighten, placing additional pressure on coal-users and a negative narrative around coal emerges.
4. That local and global growth slows down, affecting overall demand for coal.



Activities and focus

In order to offset these risks, the CLF approved the development of a Coal Innovation and Technology Roadmap that would identify research, development and innovation areas in response to these risks.

The Consolidated Coal Strategy also encompassed a number of advocacy and lobby initiatives: The Minerals Council hosted a Coal Industry Breakfast aimed at engaging key stakeholders about "The Relevance of the Coal Industry in the South African Economy". The event was well supported with various stakeholders in attendance (including researchers,

fundors of coal mining projects and industry role players). The Minerals Council is furthermore, a participant in the Fossil Fuel Foundation's initiative to establish a South African Carbon Association (SACA) with SACA's main objective being advocacy for the continued use of coal in energy generation and other value adding activities. The Minerals Council, as part of its overall strategy, has been engaging stakeholders (government, civil society, research institutions, etc) on various policy and legislative initiatives (including those that had a material impact on coal) such as access to land, water management, carbon tax, climate change bill, GHG emissions, social performance outcomes, etc.

The relevance of the coal industry in the South African economy.



VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED

PLATINUM LEADERSHIP FORUM

The platinum group metals (PGMs) consist of six noble metals – platinum, palladium, rhodium, ruthenium, osmium and iridium. Platinum, palladium and rhodium are the primary metals of significant economic value. They are used largely in the jewellery and automotive industries.



Overview and approach

Platinum mining is the largest component of the minerals sector by employment (165,500 people in 2019) and the second largest by sales value (R124.6 billion).

South Africa is uniquely positioned globally, being host to around 69,000 tonnes of platinum reserves which account for 87% of known world reserves. The only way that the full economic and transformational potential of these deposits can be realised is if stakeholders work together to grow global demand for platinum.

The Minerals Council's Platinum Leadership Forum (PLF) member companies are Anglo American Platinum, African Rainbow Minerals, Impala Platinum, Northam Platinum, Royal Bafokeng Platinum, Sedibelo Platinum, Sibanye-Stillwater, Siyanda Resources and Tharisa Minerals.



Challenges and opportunities

The challenges experienced by the platinum sector in 2019 mirror many of the challenges experienced in other sectors, including unreliable power supply coupled with a steep and unpredictable increase in electricity prices. Despite companies' plans to build their own generation plants, regulatory and policy hurdles remain a significant hindrance to these projects.

At the same time, input costs rose by 8.66% for the PGM industry in 2019, largely on the back of rising energy and labour costs. The sector also experienced a number of disruptions to operations as a result of community protests.

A key thrust of the work done under the auspices of the PLF remains the promotion of platinum demand, not only in stimulating global demand for platinum jewellery, but also in identifying novel and sustainable uses and investment opportunities. The sector is also focused on playing a leading role in adopting and accelerating the roll-out of the platinum-based hydrogen economy. An opportunity for the sector remains improving vehicle emission standards in the BRICS economies.



Activities and focus

Under the guidance of the PLF the Minerals Council continued to advance the national strategy for platinum through discussions with key stakeholders on enabling growth in the global PGM market. Local and global partnerships have the potential to drive growth in investment and jewellery demand for platinum, grow the platinum-based hydrogen economy, promote platinum as a new reserve asset, explore new technological uses for platinum, and support the raising of emission standards in BRICS countries.

The Minerals Council continued to engage government on the adoption of the legal tender platinum bullion coin, to be modelled on the success of the gold Krugerrand. The outcome of this was the development (and launch in early 2020) of the Big Five platinum coin. Regrettably, Treasury was not convinced on the point of making this VAT-free, which will mean that South African-based purchasers will be disadvantaged (as the coin sells at face value).

The PLF continued to guide the work of the World Platinum Investment Council (WPIC), which is focused on promoting investment demand for platinum. Regrettably, funding constraints have meant that the WPIC needed to cut back on a number of its initiatives. Overall, however, the success being achieved by this body has been invaluable in supporting demand. The PLF also worked closely with the Platinum Guild International, an organisation that promotes platinum jewellery, particularly in China and India.

The PLF was also involved with the plans to deal with, as well as engagement on, the violence and forced closures that companies had been facing, particularly on the far Eastern Limb. Discussions were held with the Minister of Mineral Resources and Energy and the Minister of Police to seek to resolve the impasse that many companies were faced with. The companies have been working collaboratively with national security structures to improve the support they receive and provide.

CHROME

LEADERSHIP FORUM

Known for its high corrosion resistance and hardness, chrome is essential in the production of stainless steel, which accounts for 85% of its commercial use.



Overview and approach

In 2019, the chrome industry produced 19.7Mt which was sold for R22.8 billion. South Africa's annual production has more than doubled since 2009 when it was 7.6Mt as a result of a sustained increase in prices. The 19,693 direct employees in the sector earned R6.1 billion in 2019.

Global chrome reserves are estimated to be in the region of 12 billion tonnes, sufficient to meet current demand levels for centuries to come. According to the 2018 US Geological Survey, South Africa and Kazakhstan host 95% of the world's chromium reserves (shipping grade), at 200,000 and 230,000 tonnes respectively. South Africa has been the world's largest producer, accounting for 48% of global chromite production, but has now been surpassed by China.

The Chrome Leadership Forum member companies include Anglo American, African Rainbow Minerals, Assore, Bauba Platinum, Glencore Alloys, Merafe Resources, Northam Platinum, Samancor, Sibanye-Stillwater and Tharisa.

This new forum met several times during 2019 in February, May and October, and deliberated on the following issues:

- A Terms of Reference was finalised and it was agreed that a holistic approach will be followed due to the divergent constraints and

interests of the chrome ore miners and ferrochrome alloy producers.

- A framework for work on a draft strategy for chrome has been agreed upon and the first draft report was presented to the forum, with subsequent refinements and updates during the year. Due to the unavailability of readily accessible data on the sector, the help of a consultancy in the UK has been solicited to augment data.



Challenges and opportunities

Most of South Africa's chrome is exported as ore to China where it is processed into ferrochrome. Volatility in the chrome market has, since 2017, abated somewhat given the oversupply of approximately 3Mt per annum.

Although South Africa hosts 70% of the world's chromium resources it only commands 46% of production. Given the increasing demand for chrome, particularly from China, there is significant need to increase local production.

A few critical issues have been identified that, if resolved, would arrest decline and set the chrome ore and ferrochromium components of the industry on a new growth path.

- Electricity availability and escalating tariffs had the effect of endangering the continued existence or full utilisation of the ferrochrome smelting

capacity in the country. A study commissioned by the Department of Trade and Industry has been given the brief to investigate an export tax to support the alloys industry. It is felt that further incentives for capital intensive smelters should be investigated. This is under further discussion within the leadership forum and with the various authorities.

- Access to cost competitive rail and harbour capacity are of vital importance to the chrome ore producers, to facilitate chrome exports. In deliberations with Transnet, it became clear that inefficiencies are linked to wagon capacity, but also crime and theft of rail freight equipment and overhead electricity and signal cables and systems.
- Crime and theft at mining companies has become a threat to the continued operation of some mines.
- Illegal mining of chrome has become widespread, but actions to combat it are limited due to the fact that chrome is not classified as a precious metal. Several initiatives are underway to identify the gaps in legislation and to implement policing to try to curtail this.

In November, at a constructive meeting with the Minister of Minerals and Energy, the Minister was solicited to support efforts to resolve these constraints on the industry. There was also a request that the Minister appoints a points person in his department to act as a 'champion' for chrome and as conduit for contact with the department.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED



De Beers – Venetia

DIAMOND LEADERSHIP FORUM

Diamonds have a crystalline structure that makes them harder than any other form in nature. They are not only popular in jewellery, but also desirable in high-tech cutting, grinding and polishing tools.



Overview and approach

South Africa is the world's eighth biggest diamond producer. South African diamond production in 2019 declined substantially (by 26%) to 7.2 million carats with total sales of R13.3 billion. Employment in the industry declined by 4% to 15,728 people.

The Diamond Leadership Forum (DLF) members include De Beers, Petra Diamonds, Trans Hex and the South African Diamond Producers Organisation (representing many smaller producers).



Challenges and opportunities

The issues considered by the DLF in 2018 persisted in 2019. Key among them are the following:

- Mining Charter 2018 now applies to the diamond sector, which is

regulated by the Diamonds Act (2006). If implemented, this is likely to have an adverse impact on diamond producers, threatening their ability to meet their required gross local sales target of 15% (medium producers) and 40% (large producers).

- Illegal mining activities continue to plague the sector, with significant safety, environmental and social concerns, for both the miners and communities. Illegal mining activities undermine South Africa's status under the Kimberley Process.



Activities and focus

The DLF's focus continued to be on:

- Establishing and executing a coordinated stakeholder engagement plan for the diamond mining industry to facilitate a better policy, legislative and operating environment for the sector.

- Considering interventions that the diamond mining industry may implement as a collective and working collaboratively with other key stakeholders to create a climate conducive for growth, development and transformation.

It is noted that the review application of the Mining Charter 2018 by the Minerals Council directly addresses the Mining Charter issue, and it is hoped that a satisfactory outcome is arrived at. Nonetheless, a more holistic discussion regarding the growth, transformation and competitiveness of the downstream sector is required and efforts have been made to establish this engagement with the DMRE.

A clear regulatory framework for artisanal miners needs to be developed and implemented, along with increased prosecution of those involved in illegal mining. Discussions with both the DMRE and the security authorities are ongoing.



Petra Diamonds – Finsch



NORTHERN CAPE MINES

LEADERSHIP FORUM

Miners in the Northern Cape produce primarily manganese, iron ore, diamonds and zinc. Manganese is a transition metal with important industrial alloy uses, particularly in steel. Iron ore is steel's main ingredient and is also used in medicine and a range of other products. Zinc, a base metal, is primarily used to galvanise steel, a process to protect the metal against unwanted corrosion.

Tshipi é Ntle Manganese Mining – Tshipi Borwa mine



Overview and approach

The Northern Cape Mines Leadership Forum (NCMLF) is a principal committee of the Minerals Council for producers in the Northern Cape. It consists primarily of manganese, iron ore, diamond and zinc producers. These producers share common challenges and opportunities by virtue of their operations being located primarily in the John Taolo Gaetsewe, Namakwa and ZF Mgcawu districts of the Northern Cape.

The producers have come together to address issues of common interest such as infrastructure planning, water and electricity supply, environmental management, health and safety and community development, among other aspects and challenges.



The commodities in brief

Manganese

South Africa hosts approximately 80% of the world's manganese resources and approximately 30% (200Mt) of the world's

reserves. Notwithstanding this vast endowment, the country produces only 33% of the world's manganese ore and 6% of ferro-manganese alloys. In 2019, the sector produced 16.4Mt, employed 10,846 direct employees, and earned R47.6 billion in total sales.

As manganese is an important alloying element used in the manufacture of steel, manganese is the fourth most-traded commodity in the world. For this reason, the global demand for manganese is expected to remain relatively strong, particularly in the light of emerging economies moving up the income scale. This, combined with South Africa's significant reserves and resources, and the fact that manganese does not, as yet, have any commercially viable substitutes, means that the underlying fundamentals support a buoyant manganese sector.

Such potential notwithstanding, the sector can be considered to be underperforming on two fronts. First is that its capability to meet export demand has been capped by inadequate rail and port

infrastructure. Second is that local beneficiation capacity has been eroded by an unsustainable increase in electricity prices, which for the mining sector have increased by 523% over the last decade.

Iron ore

Iron is the most common element on earth, comprising most of the planet's inner and outer core. Iron has been used by humans since ancient times to make tools. Today the element is mostly used to manufacture steel. Although a limited resource locally, South African iron ore is of a higher grade, commanding world prices in the upper tier.

In 2019, the South African iron ore sector produced 70.5Mt, of which 91% was exported. It employed 19,092 direct employees, and earned R71.4 billion in total sales.

Zinc

South Africa is richly endowed with a vast array of minerals. Zinc, a crucial new-tech mineral that is driving the world's Fourth Industrial Revolution, is the rising star in South Africa's mining portfolio.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED

After decades of decline and stagnation, the zinc mining sector has recently experienced a rapid change in fortunes. As new production came on stream, zinc has recorded a most notable increase in total sales of 330%. In 2019, the sector produced 115kt of zinc, earning more than R3.4 billion.



Challenges and opportunities

Transnet

The NCMLF engaged Transnet Freight Rail on a number of issues relating to South African manganese export capacity demands, bridging capacity enablement initiatives, and options relating to export channels, among other things. Transnet's response to the leadership forum's approach has been encouraging, and it is eager to address a number of the forum's concerns.

Vaal Gamagara Water Supply Scheme

The Vaal Gamagara Regional Water Supply Scheme (VGGWSS) is located in the Northern Cape province. The scheme supplies approximately 22 million m³ per annum to domestic and commercial consumers. The scheme transfers water from Delporthoop on the Vaal River via Postmasburg to Kathu. From Kathu, a pipeline continues to Hotazel and finally terminates at Black Rock. The current scheme is operating at capacity and is not able to supply the increasing future water demands nor can it cope with the increasing water supply interruptions, which is amplified by ageing infrastructure.

In response, the DWS subsequently proposed the upgrade of the VGGWSS, with Sedibeng Water as the implementing agent, via two phases: Phase 1 – upgrading the scheme from the Roscoe Reservoir (Kathu) to Black Rock, already in construction; and Phase 2 – mechanical and electrical

upgrading of the Abstraction work from Delporthoop to Olifantshoek, refurbishment on pipework and replacement to buildings at the Delporthoop water treatment works, and replacing/refurbishment of approximately 210km of the existing pipeline from Delporthoop to Olifantshoek.

Through engagements between Sedibeng Water and the NCMLF over the past three years, the scale of the VGGWSS upgrade has been adjusted to a refurbishment/replacement-type project. This has resulted in a commensurate reduction in the capital funding from R12.8 billion to R8.7 billion.



Vedanta Zinc International – Gamsberg

South Africa is richly endowed with a vast array of minerals. Miners in the Northern Cape primarily produce manganese, iron ore, diamonds and zinc.

CEO ZERO HARM FORUM

The mining industry needs to sustain the continuous improvements in safety and health performance it has experienced for most of South Africa's democratic era. The CEO Zero Harm Forum was established to ensure that this commitment is driven from the very top of the industry's largest companies, and also to ensure that all effective methods of improving performance, and all lessons learned from both positive and negative experiences, are shared throughout the industry.



Overview and approach

Established in 2012 by the Minerals Council and formerly known as the CEO Elimination of Fatalities Team, the CEO Zero Harm Forum is premised on the belief that the industry's CEOs need to lead by example, to drive health and safety initiatives in the industry, and to address key challenges in order to accelerate the industry's journey to zero harm. The forum's objectives include:

- Developing a model for industry leadership at CEO level
- Modelling leadership behaviour to demonstrate commitment and expectations
- Sharing experiences and helping each other manage key challenges in a manner that will enable the industry to achieve the 2024 milestones and accelerate the industry's journey to zero harm
- Establishing working protocols with industry stakeholders and communities
- Monitoring and agreeing on adjustments to industry models for specific needs

The CEO Zero Harm Forum meets every quarter and includes the following member companies: African Rainbow Minerals, Anglo American Coal, Anglo American Platinum,

AngloGold Ashanti, De Beers, Exxaro, Glencore Alloys, Glencore Coal, Gold Fields, Harmony, Impala Platinum, Kumba Iron Ore, Sasol Mining, Sibanye-Stillwater, South32, Village Main Reef.



Activities and focus in 2019

The CEO Heartfelt Conversation

On 25 January 2019, through the CEO Zero Harm Forum, industry CEOs and Minerals Council Office Bearers gathered for a half-day facilitated health and safety event. Called the CEO Heartfelt Conversation, the event aimed to encourage deep and intense introspection into and facilitate meaningful engagement on health and safety-related issues in the mining industry.

While attendees agreed that improvements in safety and health performance over the past two decades had been significant, they recognised that a further step-change was required. Discussions were open and frank, and centred on the importance of visible leadership, particularly with regard to the presence of CEOs and senior management addressing risk culture, health and safety concerns, sharing best practice, and encouraging transparency in reporting. Discussions also centred on how reward systems should prioritise health and safety,

the importance of investing in literacy and numeracy training, consideration of employees' homes, ensuring health and safety efforts are both intense and consistent, and the role of risk-reducing technology. Health and safety is a multifaceted issue, and needs to be addressed through a multifaceted approach. There is, as the gathering at the heartfelt conversation repeatedly reiterated, no silver bullet.

Outcomes of the CEO Heartfelt Conversation

The heartfelt conversation examined a number of crucial issues, including how zero harm should be defined, and whether it should remain the key driver of a step-change in health and safety performance. Ultimately, the CEOs agreed to the following:

- Zero harm remains the abiding principle guiding the industry's actions
- The step-change priority for 2019 and 2020 is the elimination of fatalities
- Health and safety, including the elimination of fatalities, needs to be considered holistically

While these points are not new to conversations about health and safety in the industry, they are indicative of a renewed industry-wide commitment to prioritising them on an ongoing basis. Fatalities were singled out in particular because they have the most disastrous impact on teams, families and communities, and because there is growing evidence that the actions that need to be taken to eliminate fatalities are different from those that need to be taken to eliminate injuries, such as slips and falls.

Fatalities will therefore, constitute a two-year focus for the Minerals Council, and the definition of fatalities will include those that are the result of health-related conditions during and beyond the term of employment.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED

Heartfelt leadership on culture and CEO-ship

The shift to a heartfelt CEO-ship culture is centred primarily on collaboration and co-learning. The CEOs recognised that every company and operation is at different stages of their health and safety journey and that each one encounters different challenges. In order for significant progress in health and safety to be possible, companies need to learn from one another's mistakes, and work together to find holistic solutions. Furthermore, it was agreed that health and safety need to shift from being priorities, which suggests variability, to unequivocal and universal values, which are non-negotiable by:

- Serving as a conscience by questioning data and challenging the *status quo*, building trust between companies and enhancing transparency

- Facilitating the setting of common goals for the industry, including a rallying cry for the envisaged step-change, and co-ordinating collaborative programmes more effectively

Leading the re-creation of a tripartite compact around health and safety that includes a shared vision and assists in breaking unhelpful barriers to achieving it in the MHSC, MQA and beyond.

As part of visible and heartfelt leadership towards holistic elimination of fatalities from safety and health incidents, for every CEO Zero Harm Forum meeting, CEOs share their personal heartfelt CEO-ship successes and challenges.

In August 2019, the CEO Zero Harm Forum Chair and member companies hosted the tripartite stakeholder dinner with stakeholders

from government and organised labour. The aim of this tripartite engagement was to introduce the CEO-led Khumbul'ekhaya strategy to stakeholders and highlight its contribution to the achievement of the 2024 industry milestones on occupational health and safety.

Heartfelt leadership on training

The CEOs expressed the need to look at training as one of the means with which to achieve the required step-change in occupational health and safety. In support of the Khumbul'ekhaya strategy, the CEOs agreed that a more in-depth feasibility study should be undertaken on the opportunities to enhance the impact of training through collaboration, optimisation, the use of modern technology and a holistic approach through:

- Formulating industry-wide standards and guidelines on training, including quality,



effectiveness, validity, methods, materials, facilities and language

- Facilitating training collaboration, while taking into account mining type, geography, maturity, risk profile of assets, and leading practices on training

Heartfelt leadership on learning from each other and from other industries

The CEOs agreed that the industry needed to learn better and faster from each other and other industries.

- Reaffirming the MOSH Learning Hub as a robust, focused approach and common platform that facilitates learning from leading practices
- Facilitating lessons learnt from high potential incidents (HPIs) and fatalities
- Facilitating both peer and independent reviews

Heartfelt leadership on monitoring, evaluation and communication

One of the Minerals Council's strategic goals seeks to demonstrate progress on occupational health and safety by communicating the outcomes and impact of the Khumbul'ekhaya strategy and other initiatives aimed at accelerating the achievement of the 2024 milestones on health and safety. This will be done by:

- Keeping an updated scorecard based on robust, holistic health and safety data showing where various organisations are in their journey (including success with critical controls) and providing the necessary support
- Improving communications around industry health and safety achievements

The CEO-led strategy on health and safety

The most critical outcome of the heartfelt conversation was the establishment of a CEO-led strategy on health and safety. The strategy, the CEOs agreed, needed to be a rallying cry for the step-change the industry needs, a word or phrase that spoke clearly to the strategy's intent, and that was positive, action-driven, easy to remember, and celebrated the diversity of the industry's workforce.

The result was 'Khumbul'ekhaya', a strategy that aims to further the objectives of the National Day of Safety and Health in Mining, and includes a plan that will ensure a tangible shift in health and safety performance in the industry.

The Khumbul'ekhaya strategy was formally launched on an industry-wide basis on 1 October 2019, and the strategy's efforts will be reviewed at the end of 2020.

The objectives of the Khumbul'ekhaya strategy are to:

- Promote a holistic approach to the elimination of fatalities
- Develop a system of understanding occupational deaths in and beyond employment
- Adopt methods for more effective and competitive training, for example through centralisation and modernisation
- Adopt globally leading practice to learn better and faster from others

The Khumbul'ekhaya principles dominate every meeting, and guide and inform every decision. Every health and safety issue is now assessed according to the extent to which it meets or diverges from the Khumbul'ekhaya strategy.

This CEO-led strategy has reconfigured the work of the CEO Zero Harm Forum, and all subsequent meetings have now been held with it firmly in mind. All work performed and all future targets are measured against the strategy's key principles. Khumbul'ekhaya is an unwavering commitment that health and safety begin with the CEOs who direct and guide the industry, and it is the step-change required to eliminate fatalities in mining.

The Khumbul'ekhaya strategy was formally launched on an industry-wide basis on 1 October 2019 – its efforts will be reviewed at the end of 2020.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED

JUNIOR AND EMERGING MINERS' LEADERSHIP FORUM

South Africa's junior and emerging miners' sector is growing significantly. A research study completed in 2019 showed that the sector generated R54.4 billion and spent R55.5 billion. It also employs between 33,500 and 40,300 people directly. The sector's continuing growth and development requires a considered and, in many respects, differentiated regulatory regime to be administered by the authorities.



Overview and approach

The Junior and Emerging Miners' Desk was established within the Minerals Council in 2014 to service the interests and needs of the smaller Minerals Council member companies. Junior and emerging mines have grown into 28 member companies and two associations who collectively represent a further 250 smaller entities. These organisations now represent nearly 40% of the total Minerals Council membership base.

The members are generally smaller producers in commodities ranging from coal, diamonds, iron ore, manganese, platinum and industrial minerals. Mining contractors, explorers and developers are also part of the junior and emerging miners. The explorers and developers represent 40% of the Junior and Emerging Miners Desk members.

Formed in 2018, the Junior and Emerging Miners Leadership Forum (JEMLF) comprises the CEOs of 13 member companies with a representative on the Minerals

Council Board. The JEMLF member companies include Bauba Platinum, Clay Brick Association, Kalagadi Manganese, MC Mining, New Venture Mining, Opal Mining, Orion Minerals, Ledjadia Coal, South African Diamond Producers' Association, Stonewall Mining, Wesizwe, Tando Resources and Theta Gold.



Challenges and opportunities

The junior sector in South Africa is underdeveloped in comparison with countries such as Canada and Australia where it has played a big part in driving the overall industry in those countries. Typically, these are exploration and development companies that rely on venture capital and an enabling policy and regulatory environment in order to become successful.

In South Africa, venture capital is not readily available nor has the regulatory framework been designed to support and develop this important end of the mining industry. Despite this, the junior

sector is still a significant sector. Research conducted by the Junior and Emerging Miners' Desk indicates that in 2018 the annual turnover of the sector was R54.4 billion and expenditure was R55.5 billion. Procurement was R21.2 billion and employee costs were R10.5 billion, making this a significant sub-sector of the mining industry. (See below for more key findings of this research study.)

Importantly, the junior sector is the key driver of the future mining industry as explorers and geologists identify new deposits for future development. Without this input the industry will slowly decline. The recent renewed interest in this sector indicates its strategic significance.

There are also significant opportunities. Smaller producers can exploit reserves that are not cost-effective for majors and they have more efficient economies of scale. This has also provided an important entry point for BEE companies wishing to enter the industry. The growth in BEE companies particularly in the coal sector, bears testimony to this.

There are also opportunities in specialist financing arrangements catering for this sector. Both the Industrial Development Corporation and the Public Investment Corporation are looking into setting up specialist funds to drive the junior sector. In addition, the Junior and Emerging Miners' Desk is working with an international law firm to produce a tax incentive system such as the flow-through share model, which will help stimulate investment in high-risk projects, including exploration.



Activities and focus

Perhaps the most important contribution of the JEMLF so far has been the inclusion of a more relevant regime for junior companies in Mining

Charter 2018. The JEMLF canvassed its members and produced a position paper that was fed into the overall Charter negotiation process. While it was felt by the sector that the Charter did not go far enough with respect to junior mining, concessions were reached on prospecting, ownership and employment equity.

The JEMLF also acts as an important conduit for information to its members. The Minerals Council briefed the forum on the Mining Charter 2018 process, on the Human Rights Framework being adopted by the Minerals Council, and on community engagement. Its members have also communicated some of their collective challenges such as new legislative requirements – an example being new qualification requirements for managing a mine. This type of engagement helps fine-tune and support the policy process.



Junior mining sector study

In October 2018, the Junior and Emerging Miners' Desk commissioned a study into the state of South

Africa's junior mining sector. The resultant two-part report, which was completed in 2019, provided some key insights into the sector.

According to Statistics South Africa (2018 figures), the economic impact that these companies have within the mining sector is as follows:

- **Revenue per annum:** R54.4 billion (7.8% of the total mining industry)
- **Expenditure per annum:** R55.5 billion (8.4% of the total mining industry)
- **Expenditure on capital goods:** R2.8 billion (4% of capital spend in the mining industry)
- **Taxes:** junior and emerging miner members contribute 3% – 5% of total taxes paid in the mining industry
- **Employment:** currently between 33,500 and 40,300 people directly, with a similar number through fixed-term contracts. This is between 7.5% and 9% of permanent jobs in the broader South African mining industry.

The second part of the study involved a survey, in which 17 junior and emerging miner members of the

Minerals Council participated. Of these participants, 47% were small companies with revenues below R5 million per annum, and salary bills of below R1 million per annum.

According to results from the survey, 53% of these junior and emerging miners aspire to operate at least one mine, while 68% responded that they are focused on supplying their products into the South African economy. With regard to commodity attractiveness, respondents indicated that coal, precious metals and industrial minerals are most attractive to junior and emerging miners.

The most significant impediment confronted by the junior and emerging miners according to 68% of the respondents, was the South African regulatory environment, which they argue was not conducive to successful operations. Respondents indicated that obtaining a mining licence was the single biggest obstacle to progress, while also being the most time-consuming aspect. However, it is unclear if the delays are caused by junior and emerging miners' inability to comply with the DMRE requirements or due to inefficiencies at the DMRE.

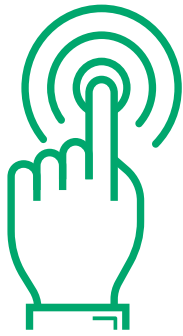
Another challenge cited by 23% of respondents was the lack of investor funding. In terms of their preferred business partner, 71% of respondents preferred funding partners who exited after a mutually determined fixed period, while 59% of respondents indicated that they did not want to sell an equity stake in their project as a funding option.

The overall finding of the study suggests that, while the contribution of the junior and emerging miners sector is relatively small, it remains an important employer of labour and has the potential, if adequately supported and promoted, to grow and contribute to the growth and development of rural economies.



STRATEGIC GOAL

1



Play a leadership role in pressing the reboot button for the mining industry

IN THIS SECTION

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#MakingMiningMatter

REPOSITIONING OF THE MINERALS COUNCIL



The Chamber of Mines of South Africa was renamed the Minerals Council South Africa on 23 May 2018. Much of our work in 2019 was designed to further buttress the thinking behind the name change.

This thinking requires us not to discard the long history of the contribution made by the Chamber of Mines or to brush under the carpet the negative associations of its past, but to retain pride in what the industry has achieved, acknowledge the past and lay a foundation for the future.

An important part of this is to demonstrate what we stand for, and how we guide our members and hold them to account. All members have signed the Membership Compact, which holds them accountable to our mandatory code of ethical business conduct. Two membership applications were denied in 2019 for not meeting some of the values in the compact, while one membership was terminated for the same reason.

As part of our focus on streamlining our efforts and promoting collaboration within the mining industry, we have continued to build the sectoral leadership forums, including the Junior and Emerging Miners' Leadership Forum which is represented on the Board.

Our priorities in this modern era remain good corporate citizenship, social and environmental responsibility, competitiveness, modernisation, growth and transformation. We are particularly pleased to have commissioned and published in 2019 a comprehensive report on the industry's transformation progress.

As always, we invite stakeholders to judge our industry by the standards to which we aspire. We want to ensure that mining matters, for our employees and their families, our shareholders, our neighbours and communities, for our customers and

suppliers, the users of our products, and for the nation as a whole.

Vision for competitiveness and growth

The objective of creating a stable, predictable and competitive policy, regulatory and operating environment that encourages long-term investment in mining is paramount. After good progress in this direction in 2018 following the appointment of Gwede Mantashe as Mineral Resources (including Energy) Minister, there was some stagnation in 2019, with, particularly, little progress on resolving the Mining Charter 2018 issues.

Enhanced communications and promotion of a positive image

The Minerals Council's communications efforts have been vastly stepped up over the past three years, with

a comprehensive communications programme of trend scanning, identification of emerging issues, and content development in place.

The organisation's approach to communication continues to be underpinned by the principles of transparency, timeliness, relevance and knowledge-sharing, access and engagement.

The Minerals Council outsourced its communications function to an external agency at the end of 2015. In 2018/19 bids were invited for the communications contract and the same agency was reappointed. The agency team reports to a senior executive and operates as an integral part of the Minerals Council's structures. The Minerals Council endeavours to be both proactive in its engagement with the media and other audiences, and to be highly responsive.

Our communications team is supported by a communications advisory group made up of representatives from member companies, who meet at least quarterly.

Several initiatives were undertaken during 2019, the primary ones being:

Publication and advocacy work on the implementation of the carbon tax, highlighting the absence of clarity on major aspects of the tax and the potential damage it could do with little or no impact on carbon emissions, the main intention of the tax.

The publication of information about the industry. The Minerals Council's Facts and Figures pocketbook and annual publication remain important sources of information on the sector and commodities for a wide range of users.

The launch and implementation of the Khumbul'ekhaya initiative, the CEO-led strategy on health and safety to drive and sustain the mining industry's pursuit of zero harm, with a particular emphasis on eliminating fatalities.

The continuation of activity on the Minerals Council's social media platforms, particularly on Facebook, LinkedIn and Twitter.

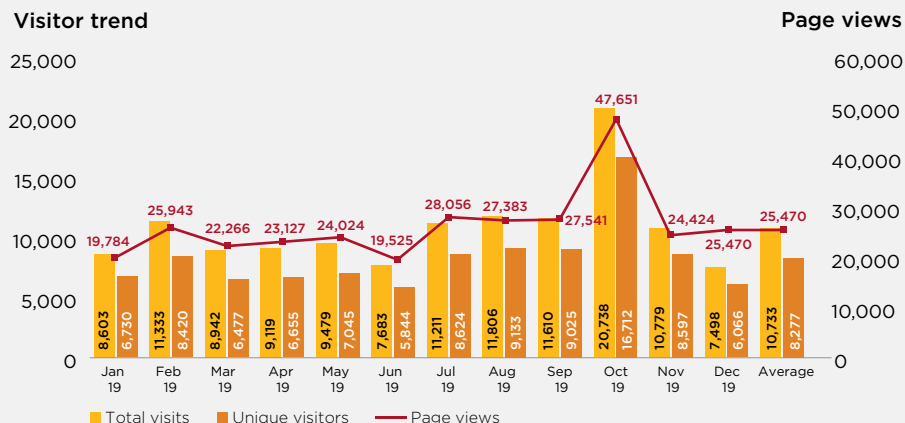
The continuing development of content that is relevant and useful on subjects that are central to the industry. The Minerals Council's database of fact sheets, ranging from safety and health, to illegal mining, to modernisation and skills development are updated at least annually. These are supported by in-depth position papers and infographics on topical issues. This information resides on the Minerals Council website.

COMMUNICATIONS ACTIVITIES IN 2019

WEBSITE

An important communications resource for a wide range of audiences, the Minerals Council South Africa's website is regularly updated to reflect the main 'stories' and issues of the week in the mining sector. One of the highlights of 2019 was the launch of the health and safety initiative, Khumbul'ekhaya, on 1 October 2019.

Visitor trend



	Total visits	Unique visitors	Page views
2018	137,152	99,913	448,333
2019	128,801	91,462	305,640



TOP 2019 document downloads

Facts and Figures Pocketbook 2018



6,653

Presentation: Challenges in mining the Fourth Industrial Revolution



5,500

Facts and Figures 2018 book



2,969

MEDIA ENGAGEMENT AND COVERAGE

Communicating the mining industry's position on a broad range of issues that affect the industry is a key focus area for the Minerals Council. During the year, the Minerals Council participated in nine proactive media briefings which were supported by five op-eds and presentations; issued 49 media releases outlining the industry's position on various issues; and participated in hundreds of radio, television, print and online media interviews.

MEDIA ENGAGEMENT



37	media releases
29	fact sheets (18 updated)
20	speeches and presentations
8	media briefings
7	op-eds
6	infographics
6	position papers



KEY MEDIA ENGAGEMENTS

Khumbul'ekhaya launch

Minerals Council launches health and safety initiative

01 October 2019

The Minerals Council South Africa has formally launched the Khumbul'ekhaya initiative, a CEO-led strategy on health and safety, developed and led by the Minerals Council CEO Zero Harm Forum. The aim of the initiative is to drive and sustain the mining industry's pursuit of Zero Harm, with a particular emphasis on eliminating fatalities.

Significant strides in improving industry safety and health performance in recent years have been possible through the collaborative efforts of employees and unions, the support of the Department of Mineral Resources and Energy (DMRE), and mining companies.



Themba Mkhwanazi speaks at the launch function

Transformation report

Mining Charter targets achieved

4 December 2019, 6:52 PM | Tshapo
Mongosi | @SABCNewsOnline



Image: Reuters

Zimbabwe holds the second-largest known reserves of platinum and large deposits of lithium, gold and chrome but has struggled to attract new investors.

The mining industry says it has met and surpassed most of the transformation targets set out in the government's Mining Charter of 2010. That includes the key areas of black ownership and employment equity.

Mining Indaba 2019



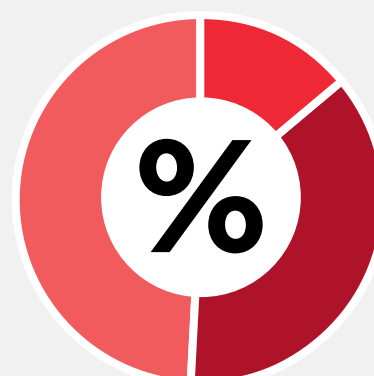
MEDIA COVERAGE

1 January 2019 – 31 December 2019 article count

	Broadcast	Print	Online
2018	1,053 (19%)	1,864 (33%)	2,673 (48%)
2019	387 (14%)	871 (37%)	1,250 (49%)

The AVE* for the period 1 January to 31 December 2019 was R141.24 million (2018: R342.35 million), with an estimated circulation of 1.19 billion (2018: 3.29 billion) readers/viewers.

* AVE is the estimated equivalent advertising cost of print media space. AVE is calculated by measuring column centimetres (print), seconds (broadcast) or hits (online) and multiplying these figures by the medium's advertising rates. It is an imperfect measure, but a useful indicator. It does not consider that advertising rates are not always a direct measure of value; that editorial is considered to be more valuable than advertising; and that certain pages and space cannot be bought.



Broadcast

14



Print

37



Online

49

RESOLVING LEGACY ISSUES



Silicosis settlement announcement

The Minerals Council and its members, particularly in the gold sector, have been involved since 2009 in intensive work to improve access by former mineworkers to their medical and retirement fund benefits.

Minerals Council and the MBOD

The Compensation Fund administered by the DoH through the Medical Bureau for Occupational Diseases (MBOD), in terms of the Occupational Diseases in Mines and Works Act (ODMWA), went through a period of poor administration in the several years up to the appointment of current Compensation Commissioner.

This fund covers employees at mines designated as controlled mines in terms of ODMWA with claims for silicosis, TB and four other occupational lung diseases. The poor administration led to a build-up of significant backlogs and very slow payment rates.

Over the past 10 years the Minerals Council has spent about R43 million contributing to improved processes at the MBOD. Much of this has been spent on establishing new infrastructure (establishing One Stop Medical facilities, digitising hundreds of thousands of claims files so that outstanding claims can be more easily processed). In addition, since 2017, the Minerals Council and the gold companies (members of the

Occupational Lung Disease Working Group) have seconded and employed staff to assist the MBOD and the Compensation Commissioner, in addressing inquiries from former and current miners with both unclaimed retirement fund monies (see further information below) and compensation issues.

The Occupational Lung Disease (OLD) Working Group (established in 2015) comprises six Minerals Council members that have been party to settling the silicosis and TB class action litigation. The OLD Working Group has worked particularly closely with the MBOD and the Minerals Council to the same end, having spent comparable sums of money in this endeavour. At the same time, the increase in efficiencies has led to an actuarially based reduction in annual levies from R312 million to R190 million.

However, it is accepted between the Commissioner and the Minerals Council that a greater and more sustainable step-change is needed. It is in this context that the Compensation Commissioner and the Minerals Council have agreed to

form a three-year equal partnership, dubbed the 'Co-Governance Model' under an ODMWA Steering Committee, to implement a range of projects and initiatives that will help the institutions become an effective compensation fund and administrator.

The ODMWA Steering Committee has prioritised the development of the Compensation Claims Management System (CCMS), a fully electronic software solution for the MBOD. This system will span the entire compensation process from the arrival of a potential claimant at an accredited Benefit Medical Examinations (BME) service provider, to a claim being submitted, processed, and ending with a certification finding.

For the CCMS to operate optimally, it will need a single consolidated mining industry database of mine employees and contractors performing risk work on controlled mines and works, or who have performed such work in the past. As no such database exists at present, the Co-Governance Forum has also prioritised the development of the Mining Industry Employee Database of South Africa, which is being undertaken in tandem with the IT platform. Once fully operational, the CCMS will aid the MBOD in achieving its target of an end-to-end compensation process of 90 days.

During the course of the three-year partnership, 14 projects, with a R120 million budget provided by the Minerals Council, have been identified to improve efficiencies within the MBOD and CCOD.

Among the most important are:

- Biometric identification system
- The digitisation of chest x-rays
- Artificial intelligence diagnostic tools
- The creation of a network of BME service providers
- The improvement of accounting practices



Other initiatives

The Minerals Council continued to articulate the mining industry position on the management of legacies at various government and other structures formed to deal with environmental legacy issues in the mining industry. These will assist with the implementation of short, medium and long-term solutions. The Wonderfontein Forum was established to monitor and direct activities of key role players operating in the West Wits basin to address historic and current water management issues in the catchment. Throughout 2019 acid mine drainage (AMD) levels and water quality were monitored. The monitoring results and compliance with water use conditions was reported on and discussed at this forum to agree on the way forward to reduce the impacts. The Minerals Council actively participates in the forum as well as in the State Co-ordinating Technical Committee, which was established to make recommendations for implementation to the Director General. The Environmental Impact Assessment process for the long-term solution for AMD had been put on hold and a process is underway to investigate other more affordable treatment technology options. The Minerals Council is closely monitoring this process.

The Minerals Council also played a leadership role in convening the Mine Water Coordination Body (MWCB), which is a structure formed by the current operational mines to create a positive legacy for the coal mining industry. The MWCB was established as a public-private platform for the mining industry and government to work together in identifying and implementing management options for water and closure for the Mpumalanga coalfields in an attempt to avoid legacy issues.

To date, the MWCB has attracted Anglo Coal, Eskom, Exxaro, Glencore, Sasol and South32 as private sector partners and is working closely with the Department of Water and Sanitation (DWS) and the DMRE, the key government bodies governing the mining sector. The MWCB is also engaging with other government departments to attract additional public sector support for their projects and initiatives.

In 2019, the MWCB projects implemented included: the Mine Water for Irrigation project, the Green Engine project and the Regional Post-closure Economic Study for the Coalfields.

- **Mine Water for Irrigation project** is a research study to investigate the use of saline water that meets agricultural quality standards in irrigating saline resistant crops such as wheat and soya. The study will extend over a total of 60 hectares of both rehabilitated pits and nearby unmined land, and will take place over five years to assess the longer-term impact of irrigation on the local groundwater quality.
- **Green Engine project** will change the way mine closure is viewed. It is aimed at demonstrating the viability of a land stewardship model integrating mine-owned land, renewable energy and treated mined water in order to develop various business opportunities that will benefit local communities.
- **Regional Post-closure Economic Study for the Coalfields.** Before regional closure can be successfully planned and implemented, it is important to understand what the potential economic opportunities for the region exist. This study will investigate these opportunities, research implementing partners as well as ensure that government planning at national, provincial and local levels is integrated in the closure planning process.

Engagement with the Department of Water and Sanitation (DWS)

The Minerals Council engaged with the DWS to consider viable options for the mining industry to contribute to positive legacies, as well as to address the industry's concerns to the introduction of the environmental mining levy for AMD. The Minerals Council has managed to persuade the DWS to defer the implementation of the levy and carry out further research on the subject.

Additional engagement topics with both the DMRE and the DWS during 2019 included partnership with current operational mines considered as the mining industry's contribution to legacies.



FOSTERING COLLABORATION AND PARTNERSHIP

Over the last two decades, mining companies made significant contributions towards community development, but challenges facing host communities remain a prominent issue for all stakeholders in the mining industry. In 2019, protests and tensions around host communities continued, driven by several factors such as the scarcity of procurement and job opportunities in the wider local economy, high expectations of communities from mining companies, and the inadequate provision of basic services.

The Minerals Council continued to assist member companies to collaboratively address some of these challenges, and to facilitate co-ordinated engagement with other stakeholders, including local and provincial governments, development agencies and affected communities. In the short to medium term, this initiative will include collaboration on Social and Labour Plans (SLPs) and other social, economic and enterprise development initiatives. By building stronger stakeholder relationships, the challenges faced by local communities can be better understood, impactful solutions can be co-created, and stakeholders can be transformed to integrated development partners.

To support collaboration efforts, two pilot regional offices have been established. The office in Emalahleni, Mpumalanga, established at the behest of the CLF, has improved the ability of the coal sector to effectively engage with local stakeholders (host communities, local, district and provincial governments, and other interested and affected parties) on a range of issues.

The Northern Cape office in Kuruman has been operational since the second quarter of 2019 and, going forward, it will continue to support current and future collaboration efforts such as the Northern Cape Shared Value initiative.

This collaborative initiative is between the mining companies operating in the province, convened under the auspices of the Minerals Council. The companies recognise the importance of improving their development programmes and the need to work together to increase the efficacy of their efforts.

Regional collaborative efforts will focus on sharing best practices and joint community development efforts over and above legislated compliance requirements (as detailed in each mining company's SLP). It is recognised that community development in historically disadvantaged towns is more complex than generally envisaged, and developmental outcomes from SLPs and CSI expenditure tend to fall short of expectations. Despite the mining industry's consultative efforts with communities and engagement with local government on the latter's integrated development plans (IDPs), it has been difficult to achieve the best possible development outcomes.

Future collaboration therefore, means more than simply consulting and deciding on what project would be best for the local companies and communities. Collaboration requires multi-stakeholder consultation that includes communities, government, the mining industry and other industrial sectors, and that results in the joint ownership of each and

every initiative that is implemented. Institutional alignment is a necessary precondition for successful development and implementation of value-adding and sustainable community development initiatives.

Both Minerals Council regional offices are also tasked with exploring and supporting municipal capacity-building and improved community engagement initiatives. In dialogues with municipalities, the Minerals Council is engaging with the mayors' advisers and municipal heads of local economic development on a range of socio-economic development issues, including their IDPs. Included in these talks are mine representatives responsible for SLPs and community engagement. The purpose is to ensure that all parties are aligned, and community needs receive the correct response.

The offices will continue to support the mining industry in the delivery of appropriate skills development, non-mining related training and enterprise development that could lead to economic diversification in traditional mining towns. In Mpumalanga, for instance, work on the role of coal in the future of the energy sector and mining town economies continues in the form of the Mpumalanga Coalfields 2030+ project. This project is designed to support host communities and economies of Mpumalanga to understand, design and collaborate around building a sustainable and resilient future for the region. This includes initiatives that will lead to a 'just transition' in economies that largely rely on one economic sector.

In the case of Mpumalanga, the energy sector is made up of coal mining, electricity generation and petrochemicals and in the Northern Cape the dominant economic sector is mining and the export of primary base metals (mostly copper, iron ore, manganese and zinc).



ALLIANCES AND COLLABORATION

The Minerals Council works to form alliances with key business, labour, community, state, Parliament and religious groupings. It also aims to establish mechanisms for ongoing collaboration and engagement on strategic national and mining industry issues.



Representation on the Minerals and Petroleum Board

The Minerals Council has representation on the Minerals and Petroleum Board (the Board) established in terms of the MPRDA.

In 2019, through its participation on this Board, the Minerals Council ensured that the implementation of the provisions of Section 52 of the MPRDA did not adversely impact mining companies. It also made certain that the decisions and recommendations of the Board were generally sound, rational and did not compromise the viability and continued sustainability of mining companies, while balancing other key societal interests.

The intervention ensured that the Section 52 reports and recommendations for the Minister were balanced, and that the Board stayed within its mandate as per the MPRDA and did not exceed its statutory powers and scope.

Part of the statutory mandate of this Board is to establish a Regional Mining Development and Environmental Committee (RMDEC) for each of the nine regions designated by the Act. For this purpose, the Board established the RMDEC Coordinating Committee (RCC) on which the Minerals Council has representation. The functions of RMDEC are:

- To consider objections to the granting of prospecting rights, mining rights or mining permits and

to make recommendations to the Minister regarding the objections

- To make recommendations to the Regional Manager where a right holder is prevented by the owner or occupier of land from commencing or conducting operations

In the period under review, the RCC managed to establish eight RMDECs and appointed members to these structures who monitored their performance and reviewed their reports. The RCC also developed a set of RMDEC Working Procedures in order to create structure and consistency.



Southern African Development Community (SADC)

The Minerals Council continued to participate effectively in the SADC Employment and Labour Sector, through its representation in the Joint Tripartite Technical

Committee and the Task Team of Experts on Social Security. In the period under review, the Minerals Council's representative participated in these forums and contributed to the development of the Draft SADC Protocol on Employment and Labour, the Draft Instrument on the Portability of Social Security Benefits across the region and the Draft Labour Migration Action Plan. These Instruments were presented at the meeting of SADC Ministers of Labour in March 2020.



Economics discipline

Members of the Economics discipline represented the Minerals Council at several meetings of Business Unity South Africa (BUSA) about the Eksom crisis. These included meetings of the Energy Sub-Committee, and a session on the Integrated Resource Plan where the mining sector's case was robustly argued.

The Minerals Council was also represented at the BUSA working group on the Jobs Summit on six occasions during August and September and at the Summit itself in October; a working session of the Investment Summit at BUSA in October; and the Trade and Industry Chamber sessions at the National Economic Development and Labour Council (Nedlac).



Petra Diamonds – Ekapa Mining Joint Venture

ALLIANCES AND COLLABORATION CONTINUED



Engaging with global mining and investment community

The Minerals Council continued to meet with international and local investors in the sector and international organisations, including ratings agencies, to provide accurate and relevant information on the South African mining sector, and to promote investment. In this role, the Minerals Council is a reliable source of extensive information and knowledge on the country's mining industry and is well-positioned to provide global and local investor communities with vital insight on national trends, relevant context and policy.



Skills Development

The Skills Development discipline participates in several forums that engage on critical skills development and human capital matters, in collaboration with various social partners. It also collaborates with member companies on a number of joint initiatives.

In collaborating with the member companies, the Skills Development department has developed a few training programmes that are generic across the member companies (for example conveyor belt operator training and pump attendant training) and have made these available to companies for training purposes at no cost. It is the intention of the Skills Development department to continue with this type of collaboration with the member companies during 2020. This initiative is important to the companies because these jobs do not have a formal curriculum framework that has been developed by the MQA or QCTO and hence



are not standardised across companies. Through collaboration, the intervention allows for the companies to have access to current and standard training materials.

In realising the importance of producing university graduates of high-level technical skills through appropriately qualified academic staff in Mining, Metallurgical Engineering & Geological Sciences, the Skills Development department has closely aligned with the Minerals Education Trust Fund (METF). The METF is funded through the contributions of mining companies, many of which are Minerals Council members. The contribution from these companies is more than R40 million per annum. The METF is primarily focused on the subvention of salaries for lecturers at institutions, attracting, retaining and developing undergraduate teaching staff, supporting academic centres of excellence, the delivery of quality education at institutions and fostering collaboration between industry and academic institutions.

The Minerals Council collaborated with the MQA on a number of industry-relevant research programmes during 2019.

These included:

- Research into the skills development support for ex-mineworkers in the minerals and mining sector. The research started in 2019 and is set to conclude in 2020. The purpose of the research is to ascertain the impact of skills development support initiatives that were offered to ex-mineworkers. The research will assess the socio-economic changes within the lives of ex-mineworkers, post-skills development and the possibility of them entering the mainstream economy through self-employment or re-employment in other sectors.
- Together with the Mandela Mining Precinct, research has been commissioned to understand the impact of changing technologies, and its skills development implications for the mining sector. The intention would be to integrate these findings into a people-centred approach towards the modernisation of mining.

The Skills Development discipline was also a key role-player in and contributor to the education and skills workstream within the 2019 Job Summit.



Mine Health and Safety Council (MHSC)

The Minerals Council is part of the MHSC, a tripartite organisation that advises the Minister of Mineral Resources and Energy on matters of health and safety. Several Minerals Council members serve on the advisory committees of the MHSC: the Mining Occupational Health Advisory Committee (MOHAC), Mining Industry TB and HIV/AIDS Advisory Committee (MITHAC), Safety in Mining Research Advisory Committee (SIMRAC), Culture Transformation Advisory Committee (CTAC), Mining Regulation Advisory Committee (MRAC), and the Women in Mining sub-Committee.

In 2019, the Minerals Council was involved in the following activities of the MHSC:

- Workshop on the Fourth Industrial Revolution and its implications for health and safety in the mining industry
- The Culture Transformation Framework Pillars Implementation Guidance Workshop
- The Women in Mining Indaba

In 2019 the MHSC approved a number of regulatory guidelines, including the following:

- Guideline on the Prevention of Flammable Gas Explosions in mines other than coal. This guideline will assist non-coal mines to reduce the risk of an ignition of flammable gas
- Guidance note for the Management and Control of HIV in the South African Mining Industry. This will guide the industry in managing and controlling HIV in a holistic manner
- Chapter 3 of the Mine Health and Safety Act Electricity Regulations
- Chapter 14 of the Mine Health and Safety Act Protection of Surfaces and Workings Regulations

The fourth Occupational Health Dialogue was held on 7-8 March 2019. The slogan for the dialogue was, *“Occupational Health beyond Compliance”* and the theme was, *“Shaping the Future of Occupational Health in the South African Mining Industry.”*

Key topics included the Fourth Industrial Revolution, the cannabis judgement and its impact on fitness to work, mental health, the harmonisation of HIV treatment and the standardisation of TB treatment. The outcome of the dialogue included a proposal for the development of a guidance note on cannabis use and the guidance note on the management and control of HIV.

The tripartite research arm of the MHSC, the SIMRAC, finalised the following research reports, in which Minerals Council representatives lobbied and advocated the adoption of employers' interests:

- SIM 160903 *“Situational analysis for Occupational Health Practitioners with specific reference to section 12(1) and Section 13(3)(A)(I) of the MSHA”* - the aim of the study was to investigate the acceptable number of occupational hygienist/ mine environmental engineers and occupational medical practitioners that the mine should appoint in relation to the number of employees and mines, as well as the distances between the mines being serviced.
- *“Seed funding for research laboratories: Project 10, the upgrading of the University of Pretoria laboratory and field-testing facilities for sound source location”*. While the service provider has completed the project, SIMRAC has not approved the draft final report. The aim of the study was to develop an acoustic camera that would assist the mining industry

to locate noisy components of a machine or equipment.

- CoE 150602 *“Assess the feasibility of reducing diesel particulate matter (DPM) exposure through replacement and/or conversion of all Tier 0 with Tier 2 or Tier 3 engines to be able to use sulphur diesel fuel and for the effective maintenance of diesel machines”*. The aim of the study was to provide the mining industry with a guideline that can assist with implementing a DPM emission reduction programme to reduce mine employee exposure to DPM.
- SIM 160701 *“Developing minimum illumination standards for mobile equipment operating in open pit and underground mines in the South African mining industry (SAMI)”*. The aim of the study is to provide a guideline on illumination standards, practices, principles and applicable aspects for equipment operating in underground and surface mining operations.
- CoE 150501 *“Assess the Feasibility of Developing Collision Management Systems for South African Mines”*. The purpose of this research is to establish a test and simulation capability and standard verification methods to evaluate collision management systems. This report was reviewed by MRAC at the MHSC.

The MHSC continues to be the leading tripartite forum for the promotion of occupational health and safety in the industry.



International Council of Mining and Metals (ICMM)

The Minerals Council is an association member of the ICMM. The ICMM, in collaboration with its members and other stakeholders, works

ALLIANCES AND COLLABORATION CONTINUED

to strengthen the social and environmental performance of the global mining and metals industry, and to build recognition of its contribution to local communities and society at large. The ICMM is regarded globally as a collection of thought leaders in promoting improved sustainable development outcomes by the mining industry. The ICMM's strategy is set every three years, the current one being for the years 2019 to 2021 inclusive. Its core overriding consideration is the strategic ambition of enhancing societal acceptance of the mining and metals industry.

The Minerals Council is a participant in many of the ICMM Working Groups. Some of the key initiatives undertaken by the Working Groups during 2019 include:

Review of tailings management:

As a response to the collapse and failure of an ICMM-company member, Vale's tailings storage dam at its Corrego do Feijão mine in Brumadinho, Brazil, on 25 January 2019, the ICMM working with the United Nations Environment Programme (UNEP) and applying the Principles for Responsible Investment co-convened an inclusive global tailings review for the purpose of establishing an international standard for tailings storage facilities. The review may also make broader recommendations for industry, governments, international institutions and the investment community to secure the safe operation of tailings storage facilities (TSFs).

Water and land stewardship:

Recognition for a robust approach to water management and reporting. Water is a shared and finite resource, with high social, cultural, environmental and economic value. It is a basic human right and fundamental ecosystem requirement. Water is also an essential component of all mining and metals operations.

However, global water resources are under increasing pressure and it is widely recognised that a holistic approach to water management is required to achieve resource sustainability and secure future access for all water users. The objective of this working group is to support ICMM members on implementing the water stewardship position statement commitments to reduce risk, build trust and influence external expectations.

The Minerals Council and the CLF-funded MWCB hosted a workshop with the ICMM to identify collaboration opportunities in water management and mine closure. The key outcomes were the identification of key assets (such as water, infrastructure, land, etc); economic opportunities such as irrigation with mine water, biofuels and renewable energy projects, agri-processing; and various land use activities as key components of a transition to a post-mining economic succession approach.

Responsible supply and use of materials:

Securing societal recognition of the responsible provision and safe use of minerals and metals, including climate change. Climate change is a critical global challenge. The scale

of the challenge means that genuine leadership is required from all parts of society. The ICMM, together with member companies, is committed to being part of the solution, as most recently outlined in the climate change statement released prior to the United Nations climate change conference. This commits ICMM members to reducing emissions and supporting a low carbon future.

Economic and social progress:

Strengthening operational capacity to improve community development and to engage key stakeholders to realise inclusive economic opportunities is an important goal. Effectively managing complex social issues at operations is the foundation of societal acceptance of mining. The objective of the initiative is to strengthen operational approaches, which will allow ICMM members to drive performance improvements and demonstrate the benefits of mining. Several training programmes were undertaken throughout the world in 2019, including one in Johannesburg.

Health and Safety:

Demonstrating progress on zero fatalities, injuries, occupational diseases and catastrophic events is a key initiative. The safety



Anglo American Platinum - Tumela



performance of ICMM members has improved over the past decade, with the development of the industry-leading good practice critical control management (CCM) process, as well as improved sharing and learning on safety matters among members. However, ICMM members have not been able to get to zero fatalities and serious incidents have occurred. In 2019, the ICMM hosted the bi-annual Health and Safety Forums, at which benchmarking and members' safety performance was reported. These forums focused on the enhancement of the CCM process related to TSFs, collision management and lifting operations, as well as the initiation of a collaborative approach with Original Equipment Manufacturers (OEMs) related to vehicle interaction. This resulted in the development of a collision management resource in conjunction with Earth Moving Equipment Safety Round Table. Good efforts were made in coming to a common understanding of the main reasons for the continued prevalence of fatalities in the industry, as well as what could be done collectively to address them.

In addition, the ICMM initiated engagement with OEMs on the technologies linked to health. In 2019 the ICMM developed a self-assessment-based status review of member experiences in addressing one of the eight reasons for fatalities, and created an operation-focused workshop to showcase how companies are implementing CCM.

The Minerals Council member companies continue to participate in the ICMM VI initiative. In September 2019, one of the Minerals Council member alloy companies hosted the ICMM members at an event where the full implementation of collision avoidance at their mining operations was demonstrated for both underground and surface mining. This demonstrated the progress that has been made in South Africa.

MINING INDUSTRY ASSOCIATION OF SOUTHERN AFRICA (MIASA)

The Minerals Council continued to play a key role at the Mining Industry Association of Southern Africa (MIASA), a regional body of the various Chambers of Mines within the SADC region, which include Botswana, Democratic Republic of Congo, Madagascar, Malawi, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

The Minerals Council remains the custodian of the MIASA Secretariat, ensuring that all its necessary administrative functions are efficient and effective. MIASA was instrumental in the establishment of the Association of Chambers of Mines and other Mining Associations in Africa (ACMMAA), the continental representative of mining and related businesses that will engage the African Union and African heads of state. The MIASA Executive Secretary was appointed as the Secretary General of ACMMAA. He will continue to be based at the Minerals Council and will give the necessary support for ACMMAA activities.

The Minerals Council played a key role in setting the agenda for key lobbying issues that affect the mining industry in the SADC region and Africa as whole. In 2019 MIASA, guided by the research and input from the Minerals Council submitted comments to the SADC Secretariat on the proposed Regional Mining Vision that was adopted by the SADC Heads of State Summit in Tanzania. The Minerals Council led the discussions in the formulation of the MIASA position statements and initiatives on the following key topics that affect the mining industry:

Resource Nationalism and its impact on Mining Policy in Africa

OECD Tax Proposals on the Digital Economy, Implications for Mining Countries

MIASA position on Illicit Financial Trade

Tuberculosis in the Mining Sector (TIMS)

Some of these issues were presented at the November 2019 ACMMAA General Assembly as proposals for adoption by the Association.

MIASA also finalised the ACMMAA constitution which was adopted and signed by all regional members at the November 2019 General Assembly.

In August 2019, MIASA held its biennial elective meeting in Malawi and Roger Baxter, the Minerals Council CEO, was elected as the new MIASA President for a period of two years.

BROADENING MEMBERSHIP TO INCLUDE EMERGING MINERS

The establishment in 2014 of the Junior and Emerging Miners' Desk has had a significant impact on the ability of the Minerals Council to service this section of its membership, which has been growing steadily since 2014.



The establishment of a Junior and Emerging Miners' Leadership Forum (JEMLF) in 2018 comprising 13 CEOs has intensified the growth trend. In 2019, the Junior and Emerging Miners' Desk comprised 28 junior producing and exploration companies, a few contracting companies and two associations. These junior and emerging mining companies are diverse in terms of commodity and size, and are active across their various sectors.

The Desk, together with the JEMLF, has been very proactive in both broadening its membership and supporting the needs of all the junior and emerging miner members. As a primary initiative, the Desk holds a number of public workshops on policy issues for all junior and emerging miners, not just members. In 2019 the Desk held two workshops – the first on the Mining Charter 2018, and the second on the findings of a major study into the junior and emerging miner sector in South Africa, which was commissioned by the Minerals Council.

Stemming from that, the Desk and the JEMLF held internal discussions and produced a policy document on Mining Charter 2018, which was fed by the Minerals Council into consultations with government on the new Charter. These submissions included lesser or more appropriate obligations for junior and emerging

miners, which included a complete exemption for prospecting rights. While the junior and emerging miners welcomed the separate provisions for smaller companies, they felt that the relief with respect to Mining Charter 2018 did not go far enough and that further dialogue was required. A follow-up meeting was held between the JEMLF and the Minister of Mineral Resources and Energy towards the end of 2019 at which specific challenges facing the junior and emerging miner sector, including concerns around Mining Charter 2018, were raised. The Minister invited the JEMLF to further engagement during 2020.

In 2017 the Desk entered into an agreement with the DMRE to cooperate and engage on areas of common concern to the junior and emerging mining sector. This resulted in the DMRE extending invitations to the Desk to present at a public workshop in the Limpopo province on small-scale mining. The Desk in return invited the DMRE to sit on the panel at the junior and emerging miner research outcomes workshop held in 2019.

The Desk also engaged with both the Industrial Development Corporation and the Public Investment Corporation on setting up junior and emerging miners' funds. Funding is a critical area for junior and emerging mining companies and the lack of progress

in the sector in South Africa can be attributed in part to the dearth of local funding opportunities. This remains an important policy objective for 2020.

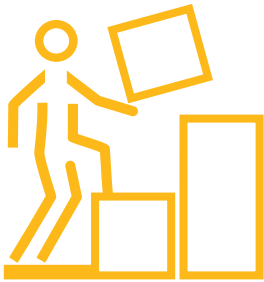
The Desk is also in the process of finalising a report on tax incentives for junior and emerging mining companies in conjunction with the Canadian law firm Fasken, which has supported this work *pro bono*. Based on the Canadian flow-through share model, which has been extremely successful in driving the Canadian exploration sector, the report will first be endorsed by the Minerals Council before being presented to the National Treasury for consideration. Minister Mantashe has been made aware of the Minerals Council's intentions in this regard.

Lastly, but by no means least, the Desk and the JEMLF have also significantly raised the profile of the junior mining sector through media interviews and briefings, and participation in various conferences, including the annual Mining Indaba held in Cape Town.

The Desk receives a significant number of queries, predominantly from non-members. These often relate to raising of funds for potential projects, challenges with the regulatory environment and queries about where support can be found. In some cases, these queries are referred to mentors who support the Desk's efforts.

STRATEGIC GOAL

2



Create an enabling policy, legislative, regulatory and operating environment for a successful mining industry

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POLICY ENVIRONMENT

The Minerals Council acts to create an enabling policy environment for the mining sector, engaging with all stakeholders on all policies that impact the sector to ensure that they are stable, competitive and predictable in order to promote investment and transformation. It is the Minerals Council's aim to develop a clear view of what a successful South African mining policy should look like, and the key principles underpinning such a policy.

Economic engagement

During 2019, the Minerals Council was involved in research and engaged policy makers on various economic issues. Key among these engagements were those related to the macro-economic policies of the country, and the progressively worsening energy crisis and logistics capacity. The Minerals Council participated in several sessions of BUSA's Economic Policy main committee and sub-committees on Energy, and Transport and Logistics on these subjects.

The National Treasury published a document entitled "Economic transformation, inclusive growth and competitiveness: towards an economic strategy for South Africa" which was welcomed and strongly supported. The focus on what it called the 'network industries' is of particular importance to the mining sector as transport and logistics is one of the largest input costs for

mining and influences profitability. The document contained practical recommendations, which were supported by the Minerals Council and included the sale of Eskom's coal power plants to private players in order to significantly reduce the power utility's debt stock of over R450 billion. This move would also bring relief to the fiscus, as most of Eskom's debt is guaranteed by the South African government. The Minerals Council made a submission to the National Treasury raising its support for the recommendations contained in the document.

There was much focus during the year on the deteriorating security of energy.

- The DMRE published its Integrated Resource Plan towards the end of 2019 (IRP 2019). The Minerals Council cautioned that the document underestimated lower future electricity demand due to deteriorating economic growth and the declining electricity intensity of the economy, the damage that

an unrealistic tariff trajectory could inflict on the economy, and the rapidly deteriorating reliability of Eskom's powerplants. The future market structure and mix of electricity supply technologies were not sufficiently considered and the risks to new technologies were underestimated. These dynamics and negative consequences started to play out during 2019. The IRP 2019 has serious ramifications for the coal industry post 2030 as it points to significant declines in coal consumption by Eskom from approximately 115Mt in 2018 to about 50Mt in 2040.

- Resistance to Eskom's unrealistic tariff application (15% each for 3 years) for the Multi-Year Price Determination 4 (MYPD4) (and further Regulated Clearing Account) to NERSA in November 2018, resulted in significantly reduced increases of 9.4% (2019/20), 8.1% (2020/21) and 5.2% (2021/22), announced in February 2019. This was a great relief for the mining sector, but the concerns about a further substantial Regulatory Clearing Account (RCA) application to NERSA materialised in August 2019 (equating to R27.3 billion) which, if approved, would nullify the lower approved tariff increases to within 6% of the original MYPD4 application. Preparations were ongoing to resist this during 2019.
- The Department of Public Enterprises (DPE) published the "Roadmap for Eskom in a reformed electricity supply industry" on 29 October 2019. It correctly diagnosed the vertically integrated structure of Eskom as being unsuitable and suggested a phased structural reform process to create three new entities – generation, transmission and distribution. The Minerals Council agreed with the suggested change in the electricity supply industry, but warned

ECONOMIC TRANSFORMATION

We engaged policy makers on various economic issues such as on the country's macro-economic policies, and the progressively worsening energy crisis and logistics (rail and harbour) capacity.



about the underestimation of the dampening effect of constrained and costly electricity supply to mining and economic growth. The DPE document was also silent on Eskom's financial distress and, as is the case with all the other policy pronouncements during 2019, was ambivalent about the practical approach to the 'just transition'.

- The DPE also published the Special Pricing Agreements (SPAs) Framework whose objective is to assist struggling intensive users through discounted electricity tariffs. Before this framework, the DPE offered intensive users short-term agreements of up to three years, which was too short a period to stabilise the industry's high electricity input costs. The Minerals Council recommended that the SPAs should be for a period of between 10 and 25 years, and that the instrument should be viewed as an industrial policy tool.



Kumba Iron Ore – Sishen

Skills development

The Minerals Council continued to actively engage the policy, legislation, regulation and operational environments by adopting a deliberate strategy of ensuring it is actively engaged on a host of platforms that are focused on skills development.

Among others, the Minerals Council is the convener of employers on the Board of the MQA, represents business on the Human Resource Development Council of South Africa (HRDC), the National Skills Authority (NSA), and the Quality Council for Trades and Occupations (QCTO). The Minerals Council also participates on the National Artisan Development Advisory Body (NADAB), Nedlac engagements related to skills development, Technical Vocational

Education Training platforms, the BUSA sub-committee on Education and Training and other relevant platforms. The Minerals Council's participation on these platforms places the industry in a favourable position when it comes to engaging on any developments that could impact members' operations.

The Minerals Council was a major contributor to the development of the National Artisan Development Strategy and Implementation Plan in 2018, and our engagements on the implementation of this strategy continued through 2019. One of the major activities that was carried out as part of this strategy was a research tour to Austria, where our participation was both on behalf of the mining industry as well as the broader business sector. The research tour was conducted through the

SA-EU Dialogue Facility, of which the Minerals Council is a part. The focus of the research tour was to study the inter-relationship between government, organised labour and business in the governance and implementation of the dual education system for artisan development. In addition, it was intended to culminate in ideas on how to set up a governance framework for facilitating the co-operation between government, business and organised labour in the rollout of a dual education system in South Africa. A draft regulation to achieve the above has been developed by the research group and will be published for further engagement in 2020.

The Skills Development discipline is also a major contributor to the work of BUSA in the sphere of social policy and, more specifically, in

POLICY ENVIRONMENT CONTINUED

the areas of human resources and skills development. During 2019, the Minerals Council was involved in the engagements relating to the National Skills Development Plan (NSDP). The NSDP was extensively deliberated during 2018 and was promulgated in March 2019. The NSDP in its final iteration does not pose significant challenges to business and is a framework that is amenable to all social partners.

Environmental sustainability

The Minerals Council's Environment discipline has always sought to be a thought leader on the environmental sustainability of the mining industry. Minerals Council representatives engage on several platforms and are involved in the development of position papers for policy formulation and implementation in the field of mining, general environmental management, water resource management related issues, waste management, air quality, biodiversity and sustainable development.

The Environment discipline continued to seek to be the centre of excellence for advisory services, reviews of policy and legislative frameworks, guidance and strategic leadership pertinent to environmental issues such as mine rehabilitation and closures, environmental management policy issues, and sustainable development.

This has been successfully implemented through actively engaging in various stakeholder dialogues, including the development of position papers to influence policy formulation and implementation.

The following are key achievements in the period under review.

1

Carbon market instruments

The Carbon Tax Act by the National Treasury has taken a number of years to develop. The Minerals Council represented the interests of the mining industry, particularly relating to the implications of the proposed tax on the industry, at various key stakeholder engagements. The latter engagements included oral presentations and written submissions at *inter alia* Parliament and bilateral meetings with the department. The mining industry's issues of concern regarding mitigating GHG emissions as a subject of the tax are that:

- Mining has very limited options available to effect emission reductions
- The mining industry is operating in an economically constrained environment and hence the introduction of the tax will increase the cost of doing business
- The potential introduction of border taxes on energy intensive material by South Africa's trading partners would further jeopardise the survival of marginal mines in South Africa

The Minerals Council also advocated for a streamlined single carbon management policy framework and, most importantly, the alignment between carbon budget policy and carbon tax and certainty on an overall mitigation strategy. With this, the Minerals Council, together with other key industry stakeholders, played an important role in ensuring that government introduces mechanisms in the form of allowances within the Carbon Tax Act that will assist in alleviating

the impacts of the tax. Amongst a suite of mechanisms to relieve the mining industry, the Minerals Council developed the PGM and gold sector performance benchmarks that will enable discounts on the tax and these have been accepted in the published Carbon Tax regulations. This will assist those sectors to benefit 10% allowance from their tax bill.

2

Policy certainty on managing mine residue deposit and stockpile

The Minerals Council has, for several years, engaged with the Department of Environmental Affairs (DEA) regarding the policy shift by the department which led to the classification of Mine Residue Deposit and Stockpile (MRDS), initially as hazardous waste and later as waste under the National Environmental Management (NEM): Waste Act. MRDS is a resource and hence defining it as waste threatens economic development and would cause job losses. These engagements took place through industry forum meetings, bilateral meetings with the DEA, and at national conferences. Throughout these engagements, the Minerals Council presented a consistent message and, as a result, in 2018 the DEA agreed to and accepted that the definition of MRDS as waste was erroneous and put forward a legislative amendment through The National Environmental Management Laws Amendment (NEMLA) IV Bill to remove MRDS under the definition of waste in the NEM: Waste Act.

Unfortunately, by the close of Parliament at the end of 2019 the Bill had not been approved as an Act of Parliament. To that end, through concerted engagements with the Department of Environment, Forestry and Fisheries, the Minerals Council raised the need



for the removal of MRDS under the definition of waste at various engagements that involved further policy amendments later included in the NEMLA IV Bill. This certainty was very important for mining companies to ensure compliance with the prevailing legislation at least up until the approval of the NEMLA IV Bill by Parliament.

It is anticipated that the NEMLA IV Bill will be adopted into law in mid-2020.

3 Interface between mining and agriculture

During the Nedlac process that involved the Preservation and Development of Agricultural Land Bill the Minerals Council raised key issues that posed potential risk to the development and expansion of mining in the Bill. The Minerals Council argued that some of the provisions in the Bill are adequately covered in other

related Acts, for instance the addition of another authorisation requirement to be regulated by the Minister of Agriculture for any activity on the agricultural land including mining is unnecessary and will only be burdensome to the industry. Furthermore, the Minerals Council highlighted the fact that the mining industry takes the necessary precautions to mitigate the environmental impacts of mining in agriculture and suggested that the bill should be balanced to provide for equitable dispensation for both sectors to mutually co-exist.

4 Mine water resources management policies

The issues that underpinned the Minerals Council engagement with the DWS on the draft Mine Water Management Policy are the duplication and contradictions of the policy proposals with the National

Environmental Management Act, the Minerals and Petroleum Resources Development Act and other legislation, which already exists.

The Minerals Council engages in these discussions with a view to promote and embrace the protection of water resources and further believes this can be achieved by fully implementing the existing legislative framework and by intergovernmental co-ordination in terms of the regulatory requirements. Through these engagements, the Minerals Council was instrumental in facilitating solutions to challenges faced by members in respect of water use licensing and the implementation of the National Water Act, and other related policies and legislation.

The Minerals Council is awaiting a response from the DWS on its written submission regarding the draft Mine Water Management Policy and a Cabinet decision on the draft National Water and Sanitation Master Plan.



Sibanye-Stillwater – Rustenburg PGM operations

POLICY ENVIRONMENT CONTINUED

5

Industry Waste Forum

The Minerals Council continued to be a key member of the Industry Waste Forum, formed and hosted by the DEA to deal with cross-sectoral waste management issues and policy developments. This forum was particularly helpful for the Minerals Council in resolving various challenges pertaining to waste management policies and implementation issues. In particular, in an attempt to resolve mining industry concerns around the inclusion of mine residue deposit and stockpiles in the definition of waste, it was resolved that the amendments to the Waste Act were necessary. In addition to written submissions, this platform is also being used by the Minerals Council to engage on, register and reinforce mining concerns about waste tyre management, with the aim of influencing a better and cost-sensitive government model for this type of waste.

6

Multi-Stakeholder Committee on Chemicals Management

Through the Multi-Stakeholder Committee on Chemicals Management, the Minerals Council engaged with the DEA on its draft national policy on chemicals management, by dialogue and written submission. The Multi-Stakeholder Committee on Chemicals Management is a committee formed and hosted every quarter by the department to deal with cross-sector chemicals management issues and policy developments. The development of the draft policy has since ceased as a result of extensive legislative reforms taking place within the DEA, with the understanding that the existing legislation is sufficient for the sound management of chemicals.

7

Mercury Convention

South Africa is party to the Minamata Convention (commonly referred to as the Mercury Convention). The prime objective of the Convention is to reduce anthropogenic mercury emissions and releases, and to manage the decrease of the prevalence of mercury around the world.

The Minerals Council played a pivotal role in engagements with government on a bilateral basis and in multi-stakeholder engagements. The government was informed that the South African gold mining industry had stopped the use of mercury in their gold production and processing for many years and hence the prevalence of mercury in this sector is not of concern.

8

Implementation of the National Climate Change Response Policy

The Minerals Council made significant progress in promoting the development and implementation of various policy instruments provided for in the National Climate Change Response Policy developed by the DEA. This included the suite of overall mitigation and adaptation measures such as carbon budgets, pollution prevention plans and GHG emissions reporting guidelines.

Other platforms the Minerals Council engages on to advocate for sustainable environmental legislation for the mining sector include BUSA, the National Committee on Climate Change, South African Bureau of Standards, Mine Water Co-ordination Body, Water Institute of Southern Africa: Mine Water Division, ICMM, and the Land Rehabilitation Society of Southern Africa.

Labour policy engagement

The Minerals Council has nominated representatives to the BUSA Social Policy and Transformation Committee, Nedlac's Labour Market Policy and the Nedlac Standing Committee on Section 77.

Employment of foreign nationals

The engagements on the Department of Employment and Labour (DEL) certificate continued for the better part of 2019. The legislation requires employers who wish to employ foreign workers to submit a certificate from the DEL (DEL certificate) certifying that, despite diligent search, they are unable to find South Africans who can do the work. In the year under review, the Minerals Council made numerous, extensive presentations to the Department of Home Affairs. In addition, the Minerals Council also took the Department of Home Affairs officials on a visit to Mozambique to expose them to the positive impact that South African mining industry employment has on the Mozambican economy.

As a result of these efforts, the Minister of Home Affairs granted the Minerals Council members a waiver from the requirements to produce a DEL certificate. The waiver is effective from November 2019 and is for an indefinite period.





LEGISLATIVE AND REGULATORY ENVIRONMENT

The Minerals Council works to create an enabling legislative and regulatory environment for the mining sector where legislation and regulations relevant to the sector are stable, competitive and predictable.



Mining Charter

Although the new Charter, which was formally gazetted on 27 September 2018, was an advance on previous drafts, the Minerals Council remained concerned about the failure of the new Charter to fully recognise the continuing consequences of previous transactions. The Charter stipulates that there is no such recognition in respect of the renewal or transfer of mining rights. The Minerals Council attempted to resolve the issues through dialogue with the Mineral Resources and Energy Minister but, given that the issues were not timeously resolved within the 180-day timeline constraint for instituting a judicial review application, the Minerals Council had no option but to pursue the legal route to reserve its

rights. The judicial review application was accordingly issued on 26 March 2019 and we are now in the process of finalising the pleadings for the matter to be heard during the course of 2020. The Minister raised a non-joinder argument in his papers and unless the Minister is willing to abandon this argument or the court dismisses the non-joinder defence, the hearing of the matter in court will in all likelihood be delayed.

Mining licensing system

Significant improvement is required in the mining licensing system and licence issue turnaround times. The Minerals Council submitted a 20-page summary of outstanding licences, and notes that the DMR is making good progress in tackling this backlog and improving the system.

The Minerals Council was intimately involved in the following legislative and regulatory work during 2019

Minerals Council declaratory judgment on the once empowered, always empowered principle

April 2018 saw the delivery of a judgment on an issue fundamental to the industry around which litigation had begun the previous year.

On 4 April 2018, the North Gauteng High Court granted a Declaratory Order in favour of the Minerals Council confirming the principle of the recognition of the continuing consequences of previous transactions, or the “once empowered, always empowered” principle as it is otherwise known. This technically means that mining companies would not be compelled to permanently ‘top up’ their black shareholding if existing black shareholders, for any reason, exit or dispose of their shareholdings. Although the DMRE gave notice of their intention to appeal the Declaratory Judgment on 20 April 2018, the Minister only filed his Notice of Appeal on 18 October 2019. The Minister is essentially appealing the whole judgement, arguing amongst others, that the requirement to re-empower is perpetual and recurring. The grounds of appeal call for the adoption of an interpretation that allows one to read certain provisions into the MPRDA, which simply does not exist by reference to a reliance on the Bill of Rights and the objects of the MPRDA.



Wesizwe – Bakubung Platinum mine

LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED

MPRDA Amendment Bill

The Minister of the DMRE briefed the Portfolio Committee on Mineral Resources in August 2018 and expressed his intention to propose to the Cabinet that the MPRDA Amendment Bill, which had been under discussion since 2012, be withdrawn. The Minister was of the view that the current act was adequate to govern the industry. Although there was no formal Cabinet resolution endorsing the Minister's proposal of withdrawing the Bill in 2019, the Minister published the amendments to the MPRDA regulations for implementation on 27 March 2020.

Land Reform: Review of Section 25 of the Constitution

The Minerals Council and its members participated in the broader land reform debate regarding the amendment of Section 25 of the Constitution. The Minerals Council and its members recognise that the issue of land reform is a social justice and constitutional imperative that must be addressed, given South Africa's history of dispossession and the triple challenges of poverty, structural inequality and unemployment. We remain steadfast in our commitment to working collaboratively with the state to achieve the objective of effective and sustainable land reform.

With regard to proposals to amend Section 25 of the Constitution to allow for expropriation without compensation, the Minerals Council and its members are of the view that Section 25 of the Constitution should not be amended until all the available instruments provided in the Constitution to bring about an effective and sustainable land reform programme have been exhausted.

We believe it might be more appropriate to give effect to Section 25 of the Constitution through appropriate legislation, policy

and other measures that facilitate equitable access to land.

Diesel rebate reform system

Given the significant technical and legal challenges of the current diesel rebate system, the Minerals Council has been actively engaged in lobbying relevant government stakeholders with a view to finding appropriate solutions.

In August 2018, the Minerals Council's Tax Policy Committee members participated in a series of consultative workshops with National Treasury and the South African Revenue Service (SARS) to discuss their draft proposals regarding a new diesel refund designed to address the challenges identified by the mining industry.

On 31 January 2020, SARS issued draft rules regarding the new diesel refund scheme. The envisaged scheme seems to be in line with the information that they provided at the mining workshops held in 2018 with Treasury, which includes a separate diesel refund scheme that will be administered via e-filing and will require electronic submission of contracts, purchase agreements, and assets registers. Joint ventures and contractors will be allowed to register; delinking the diesel refund system from the VAT system.

Revised Housing and Living Conditions Standard

On 20 March 2019, the Minister of Mineral Resources and Energy published the Draft Reviewed Housing and Living Conditions Standard for the Minerals Industry, 2019, (the Standard) in terms of section 100(1)(a) of the MPRDA. The Minerals Council identified a number of key legal and practical challenges in relation to the Standard, including a requirement, which sought to impose enforceable legal obligations on holders of mining rights regarding the acquisition of land

for housing, undertaking of housing developments, and the provision of housing options. Following a number of constructive bilateral discussions with the DMRE, the Minerals Council was very pleased to see that the department had taken into consideration its concerns in the final Revised Housing and Living Conditions Standard published on 11 December 2019.



Environmental legislation

A country's ability to thrive economically requires a substantial degree of regulatory certainty. Therefore, a stable regulatory environment for the mining industry is an imperative and the Minerals Council, through its Environment department, plays a crucial role in advancing the interests of the industry and ensuring that there is consistent and coherent environmentally sustainable legislation developed by government. The following are some of the legislation and regulations that the Minerals Council has actively engaged in on behalf of its members.

NEMLA IV Amendment Bill

The Minerals Council also responded to the call for written submission on the NEMLA Amendment Bill 14D of 2017 as amended and adopted by the Portfolio Committee. Our submissions to Parliament were made on 6 December 2019 and key comments included:

- Support the need for inclusion in the NEMLA IV Bill of the provision that removes the definition of MRDS from the NEM: Waste Act;
- The need to maintain consistent terminology with other related existing legislation such as those provided for in the MPRDA;



- Matters relating to the Financial Provision Regulations; and
- The removal of the implicit responsibility of the environmental assessment practitioner regarding consultations between government departments because this is a responsibility of the Competent Authority.

Draft Preservation and Development of Agricultural Land Framework Bill, 2016

The Minerals Council played a pivotal role in the Nedlac process as part of the business constituency organised through BUSA in ensuring that implications brought about by the Preservation and Development of Agricultural Land Bill to the mining industry were adequately discussed. The Bill proposed the additional requirement of the authorisation by the Minister of Agriculture for mining activities on agricultural land and also proposes the declaration of no-go areas for mining on agricultural land. While the mining industry acknowledged that there might be individual cases that require key consideration of agricultural matters, it was suggested by the Minerals Council that those could be easily integrated within the existing authorisation processes. In an attempt to find a sustainable solution, the Minerals Council, as a member of BUSA, proposed that a government position on the Bill should be sought as the difference between the mining and agriculture sector relates to a policy impasse, therefore government must pronounce its policy position on the competition between the two sectors. This proposal necessitated that, at some point, the Nedlac process be halted to allow for various engagements between the Minerals Council, the agriculture sector interests and affected parties on the Bill outside of that process. Consequently, both the DMRE and the Department of Agriculture were engaged to seek the government position on the mutual

co-existence of mining and agriculture. A Nedlac report that clearly reflects the divergent views between the mining and agriculture industries was developed for consideration by Parliament. This gives Parliament the opportunity to appreciate the policy implications of the Bill for mining.

It is anticipated that further engagement on these issues will be taken up by Parliament during stakeholder consultations when the Bill is introduced.

Carbon Tax Act

The Carbon Tax Act came into effect on 1 June 2019 and with it are accompanying dire financial and operational implications for mining companies. As a price taker the mining industry is particularly impacted, and is also susceptible to potential border tax imposed by, for instance, the European Union, which is South Africa's leading trade partner. The government has introduced measures in the form of allowances through regulations in the Act that would assist in alleviating the impact of the tax in phase one of its implementation. These include:

- Trade exposure regulations that include mining as one of the few industries that will automatically benefit from the maximum trade exposure discount
- GHG intensity benchmark regulations. Mining companies within the PGM, coal and gold sectors performing below their published benchmarks will benefit from a performance discount on the tax

Despite the allowances provided for in the Act, the Minerals Council notes that the carbon tax has the potential to erode profitability through increasing costs and, hence, will cause the sector to further contract.

The fact that the post-2022 position in terms of the continuation of the allowances and also the actual alignment with carbon budget has

not been discussed creates regulatory uncertainty, which perpetuates a situation of limited business investment and further hinders planning for future tax liabilities.

Climate Change Bill

The Minerals Council was actively involved in the discussions of the Climate Change Bill at Nedlac as part of the business constituency through BUSA. The key issue for mining in this Bill was the powers of the provinces and municipalities, which have the potential to conflict with the national mandate of mining as provided for in the MPRDA. Most importantly the certainty on government intention with the policy proposals around the sectoral emission targets and carbon budget remained the key issues for discussion by business at Nedlac.

This Bill was withdrawn from the Nedlac process by the Minister of Environment, Forestry and Fisheries for further refining within the department and is expected to be sent back to Nedlac in due course to resume engagements.

National Environmental Management Act: Financial Provision Regulations

During the year under review the Minerals Council continued to engage the DEFF on the above-mentioned draft regulations that were published for comment in May 2019. Although there has been significant improvement made in the current version of the draft regulations, most of the industry concerns were not addressed in these newly proposed regulations. Where amendments were made, these were not satisfactorily addressed. The issues of concern included *inter alia* the following:

- The methodology for calculation of financial provision suggesting unjustifiable escalation of the financial provision with CP1+2%, provisionals and generals, contingencies and VAT

LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED

- Withdrawal of financial provision by the Minister during non-compliance
- Onerous auditing requirements, ceding of financial provision funds for latent and residual impact to the Ministry, transitional arrangements, tax implications, etc.

Following the publication of the recently proposed amendments to the 2015 NEMA Financial Provision Regulations, the Minerals Council participated in a stakeholder workshop convened by the DEFF on 12 June 2019 to engage further with the department on some of the serious issues of concern to the industry. In addition, the Minerals Council also had a bilateral engagement with the DEFF on 26 June 2019 at which industry concerns were tabled and discussed.

The Minerals Council was afforded an opportunity to elaborate on its concerns on the list of issues and where possible, to provide suggestions for improvement. Even after the deliberations, the Minerals Council was not convinced that there was appreciation of the industry concerns by the department. Further to this, the Minerals Council also made a formal submission to the department on these critical issues. In December 2019, the DEFF issued a gazette indicating the approval by the Minister to extend compliance with the 2015 NEMA Financial Provision Regulations, as amended, for existing holders within the next 16 months. The new deadline for compliance is now June 2021. This extension is essential to allow for sufficient time for resolutions on mining industry concerns.

National Environmental Management: Waste Act: Regulations: Planning and management of residue stockpiles and residue deposits from prospecting,

mining, exploration or production operation

On the other hand, the Minerals Council managed to influence the DEFF to develop and adopt regulations relating to the “Planning and management of residue stockpiles and residue deposits from prospecting, mining, exploration or production operation” regulations which fall under the NEM: Waste Act. These regulations alleviate the onerous waste permit application requirements under the National Water Act and provide for a risk-based approach during a waste permit application for mining operations.

National Dust Control Regulations

The Minerals Council submitted written comments on the draft National Dust Control Regulations that were published by the DEA, proposing that the regulations exclude the mining industry because the MPRDA has comprehensive dust management requirements in terms of the Mine Health and Safety Act. We await feedback from the DEFF.



Health legislation

A major development for the Minerals Council's Health Department concerns the National Health Insurance (NHI) Bill.

The NHI Bill was promulgated by the DoH in July 2019. This followed the publications of the Green Paper and the White Paper in earlier years, as well as a previous NHI Bill that was introduced in 2018.

Comments were submitted by the Minerals Council on all these papers as well as the 2018 Bill. Nedlac deliberations commenced on the

White Paper in 2017 but meetings were infrequent, being regularly overtaken by other initiatives from the DoH. These initiatives included the Presidential Health Summit on the NHI for which task teams were formed to conclude a compact on the NHI.

The July 2019 NHI Bill seeks to:

- Achieve universal access to quality health care services in South Africa in accordance with section 27 of the Constitution
- Establish a National Health Insurance Fund
- Set out the NHI power, functions and governance structures
- Provide a framework for the strategic purchasing of health care services by the Fund on behalf of users
- Create mechanisms for the equitable, effective and efficient utilisation of the resources of the Fund to meet the healthcare needs of the population and to preclude or limit undesirable, unethical and unlawful practices in relation to the Fund and its users

The Minerals Council made a submission, drawing on the results of a study that had been commissioned earlier on the impact the NHI would have on the mining industry. A key health service provided by mining companies, occupational health services, will not be part of the NHI and companies will continue to provide these services. An amendment made in the NHI Bill is that all medical services provided by the compensation funds covered by COIDA should be funded through the NHI.

The Minerals Council is part of the Nedlac NHI Task Team and is championing discussions on the impact of NHI on occupational health and compensation legislation.



Labour legislation

Nedlac Section 77 Standing Committee

Following the Minerals Council's representations at BUSA regarding proposals to engage on the tightening of the Nedlac Section 77 Protocol, the social partners finally agreed on a process to review the Protocol in late 2019. The first engagement on the Protocol is scheduled for 19 March 2020.

Training Layoff Scheme

The Minerals Council continued to play a prominent role in the engagements on the Nedlac Training Layoff Scheme.

The Scheme was renamed the "Temporary Employer/Employee Relief Scheme" (TERS) in 2019. The Presidential Jobs Summit Joint Technical Committee took a decision that the TERS restructuring process needed to be expedited to ensure that a mechanism to prevent job losses would be agreed upon. Consequently, it was agreed that the TERS Task Team should be reconstituted and located within the Jobs Summit process. It was also agreed that this new task team should include the Community Constituency.

During engagements on the TERS at Nedlac, the mining industry requested a complete redesign of the scheme in order to address key issues such as the definition of distress and the requirement for reabsorption. It was noted that not much had changed other than the renaming of the scheme and the transfer of administrative and processing responsibilities from the UIF to the CCMA.



Skills development legislation

National Skills Development Plan 2030 (NSDP)

After extensive consultation and robust engagement through roadshows, public comment and Nedlac engagements, the NSDP was promulgated by the then Higher Education and Training Minister Naledi Pandor in March 2019. There were no major areas of concern that business had with the final version of the NSDP.

This new dispensation will bring about changes with regards to the leadership and governance of skills development. Sector Education Training Authorities (SETAs) will remain an authoritative voice of the labour market and experts in their respective sectors. The NSDP seeks to ensure that South Africa has adequate, appropriate and high-quality skills that contribute towards economic growth, employment creation and social development.

Conflict between the Mine Health and Safety Act (MHSA) and the Skills Development Act (SDA)

The Mining Qualifications Authority (MQA) was originally established under the MHSA in 1996 and as from 2000, was recognised as a SETA under the Skills Development Act.

These two pieces of legislation establishing and governing the MQA are creating serious challenges for the entity in terms of the period of licensing and its overall governance. The Minerals Council as the convener of employers at the MQA has been playing a pivotal role in engaging with the relevant stakeholders to ensure

that the two pieces of legislation are aligned to each other in the best interest of the MQA and the mining industry. This alignment will entail changes in both these Acts, and it is envisaged the work to get this right will continue in 2020.

National Qualifications Framework Amendment Bill

After the initial publication of the Act for public comment and further engagement in December 2016, it was assented to by the President in 2019. The Act predominantly focuses on creating an enabling mechanism and environment for the South African Qualifications Authority (SAQA) and the three Quality Councils to have legislative competence to address challenges regarding fraudulent, misrepresented or part-qualifications. To this end, a provision was made for the referral of all qualifications or part-qualifications presented for study, employment or appointment to the SAQA for verification or evaluation. Furthermore, a provision was also made for the referral of fraudulent or part-qualifications to the relevant professional body. A provision was also made for offences in respect of fraudulent or part-qualifications.

The Minerals Council and broader business had expressed a concern that the SAQA authentication, verification and evaluation of all qualifications before appointment in organisations could pose a challenge, due to the limited resources of the SAQA. Unfortunately, this input did not result in any material change in the amendment, but the maximum period for the SAQA to carry out the above is now limited to 30 days.

OPERATING ENVIRONMENT

The Minerals Council works to create an enabling operating environment for the mining sector by engaging with government, regulators and labour on key issues to promote the competitiveness of the sector. Key issues include industry wage reviews, infrastructure challenges, social infrastructure development in mining areas and crime in the mining domain.

Implementation of the 2018 gold wage agreement

In 2019 the Minerals Council engaged on the implementation issues arising out of the 2018 gold wage agreements. One of the implementation issues was an increase in the funeral cover benefits for the majority of gold sector employees. The Minerals Council played a leadership role in the multi-party task team to bring about improved funeral cover benefits for employees in the bargaining unit. The Minerals Council successfully negotiated with the Rand Mutual Assurance (RMA) for an increase in funeral cover benefits at the same premium as in the previous year. The RMA agreed to increase the funeral cover benefits at no extra cost. The new and improved funeral cover also included a premium waiver upon the death of the main member, meaning that the policy would continue at no cost to the spouse and children. This policy came into effect on 1 December 2019.

Coal wage decentralisation process

During the year under review, the Minerals Council engaged with industry unions on the intention by coal members to decentralise wage negotiations. After extensive and robust discussions, the Minerals Council, on behalf of its coal members, served the final notice of withdrawal from centralised collective bargaining with the four industry unions. The effect of this was that the centralised collective bargaining forum for the coal sector ceased to exist and, henceforth, the unions would deal directly with the individual companies in respect of all matters related to wage negotiations.

Infrastructure challenges

The Minerals Council acts to help increase the mining sector's cost competitiveness and expand its infrastructure base. This role includes facilitating discussions on new capacity in rail, ports, water and electricity.

The Minerals Council understands that uncompetitive costs and infrastructure constraints need to be resolved – the sector is exposed to 45% of its intermediary costs to government or state-owned enterprise products and services for its transport and logistics. The mining industry successfully resisted proposed exorbitant electricity tariff increases (through the Multi-Year Price Determination 4 process) with opposition to a subsequent regulatory clearing account application to NERSA still to be decided upon by that body.

Although several policy pronouncements have been made for significant restructuring of the electricity supply, industry progress was slow during 2019. Changes mainly revolved around board appointments that would hopefully yield positive results in future.

Although conversations with Transnet only started towards the end of 2019, before a new board chairperson was appointed, indications were that progress could be made in future not only in terms of greater capacity made available to mining companies, but also in terms of some structural changes.

Illegal mining and organised crime

The challenges of illegal mining and other organised crimes linked to the mining sector requires a collaborative,

multi-stakeholder approach. The Minerals Council is committed to working with the various law enforcement agencies including the South African Police Service and the multi-agency National Co-ordinating Strategic Management Team to mitigate the threat of illegal mining, the criminal threat to the precious metals supply chain and other organised crimes linked to the mining sector across all levels of the value chain.

Illegal mining is a source of major social conflict that has already resulted in serious negative impacts on human life and security, and significant damage to property, infrastructure and the environment. In addition, the theft of copper cables, and damage to equipment that contains copper- and gold-bearing materials, are other key areas of concern as this leads to production stoppages, losses and adverse environmental impacts. The impacts of these activities are wide-ranging and substantial, affecting both government and society at large in the form of social instability, loss of revenue and employment opportunities, and high levels of secondary crime.

Having assessed the nature and scope of the issue, the Minerals Council and its members are fully committed to supporting the integration and regularisation of artisanal mining, where this can be undertaken safely, in an environmentally-responsible manner, and without undermining the health, safety and security of other persons, including at lawful mining operations. The Minerals Council believes that priority must be given to the development of strategies, processes and infrastructure for integrating artisanal mining into the South African economy. Such regularisation could ensure livelihoods for thousands of skilled ex-miners who have lost their jobs due to a decline of formal, large-scale mining in South Africa.

STRATEGIC GOAL

3



Minerals Council
and members
to implement
a positive
contribution model

IN THIS SECTION

- 78 Promoting local economic and community development
- 79 Promoting innovation and R&D



Royal Bafokeng Platinum

#MakingMiningMatter

PROMOTING LOCAL ECONOMIC AND COMMUNITY DEVELOPMENT

The South African mining industry continues to make a significant contribution to GDP, direct and indirect employment and the national fiscus, and supports upstream and downstream industrialisation efforts. A detailed description of this contribution can be found in *How mining contributes to South Africa* on page 9. On the socio-economic development front, mining companies develop and implement social and labour plans (SLPs) and local economic development (LED) initiatives that relate to skills and enterprise development. It is estimated that the industry spends more than R1.5 billion a year on development-focused activities.

Unlike economic metrics such as living standards, the socio-economic impact of mining on communities is not easy to measure, and the industry is conscious that the current expenditure on SLPs and LED has not necessarily resulted in the developmental outcomes that are perceived as being optimal. As a result, there is often a great deal of discontent and frustration expressed by stakeholders through protests and other disruptive forms of demonstration, directed at mining operations.

The mining industry has proactively reacted to the *status quo* by establishing two regional offices, one in Mpumalanga and the other in the Northern Cape, to pilot greater co-ordination and consolidation of efforts in these endeavours. These pilot projects are reported on in more detail in *Fostering collaboration and partnership* on page 58.

In addition, the Minerals Council is championing and co-ordinating collaboration in the Far Eastern Limb (Limpopo and Mpumalanga) to attempt to resolve various issues that communities, local and provincial government authorities and mining operations have raised. Plans to establish an inclusive multi-stakeholder engagement forum are at an advanced stage.

DEVELOPMENTS

Mining companies develop and implement SLPs which include LED initiatives that relate to skills and enterprise development. It is estimated that the industry spends more than R1.5 billion a year on development-focused activities.



Vedanta Zinc International – Black Mountain Mining

PROMOTING INNOVATION AND R&D



Collaboration is central to the Minerals Council's modernisation model. Together with public and private partners, the Minerals Council works to ensure that the mining industry improves its health and safety performance, and that the lives of mines are extended in order to retain and/or create jobs.



Gold Fields - South Deep

Modernisation is a strategic priority for the Minerals Council as it has the potential to accelerate the mining industry's development, growth and performance. The industry is now compelled to embrace modernisation to halt its decline and ensure sustainability. This means mining smarter, mining longer and mining safer and healthier.

Modernisation is more than the adoption of technology, it's about a state of mind; a way of thinking that will ultimately change the way the mining cluster operates and the way it is perceived.

Through modernisation, the mining cluster can strive to address some of South Africa's technological and social challenges while building world-leading competencies in niche areas. It is intended to bring, among other things, improved competitiveness, efficiency and investment attractiveness which in turn, encourage economic growth, expand employment, increase exports and improve tax contributions and the continued and more responsible use of South Africa's mineral resources.

The Minerals Council's modernisation-focused strategy was initiated in 2017 with the aim of assisting the management of complexities that would arise through an increasingly modernised, and hence more productive, mining industry, yet one operating within South Africa's socially challenging, high-unemployment and high-inequality environment.

PUTTING PEOPLE AT THE CENTRE OF ALL WE DO

The South African mining industry is acutely aware of its social responsibility. Its approach to modernisation is no different. For the Minerals Council, modernisation is about making innovation and technology work for, and improve, the lives of all whose lives it touches.



Social inclusion

Social interventions

Social acceptance

Social change



The concept of a 'just transition' encompasses a range of social interventions required to secure jobs and livelihoods.

For the Minerals Council, a just transition is therefore part of a people-centric approach to introducing technology and other forms of innovation. The transition to modernised mining needs to be just and socially acceptable. It must also empower stakeholders to develop policies and programmes that will ensure sustainability beyond mining.

A just transition explores alternative pathways to prosperity and develops social resilience in the face of environmental, economic and social change.

Without social buy-in, little succeeds.

PROMOTING INNOVATION AND R&D CONTINUED



Our approach

To address issues such as ensuring the health and safety of miners, retaining and creating jobs, preventing the premature closure of mines, and providing essential commodities to the world in a way that is economically viable.

We have come to realise that the only way modernisation will be effective is if there is a concerted and collaborative effort by all stakeholders and parties, both public and private.

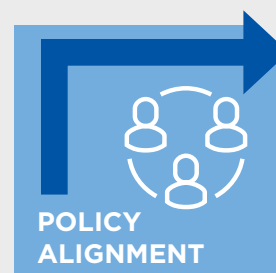
As an industry body, we continuously look for ways to advance the position

of, and make improvements in, the South African mining industry. We are supportive of all modernisation initiatives and, where possible, facilitate and co-ordinate these within the industry and between the industry and its stakeholders.

OUR APPROACH INVOLVES:

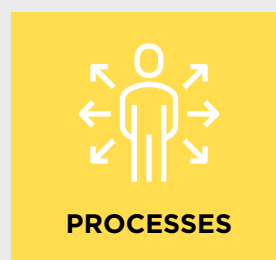
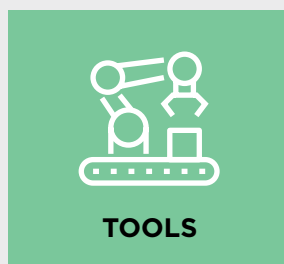
Building leadership consensus

Establishing a common vision across the mining sector about how the continued modernisation of the industry can uplift South Africa.



Sustaining successful change

Creating a coherent and consistent policy framework that enables modernisation and the sustainability of successful change in mining.



Broadening applications

By keeping focused on human-centred innovation in modernisation, the mining cluster has an opportunity to improve both industry performance and social development.

Accelerating innovation processes

By challenging traditional approaches to innovation with more modern processes such as open innovation, human-centred design and rapid prototyping, creative and technical outcomes can be achieved much faster to ensure quicker commercialisation and industry adoption.

Working together for greater impact

The willingness of local companies, research institutions and equipment manufacturers to collaborate for greater impact is important. Innovation is about taking risks in an uncertain world. Taking risks requires trust, and trust requires creating relationships through collaboration.

PROMOTING INNOVATION AND R&D CONTINUED

Learning by doing

Our modernisation programmes encourage industry-wide change. Programmes are centred on a philosophy of learning by doing and aim to tackle some of the sector's most concerning issues including improvements in the health and safety of miners, retaining and creating jobs, preventing the premature closure of mines, and providing essential commodities to the world in a way that is economically viable.

In 2019, the Minerals Council modernisation team and its partners continued to identify key trends facing the South African mining industry and to develop solutions to achieve long-term objectives through research, development and innovation (RD&I). Significant progress has been made across the modernisation project portfolio.

Together with our partners, the Mandela Mining Precinct and the Research Institute for Innovation and Sustainability (RIIS), we have dramatically shifted the visibility of innovation in mining in South Africa. We have let the world know that mining is an innovative space and that the Fourth Industrial Revolution is impossible without mining.

Strategic partnerships

Mandela Mining Precinct

The Mandela Mining Precinct is a public-private collaboration funded by the Department of Science and Technology (DST) and the Minerals Council. The initiative is aimed at revitalising mining research, development and innovation in South Africa to ensure the sustainability of the industry.

Its vision is to maximise the returns of South Africa's mineral wealth through collaborative, sustainable research, development, innovation and the implementation of mining technologies in a socially,

environmentally and financially responsible manner that is rooted in the well-being of local communities and the national economy. It also aims to equip mines with the necessary skills and technology for the next generation of modern mining.

RIIS

RIIS believes that long-term sustainability can only be achieved through improvements and radical changes in the way that both business and society innovate.

RIIS was instrumental in supporting the Mandela Mining Precinct and the Mining Equipment Manufacturers of South Africa (MEMSA) in progressing the Isidingo Drill Challenge, which is aimed at improving health, safety and competitiveness.

During 2019, RIIS undertook several early stage implementations (based on the work of 2017 and 2018) and these were completed in close collaboration with internal teams to promote the collaborative multi-disciplinary approach fundamental to leading innovation practice.

Our programmes



Mining Skills 4.0

A key objective is to develop an up-skilling/re-skilling framework and strategy for skills development for the mining industry of the future. Key outputs delivered thus far include a Mining Skills 4.0 concept document, an in-depth site visit report on current skills development methodologies, and an in-depth analysis of the data members provide to the MQA.

Emalahleni social innovation

A key objective is to reduce the number of protests in the region by building stronger relationships between the various stakeholders in innovative ways. Key outputs delivered

thus far included a stakeholder engagement platform, data analysis for a skills impact evaluation, and an interactive map to improve the quality of decision-making.

Successful application of technology centred around people

A key objective is to contribute to a productive industry through sustainable relationships and shared value for all stakeholders in a modernising minerals cluster. Key outputs include stakeholder co-creation workshops, studies to understand the processes needed to change mindsets for modernisation as well as studies to understand the impact of modernisation on employees and communities.

Coal innovation and technology roadmap

A key objective is to research a range of innovation and technology lines, locally and globally, that are relevant to the South African coal sector, including those related to a just transition to a low-carbon economy. Innovations and technologies that can be implemented in the roadmap have been identified.



Mining tech incubator

The key objective is to develop a business model for a tech incubator focused on identifying and incubating tech start-ups for the South African mining industry. The model was developed and an engagement process with various potential partners has been initiated.

Test mine

The objective of the test mine is to test and demonstrate technology for both buyers and builders of new innovations, particularly those manufactured locally. A first-phase feasibility study for such a mine has been developed.



Isidingo Drill Challenge

The objective of this challenge is to create better working conditions for miners through an innovative rock-drill concept for gold and platinum underground mining. The concept and proof-of-concept phases have been completed and prototypes have been developed for further testing.

MEMSA partnership

The vision of MEMSA is to position the local mining capital, goods, components and product manufacturers as a cost-competitive, innovative and transformative industrial cluster. MEMSA members participated actively in the Isidingo Drill Challenge.



Real-time information management system

The objective of this programme is to develop a unified, holistic and smart connected systems model that will enable real-time and smarter decision-making and support at mines. Key outputs to date are the definition of real-time data requirements for modern mines, an appropriate system architecture for a Mining Internet of Things, development of IT platforms that facilitate integration of point solutions, as well as the design, development and demonstration of real-time data analytics.

Data 4.0

The objective of this programme is to support the broader Minerals Council Data 4.0 project by defining, categorising and mapping innovation data to which the Minerals Council has or should have access. A flow-chart, dictionary and value chain for such data has been developed.

Modernisation-focused strategy support

The objective of this programme is to enhance the Minerals Council's own capabilities, capacity and culture with regard to RD&I. Extensive interviews were conducted with management to understand the problems that they have where RD&I could assist. In addition, an Innovation Playbook is in the process of being developed through which employees can enhance their understanding of emerging technologies such as artificial intelligence, augmented/virtual reality and blockchain and their application in mining.

2019 SA Earth Observation Challenge

The objective is to support the development of entrepreneurs in South Africa who use satellite information to solve mining-sector related problems. Winners of this challenge made proposals regarding solving problems of illegal mining and early detection of tailings dam failures.



Advanced Orebody Knowledge (AOK)

The objective of this programme is to establish a 3D, real-time model that allows accurate planning, design and scheduling, and promotes confidence in mine plans. Outputs include rock characterisation of various AOK technologies and the testing of new improvement techniques and robotic platforms for remote operation.

Longevity of current mines

The objective of this programme is to re-examine all aspects of the mining cycle to achieve a zero harm, quality blast daily. Point-solution opportunities related to aspects such as drilling, underground support and energy reduction for short-term implementation have been identified for further R&D and/or monitoring.

Mechanised drill and blast

The objective of this programme is to develop solutions that will lead to the increase of economically feasible gold and PGM orebodies. Resource modelling as well as green/brownfield concept designs are outputs in the process of development.

Non-explosive rock-breaking

This objective is a continuous mining system that maximises available time and reduces dilution. A set of promising rock-breaking technologies like thermal spalling in gold and diamond wire cutting in platinum are being researched.



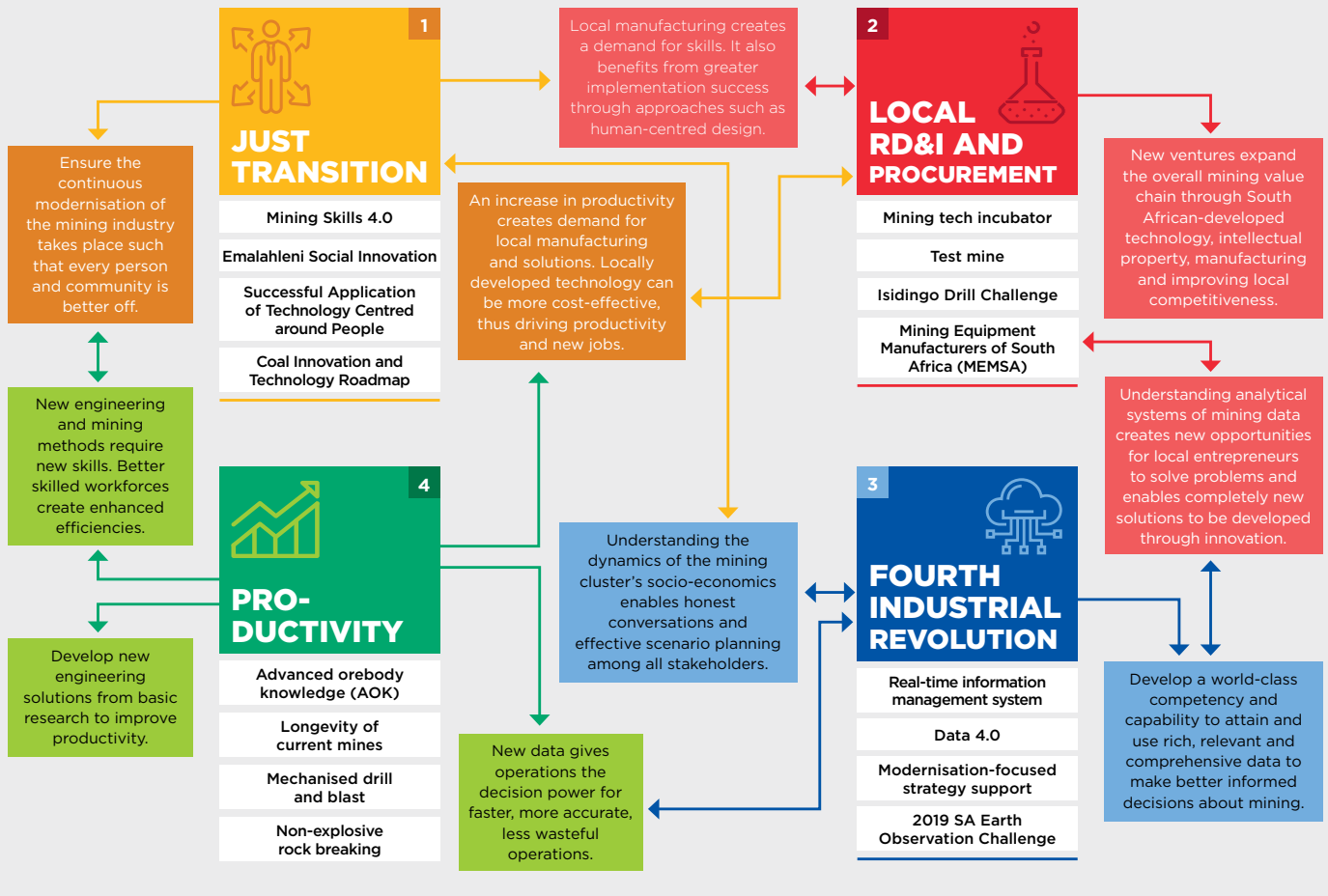
WE ARE UNLOCKING

South Africa's future and we are here to tell you there is hope.

PROMOTING INNOVATION AND R&D CONTINUED

HOW MODERNISATION PROJECTS CONNECT

Learning by doing



Skills development and promoting RD&I

The Minerals Council's Skills Development discipline plays a vital role in RD&I in the mining sector. Apart from the platforms on which we have engaged relating to the future of work and the impacts of the Fourth Industrial Revolution on the world of work, the skills unit has also been integrally involved in research being undertaken to understand the skills requirements for a modernised mining sector.

The Mining Skills 4.0 project is a long-term project aimed at assisting

people in a just transition into the Fourth Industrial Revolution. The objective of this project is to strengthen the capability for adoption of modernisation outcomes in a people-centred, collaborative manner, focusing on developing a framework and strategy for skills development for the mining industry of the future. This would be done under the key principle that a just transition to modernised mining is necessary.

The way forward

Mining is necessary for modern life – if it's not grown, it's mined. Mining

is also responsible – there is good in mining, there is good in progress.

What is more, mining is critical to the new, modern economy, and this modern view goes beyond the mere adoption of technologies. It is a way of thinking that changes the way the industry operates and the way it is perceived; it is about embracing the elements and minerals critical to an inclusive, low-carbon future; and more importantly, it is about pursuing a people-centred approach necessary to create a broader, enabling environment, of which technology is just a part.

STRATEGIC GOAL

4



Lead by example.
Demonstrate
progress on
transformation,
safety, social and
environmental
imperatives

IN THIS SECTION

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- 88 Promoting zero harm
- 99 Reducing the mining industry's environmental footprint



#MakingMiningMatter

PROMOTING AND ENABLING TRANSFORMATION

The Minerals Council acts to create an enabling policy environment for the mining sector, engaging with stakeholders on all policies that impact the sector to ensure that they are stable, competitive and predictable in order to promote investment and transformation. It is the Minerals Council's aim to develop a clear view of what a successful South African mining policy should look like, and the key principles underpinning such a policy.

The socio-economic transformation of the mining industry is a business imperative that is supported and advocated by the Minerals Council and its members. It is also understood that transformation is a journey and not a destination. It was with this mindset that 2019 marked the end of an era for Mining Charter 2010 (MC2010), the second iteration of the Mining Charter, and the beginning of a new era for Mining Charter 2018 (MC2018), the third iteration, published in September 2018 and effective from 1 March 2019.

The Minerals Council proactively endorses the transformation of the mining sector and therefore, took the opportunity to close off the era by conducting a study that would highlight how far the industry, and its individual mining right holders, had progressed and where they currently stood regarding compliance with MC2010. This was intended to allow the Minerals Council and its members to make better decisions as they reaffirmed their commitment to transforming the industry, their suppliers, customers and the lives of community members, both in the areas in which they operate and in labour-sending areas.

TRANSFORMATION

The socio-economic transformation of the mining industry is a business imperative that is supported and advocated by the Minerals Council and its members.

The industry's Transformation Progress Report 2019

The Minerals Council, together with the advisory firm, Moshe Capital conducted a survey of industry transformation and community development performance amongst its members. 32 member companies submitted their Mining Charter CY2018 reports and this sample represented 97 mining right holders and accounted for an estimated 79.5% of the overall mining industry using employee headcount as a proxy. The data was analysed and measured against the five key transformation elements, namely ownership, employment equity, procurement, human resource development (HRD) and mine community development.

The combined results of the survey showed that member companies had largely complied with MC2010 targets across all the elements, except for HRD where the results were slightly below the target. There were a few mining right holders that failed to meet the MC2010 targets across the various elements and they would thus potentially struggle to comply with MC2018 targets as well. The majority

of these mining right holders were small, junior and emerging miners and, even though a few concessions have been made under MC2018 for these miners, the concessions would only apply to new mining right holders and not the bulk of them that have existing rights.

Ownership

93 mining right holders provided valid and accurate data and, from this, the results showed that Historically Disadvantaged South Africans (HDSAs) had achieved 39.2% (weighted average) shareholding, against a target of 26%. In the MC2010 a new concept of meaningful economic participation (effective ownership) was introduced, thus those right holders that implemented transactions prior to that would not have been bound by this condition, and from the 93 mining right holders analysed, only 22 had met this criterion.

Procurement and enterprise development

Procurement is one of the catalysts for broad-based socio-economic transformation, as it allows for HDSAs to actively participate in the supply value chain of any industry. 87 mining right holders participated under this element and collectively procured goods and services to the value of R108 billion. MC2010 had set targets for HDSA-owned companies under capital goods, consumables and services at 40%, 50% and 70% respectively. The industry results show that all these MC2010 targets were achieved and exceeded.

Procurement targets achieved against the MC2010 targets

Measure	MC2010 target	Achieved 2018*
Capital goods	40.0%	75.4%
Consumables	50.0%	79.0%
Services	70.0%	75.1%

*Weighted average



Human Resource Development (HRD)

The report revealed that 86 mining right holders invested R3.2 billion, which was 4.8% of their annual payroll on HRD. This was slightly below the 5% target set under MC2010. The bulk, namely R1.6 billion, was invested in work placement programmes, vacation work programmes for young people, and ex-retirement training initiatives. R530 million was invested in learnership, while another R370 million was invested in artisans and apprentices.

Employment equity

The MC2010 targets for employment equity were 40% HDSA representation across all the elements from top management all the way to junior management. 92 mining right holders were analysed and the industry

results showed that all these targets were achieved and exceeded. The representation of women was not a factor in MC2010. However, the industry has continued to measure and adopt policies that increase their representation across all levels within the industry. Women accounted for 19.8% of the workforce, a big improvement from 6% in 2008, but also still low compared to the economically active population statistics where women make up 45.3%¹.

¹ Commission for Employment Equity 2019 Report

Mine Community Development (MCD)

The data submitted by 85 mining right holders indicates that a total of R1.32 billion has been invested into various mining communities and labour sending areas.

There were 488 developmental programmes completed, most of which were infrastructure and educational initiatives. As can be seen from the graph on MCD programmes, infrastructure programmes accounted for the bulk of the investments made with R576 million going towards building water treatment and sanitation facilities, roads, community halls, clinics and schools. These are all required for development; however, community members are getting increasingly vocal about their desire that MCD contributions be invested towards income-generating initiatives like skills development, job-creation and readiness programmes.

MC2018 and the industry's transformation journey ahead

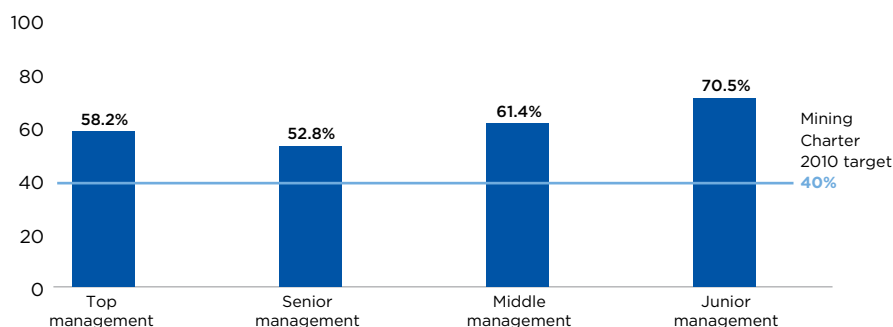
On 1 March 2019, MC2018 came into effect and brought forth new challenges and much higher targets for most of these elements. The greatest challenges for the industry are under the inclusive procurement element where MC2018 introduced new targets and criteria such as locally manufactured goods (local content), 51% HDSA, 51% women and majority youth-owned and controlled companies. As the industry navigates these new territories, the road ahead proves to be a complex one.

Engagements to assist with MC2018 implementation

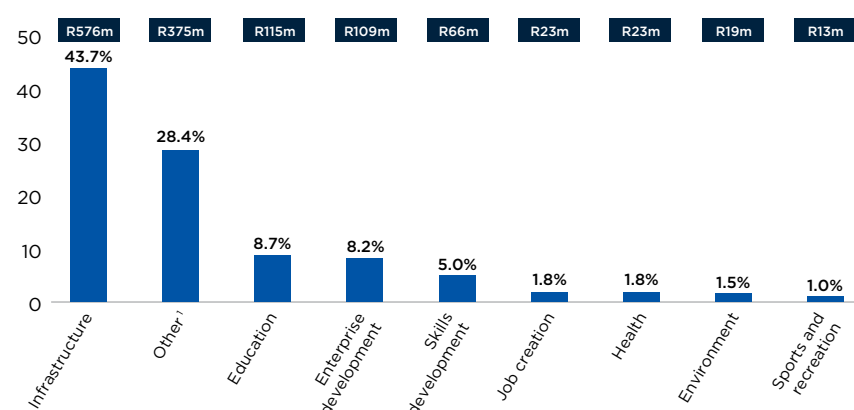
The Minerals Council is advocating that the DMRE assists the industry in clarifying some of the vague and conflicting provisions in MC2018 as well as the Implementation Guidelines.

As the first reporting cycle is underway, the mining industry remains fully committed to making every effort to achieve targets under MC2018, even as the Minerals Council's application to review a few provisions in MC2018 is in motion and should be heard in court towards the end of the second quarter of 2020.

HDSA representation in management positions is >40% across all management levels



Key impact MCD programmes (by total spend % contribution)



¹ Other programmes include unspecified programmes, dividend distributions, trust funds, donations, general funding, contributions and religious programmes

PROMOTING ZERO HARM

The Minerals Council plays a leadership role in initiatives to fast-track mining's progress towards

ZERO HARM

Mining is a complex, technical and often labour-intensive industry. Risks and hazards are prevalent in the extraction of many commodities and have the potential to cause harm and, in extreme cases, to threaten lives. Of the men and women who work in the sector every day, mining requires rigorous training, absolute vigilance, and unfailing adherence to health and safety standards and procedures.

The South African mining industry employs approximately half a million people, each of whom, it is estimated, supports between 5 and 10 people. The loss of one life, therefore, carries with it an economic impact that is felt tenfold and causes grief to the departed person's loved ones that can neither be tallied nor consoled.

Efforts to reduce miners' exposure to risks and hazards, to prevent and treat several occupational diseases and, above all, to eliminate fatalities, must be an abiding priority for South Africa's mining industry. The Minerals Council, in its role to unite and represent mining and exploration companies operating in South Africa, is committed to the industry goal of zero harm. In everything it does, it aims to ensure that every mineworker returns home unharmed at the end of every workday. It sets out to achieve this by working closely with its members, as well as its tripartite partners of government and organised labour.

SAFETY

Our Safety and Sustainable Development discipline plays an important facilitative and coordinating role in the implementation of the industry's 2024 milestones for mine health and safety in a manner that accelerates the achievement of the industry's goal of zero harm. We achieve this through the Minerals Council's Occupational Health and Safety Policy Committee, the MOSH Learning Hub, the Rock and Engineering Technical Committee and the CEO Zero Harm Forum. We also engage with regional associations, including the regional tripartite forums, Association of Mine Managers of South Africa and the South African Colliery Managers' Association; the DMRE and organised labour, through the MHSC; and with international industry bodies through the Minerals Council's membership in the ICMM.

We and our member companies remain committed to the industry's goal of zero harm for all people working at our operations – employees and contractors. The Minerals Council

continues to be actively involved in several initiatives and partnerships aimed at eliminating fatalities and injuries in the mining industry.

Minerals Council initiatives and tripartite collaboration

The Minerals Council collaborates with industry stakeholders from government, organised labour, companies and employees to protect the health and safety of employees. The following structures are central to the collective implementation of industry initiatives by all stakeholders:

- **Mine Health and Safety Act (MHSA):** Drawn up in 1996, the MHSA regulates and provides for the safeguarding of the health and safety of mine employees, as well as residents of areas affected by mining operations. Typically, every operation in the industry has its own health and safety committee that comprises representatives of management and unions seeking to ensure compliance with regulations, to provide safety training for all employees, and to promote active collaboration in all matters relating to safety and health.
- **Mine Health and Safety Council (MHSC):** Established in 1996, the MHSC was set up to direct safety in the mining industry and to respond to industry safety challenges. Today, its primary tasks are to advise the Minister of Mineral Resources and Energy on occupational health and safety legislation, and research outcomes focused on improving



and promoting occupational health and safety in South African mines. It comprises representatives of various government departments and institutions, organised labour and the industry.

- **Mining Qualifications Authority (MQA):** The MQA plays a critical role in addressing skills shortages in the mining industry through capacity development and process improvement. It is mandated to ensure that the mining industry has sufficient numbers of competent people who have been trained to improve health and safety standards and processes.
- **Mining Industry Occupational Safety and Health (MOSH) Learning Hub:** The Minerals Council established the MOSH Learning Hub in 2009 to help companies learn from pockets of excellence in the industry. Through the MOSH system, which is the largest programme initiated by the Minerals Council in the past decade, companies and individual operations have implemented and adopted leading practices to reduce health and safety risks.
- **CEO Zero Harm Forum:** Established in 2012 by the Minerals Council the forum is premised on the belief that, industry's CEOs need to lead by example, to drive health and safety initiatives in the industry, and to address key challenges in order to accelerate the industry's journey to zero harm.
- **Culture Transformation Framework (CTF):** Research shows that an organisation's culture has a significant impact on health and safety protocol adherence and success. As a result, the Culture Transformation Framework (CTF) was developed by the MHSC and approved at the 2011 Health and Safety Summit. It seeks to transform health and safety in mining workplaces.

The Minerals Council is committed to the effective implementation of the CTF's 11 pillars by 2024:

01	Bonus and performance incentive pillar to prioritise safety ahead of production
02	Risk management pillar aimed at reducing risk at its source and investigating root causes
03	Leadership pillar encouraging leaders to lead by example and walk the talk of zero harm
04	Leading practice pillar providing a unified approach to identifying and facilitating the adoption of leading occupational health and safety practices and research outcomes
05	Diversity management pillar aimed at eliminating racism, genderism and any other forms of discrimination
06	Data management pillar to monitor and evaluate progress of CTF implementation and mine health and safety performance

Mining companies are also changing accident investigation methods to reduce baseless allegations among workers, modifying bonuses to enhance safe production and placing greater emphasis on visible felt leadership at operations.

The five remaining pillars of the CTF will be implemented after December 2020:

07	Integrated mining activity pillar
08	Technology pillar
09	Inspectorate pillar
10	Tripartism pillar
11	Regulatory framework pillar

In January 2019, the CEO Zero Harm Forum held a half-day facilitated health and safety event called the CEO Heartfelt Conversations. This was to encourage deep and intense introspection into and facilitate meaningful engagement on health and safety-related issues in the mining industry. One of the event's key outcomes was the development of a CEO-led strategy on health and safety. This strategy, the group agreed, had to be a rallying cry for the step-change the industry needs, a word or phrase that spoke clearly to the strategy's intent, and that was positive and action driven. In October 2019, the strategy, which the forum named Khumbul'ekhaya, was formally launched.

PROMOTING ZERO HARM CONTINUED

Eliminating fatalities

Perhaps the most critical component of the Khumbul'ekhaya strategy is the need to develop a holistic approach to the elimination of fatalities. This approach needs to consider the causes of fatalities and HPIs in the South African context; identify holistic interventions that enable fatality-free operations; and introduce systems that monitor, evaluate and communicate progress on these interventions.

Developing a holistic elimination of fatalities approach is a complex process that requires a multi-disciplinary, systems-thinking methodology. Many diverse factors need to be considered. With this in mind, a position paper on the socio-technical systems (STS) approach was compiled highlighting the human, organisational and environmental factors influencing health and safety in the workplace. In July 2019, the Minerals Council held an STS workshop at the Mandela Mining Precinct, which was attended by a broad range of experts in the fields of safety, health and environment; rock, mechanical and electrical engineering; and behaviour and training. This workshop sought to find ways in which the holistic STS framework can be integrated into incident and accident investigation systems.

The workshop revealed that the industry is not only continually learning from incidents not just fatalities, but also from HPIs, which should be analysed from leading indicators. It also emphasised that effective CEO leadership is required to drive a culture that makes a holistic approach to risk management an organisational priority, and that the growth of systems thinking skills is necessary. The Minerals Council will be conducting multi-disciplinary independent peer reviews of incident investigation systems used in the industry against a holistic STS

framework. The industry course will also be developed to help investigators conduct holistic incident investigations.

Implementing effective and competitive training

At the CEO Heartfelt Conversation, CEOs expressed the need to look at training as one of the ways in which to achieve the required step-change in health and safety. The CEOs proposed that the industry establish a more collaborative approach to training. Training should not be a mere legislative box-ticking exercise, but should rather incorporate lessons and exercises that are of the highest quality and relevant to the specific needs of employees, companies and the industry, and always consider health and safety first.

An assessment was conducted across four companies mining three different commodities. The aim of the assessment was to understand the industry's prevailing training methods, the languages companies employ, the impact of modernisation and how low levels of literacy are addressed.

The results of the study were ultimately positive, indicating that training has improved in recent years and that a great deal has been invested in upgrading facilities to improve its quality and effectiveness. However, it was found that there were areas of health and safety training that needed improvement. As part of the Khumbul'ekhaya strategy, a feasibility study was approved to examine the opportunities to enhance the impact of training, while at the same time reducing costs for training through collaboration, the use of modern technologies, and a holistic approach.

Learning from each other as well as other industries

Khumbul'ekhaya is clear on the fact that all industry players need to learn better and faster from one another as well as from other industries such as

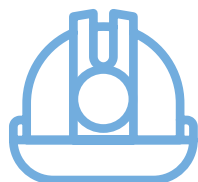
aviation and nuclear. Companies need to identify aids and barriers to learning and take heed of global best practice, implementing these lessons effectively.

Since its inception at the CEO Heartfelt Conversation, Khumbul'ekhaya quickly galvanised industry players into action. A position paper on incident investigation systems, methods and processes in aviation and nuclear industries was compiled for knowledge sharing. Visual re-enactments of past accidents and simulations have been shared by the Minerals Council CEO Zero Harm Forum member companies. Moreover, a thematic analysis of safety incident reports uploaded by mining companies was conducted that identified clear causes and reasons for risk taking. An in-depth review of the various lessons learnt by the industry was conducted, and possible CEO actions were outlined to address these learnings. The CEO Zero Harm Forum task team, under the auspices of the Khumbul'ekhaya strategy, will be looking at these recommendations and implementing them as applicable or appropriate.

Heartfelt CEO-ship

As part of visible and heartfelt leadership towards holistic elimination of fatalities, CEOs share their personal heartfelt CEO-ship successes and challenges at every CEO Zero Harm Forum meeting.

In August 2019, the CEO Zero Harm Forum Chair and member companies hosted a tripartite stakeholder dinner with stakeholders from government and organised labour. The aim of this tripartite engagement was to introduce the CEO-led Khumbul'ekhaya strategy to the other stakeholders and highlight its contribution to the achievement of the 2024 industry milestones on occupational health and safety.



National Day of Safety and Health in Mining: Khumbul'ekhaya health and safety days

The launch of the CEO-led Khumbul'ekhaya strategy on 1 October 2019 also marked the continuation of the Minerals Council annual campaign, the National Day of Safety and Health in Mining. This campaign focuses on health and safety day events hosted by the mining companies at their various operations. This campaign received support from the regulator, companies, unions and employees for the second year in a row in 2019. In 2019, member companies integrated the Khumbul'ekhaya strategy into their health and safety campaigns. This indicated the significance of collaboration in the improvement of mine health and safety performance as reflected in the significant reduction of fatalities in 2019.



- Sharing incidents should be part of the Minerals Council membership obligations
- Standardisation of incident-related language for easier learning
- Acceptance that human beings are fallible, emphasising the need to design fatal prevention systems accordingly
- Establish operating experience processes and systems that impact positively on health and safety
- Independent, multi-disciplinary peer reviews are critical to learning from others
- Provision of adequate human, technical and financial resources for health and safety
- The use of an advanced information management system is key
- Strengthen the incident reporting culture, protocols and resourcing for better learning
- Develop targeted training courses including lessons learnt from incidents
- Develop future leaders for a safe, healthy productive and sustainable industry

MOSH LEARNING HUB

The MOSH Learning Hub is a department within the Minerals Council that primarily contributes to the vision of making mining matter within the context of safety and health. This involves encouraging mining companies to learn from each other to address health and safety incidents and risks related to fall of ground, noise, dust, and transport and machinery. This is achieved through the facilitation of leading practice adoption and the execution of fit for purpose health and safety projects and initiatives. These are anchored on the philosophy: “by industry for industry”, which is underpinned by principles of industry ownership, eager and early involvement, engagement and collaboration, people-centricity,

non-competitiveness and a holistic approach. Its outreach events, 32 in total, were attended by close to 1,228 people in various regions and provinces.

Learning from others

This is one of the critical drivers in the CEO-led Khumbul'ekhaya health and safety strategy. In seeking global leading ways to learn better and faster, the Minerals Council reached out to individuals and organisations in other industries, namely nuclear and aviation. These industries were prioritised because of their high profile and exposure to high risk. Key lessons identified for the South African mining industry include the following:

- The right leadership mindset is required for purposeful step changes to happen

Emanating from these lessons, the CEOs approved the implementation of the following projects as high priority:

- Incident reconstruction simulations
- Digitisation of safety data
- Implementation of multi-disciplinary independent peer review of incident investigation methods used at mines, and training for holistic incident investigations

Behaviour and human factors

Notable progress was made with enhancing leadership development initiatives across the industry by finalising Phase 1 of the leadership assessment and development tool and embedding the socio-technical systems methodology in the Khumbul'ekhaya health and safety strategy.

PROMOTING ZERO HARM CONTINUED



Leadership assessment

A leadership assessment tool was developed based on the critical skills for future work as per the research report published by the World Economic Forum in 2017. The assessment tool for purposes of individual development was designed through a robust engagement and focus group process with the support of Minerals Council members. The first phase of the leadership assessment and development tool was piloted in the industry. The final assessment has been built into the Minerals Council dissemination platform and was anticipated to be ready for use by the industry during the first quarter of 2020. The leadership assessment is expected to serve as a useful tool for both individuals and companies in addressing key leadership skills through indicative assessment and associated development content, which will be released in Phase 2 of the project during 2020.

Socio-technical systems

Health and safety incidents are not the product of simple failures but the result of multiple, complex failures in the external, organisational and immediate operational work domains. It is essential therefore, that mining, in particular, and other industries such as oil and gas, aviation and power utilities, understand the complexity of risk by unpacking all the social and technical drivers and aspects leading to safety

and health incidents. The Minerals Council has emphasised the use of socio-technical approaches to complex problems throughout industry, while including experts from academia and other institutions to bolster the industry's capacity. The STS approach has now been fully-embedded within the Khumbul'ekhaya strategy, emphasising the holistic approach required to health and safety.

Behavioural Interest Group

At the industry level, the Behavioural Interest Group serves as the primary working committee that delves into personal and human factors relating to health and safety. The committee met four times in 2019 with an average attendance of 12 people. The last meeting of the year was dedicated to case study presentations from industry experts, one of which was of the safety improvement process at a South African gold mine. Many learnings were generated from the case study which could easily be applied in many other similar contexts across the mining fraternity. Through this safety improvement process the company improved their systems immensely and empowered their workforce to navigate the change that these systems brought about. The improvements were immediately felt across the company as they saw a sharp improvement across all their safety-related metrics. It once again emphasised that human behaviour and the organisational

systems environment are not mutually exclusive, but that systems and people combine in a symbiotic relationship to ensure a sustainable health and safety performance.



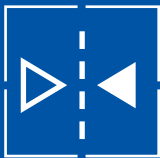
Modernisation of change communication

In this area, a more direct value-add approach was taken through the development of change communication materials that could readily be utilised by mines throughout the industry. The first project of this kind was the development of material for Collision Avoidance Systems (CAS). This material is used to explain the changes associated with the introduction of the technology to operators, supervisors and managers. The CAS change communication was piloted at one of the member companies during the last quarter of 2019. Full roll-out was scheduled for the first quarter of 2020.

Learning from Incidents (LFI)

The LFI Industry Working Committee has been a valuable addition to the committees on health and safety. The Committee has succeeded in forming close-knit relationships amongst a strong group of professionals who debate various forms of safety incidents on a quarterly or bi-monthly basis. The Committee met six times and the attendance of LFI meetings is testimony to the commitment of



 <p>DURATION: 03:11</p>	 <p>HIGH-LEVEL INCIDENT DESCRIPTION</p>	<p>Two workers were installing temporary support (camlock jacks) when a fall of ground occurred, injuring one of the workers.</p>
 <p>REFLECTION POINTS</p>	<ul style="list-style-type: none"> • The sequence of support installation was not followed as per the required standard • Was the presence of the Competent A person adequate as opposed to the miner being present? What are the implications for this type of standard/requirement, and would it have any bearing on the unwanted event or the effectiveness of controls? • Was the time and planning adequate to perform the job/task safely? Do supervisors and employees consider the entire task process to execute an entire job safely, or do people get fixed into a mindset of boxing risks associated with sections of the job? • Should the geology forecast in planning have highlighted geological risks and required procedure to deal with that specific area as opposed to the adjacent panels/work area? • How should supervisors ensure that entire tasks are safely executed? • The incident stresses the reason for jobs to be executed as per the agreed upon standard and procedure. 	

the industry members to the process. It also highlights that professionals derive personal and organisational benefit from the discussions at an industry level. The mechanism to disseminate learnings to industry is by means of electronic distribution of relevant categories of incidents with accompanying reflection points and video re-enactments, where possible. The infographic above illustrates one such learning disseminated to industry.

Monitoring and evaluation

The monitoring and analysis of the adoption of leading practices includes indicators on adoption quality, adoption progress, and specific leading indicators for each leading practice in both the technical and people aspects.

Leading practice adoption quality

Through extensive monitoring and support of MOSH leading practices across various mines, operations were able to develop extensive portfolios of evidence (POE) for current leading practices. A total of 196 operations have developed POE for the respective leading practices that they have adopted. The POE covers the technical, change management and execution phases of leading practice. They also enable the operations and the MOSH Learning Hub to understand the progress completed by adopting mines including the

various gaps identified during adoption. The monitoring of the adoption quality also assisted with ensuring that operations update their operating procedures considering the leading practice recommendation. This also assisted with ensuring the sustainability of leading practices in operations.

One operation successfully completed the full adoption of the ledging leading practice including the revision of the various standard operating procedures (SOPs) in line with the leading practice while 18 operations are at various stages of the adoption process.

Adoption progress

A comprehensive list of mines that could potentially adopt new leading practices was compiled as part of the monitoring and evaluation process. Most of the mines that were identified as potential adopters for some of the newly-launched leading practices have either completed the process or are in the process of completing the adoption. The overall adoption progress of the newly launched leading practices is as follows:

- In the quest to reduce noise, a total of 34 operations were identified as potential adopters for the tyre deflation leading practice. 15 operations adopted the practice in 2019. The adopting mines have completed 8.54% of the technical

phase of adoption and 1% of the change management phase.

- The traffic management plan leading practice has an overall adoption rate of 51% with 104 operations out of 203 operations adopting the practice. The adopting mines have completed 11% of the overall adoption process, which mainly entails the technical elements of the practice.
- In managing dust, nine operations out of 32 in the coal sector have adopted the conveyor belt automated transfer point leading practices that was launched in 2019. The adopting mines are completing the technical phase of the practice.
- In managing uncontrollable fall of ground, 24 operations were identified as potential adopters for the ledging leading practice of which 18 operations are actually adopting the practice. Operations that adopted the practice completed 38% of the technical phase, 30% of change management, and 11% of the execution phase.

Leading indicator monitoring

Several adopting mines have incorporated some of the indicators prescribed in the leading practices as part of their internal monitoring particularly on fall of ground. This has proved to be an effective process of managing the risks identified and further facilitate the drive towards

PROMOTING ZERO HARM CONTINUED

zero harm. Some of the indicators monitored across the various practices include:

- Percentage compliance of ledging areas to mining standards
- Percentage compliance to master plans and schedule
- Number of corrective measures and/or safety audit recommendations closed out on time
- Number of completed monitor/audit and/or review activities versus the number planned

Leading practice adoption

The MOSH Learning Hub continued to facilitate the development of leading practices and their evaluation and adoption in health and safety with a focus on transport and machinery, fall of ground, noise and dust. During 2019 the focus was on the following initiatives and/or processes:

Transport and machinery

The Transport and Machinery (T&M) team played a key role in practically demonstrating how the MOSH Learning Hub strategy can be executed. The team's contribution is structured as follows:

- The team contributed to both the CEO-led Khumbul'ekhaya health and safety strategy relating to learning from incidents and the development of an STS framework for the industry. The team's statistical analysis of T&M-related fatalities and injuries played a part in convincing the CEO Zero Harm Forum to commit to the digitisation of the industry's safety data.
- The team arranged a MOSH process review session and did substantial preparation for the session. Some of the pioneering work that the team did with the T&M leading practice has been accepted to be taken up in the revised methodology.
- As part of enhancing the behaviour and human factors, the team presented the MOSH integrated mental models scientific and STS approach at an international risk conference in Cape Town and

included a work system redesign focus on a selected leading practice adoption colliery. This work will culminate in new operating processes that are technology-enabled and monitored. Sustainability of the new way of working will be ensured by a fundamental enhancement of the mine's procedures and training material.

- The T&M-related fatalities for the period 2003 to 2017 gives visibility of the relative importance of transport and machinery initiatives to achieve zero fatalities by the end of 2020. A multi-operational type of approach is necessary. Considering the diversity of the T&M portfolio, the challenge and geographical spread of the almost 700 potential adopter mines of the surface Traffic Management leading practice, it is highly unlikely that the team will be in a position to facilitate any new leading practice in the next two to three years.
- The team facilitated the development of a leading practice description for underground traffic management. However, there was

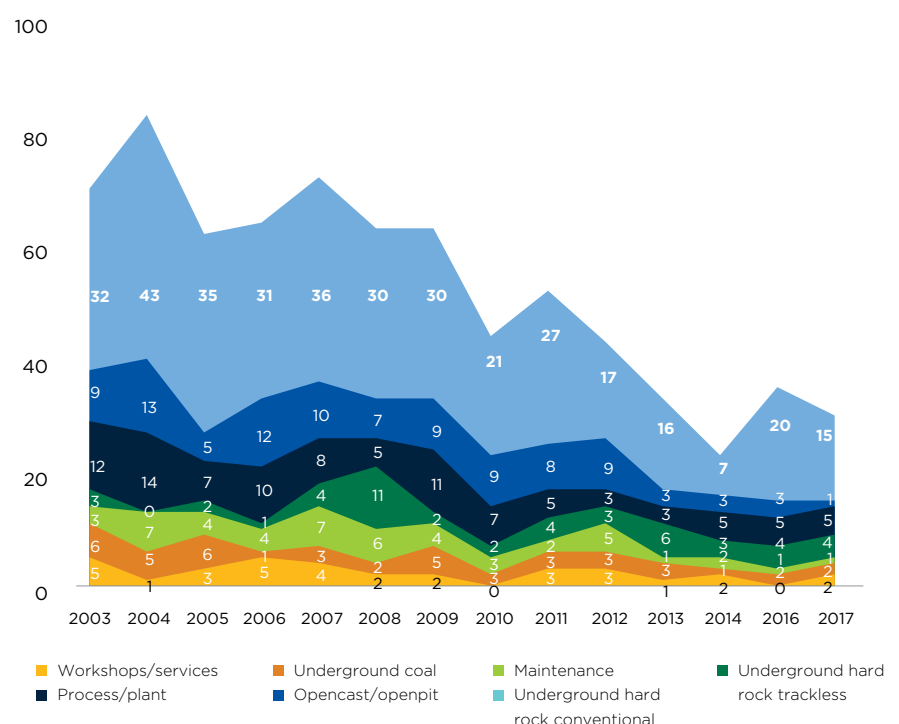
no capacity to transform it into a leading practice. Due to the value of the standards and principles contained therein the team proposed to the consulting mechanical and electrical engineers (CM&EE) committee that it be issued as a CM&EE standard.

Transport and machinery initiatives

T&M statistical analysis

The team completed the statistical analysis for T&M-related fatalities and injuries and will publish it in first quarter of 2020. This work is leading edge in terms of data analysis and enabling improved decision-making. The T&M-related fatalities per type of operation graph is aimed at enabling CEOs to identify fatalities caused by an additional dimension other than commodity where all types of operation, maintenance, workshops and even process plants are considered together. The 14-year trends provide decision-makers with information to predict future safety performance based on both long-and short-term historical performance.

T&M related fatalities: 2003-2017 (excluding 2015)





Similar information is evaluated for serious injuries. This analysis can be used to develop an industry milestone management programme for T&M-related accidents.

Traffic management plan leading practice

The MOSH Traffic Management leading practice has proven to be such a fundamental “back to basics” challenge for mines. With the drive towards emergency stopping of trackless mobile machines (TMMs) many mines found it difficult to prioritise their traffic management efforts over the CAS focus. With scarce resources, the T&M team dedicated much effort to the lead adopter mine and the other resources could not keep up with the needs of mines for management committee (MANCO) orientations. The team has resolved to create a video that can be used to achieve the same goals as a physical meeting. This will be piloted in the first quarter of 2020. The team however managed to conduct a few Community of Practice for Adoption (COPA) session to support the industry.

Risk assessment

In light of adopter mines struggling with the traffic flow and risk assessment, which is the foundation of the traffic management leading practice, the team developed a practical case-based training session to assist the industry. These sessions were well attended and proved to be very valuable and practical.

Change communication

Acknowledging the change management challenges associated with the introduction of the CAS, the team proposed that an interactive change communication tool be developed for use by all surface operations to support its introduction. The tool is a web-based digital three-language (English, IsiZulu and SeSotho)

communication mechanism using video, animated dialogue and 360-degree videos. This tool has built-in questions to test and ensure proper comprehension of the CAS technology, the role of operators, managers and maintenance technicians in the introduction and running of a CAS-enabled operation. In December 2019 the team piloted an early version of the tool and gained significant learnings from it. This work is ground-breaking both in terms of modernisation and communication.

Collision avoidance technology (CAS)

Whilst being represented at the CAS task team, the team promoted traffic management as a more effective mechanism to prevent vehicle collisions than just emergency braking. A team member was invited to the Mine Regulations Advisory Committee (MRAC) TMM regulations task team in the fourth quarter of 2019. A significant role play was presented with a major coal mining company to indicate to the task team that CAS technology would not be commercially ready to be regulated in the next few years, and that the successful introduction thereof is dependent on sound traffic management practices. The team is confident that a lifting of the suspended clauses of the TMM regulations will be much more closely aligned with the target dates of the global mining community through the ICMC's Vehicle Interaction initiative.

Underground traffic management practice facilitation

Realising the importance of traffic management as part of the CAS introduction on the mines and due to the significant impact thereof on the industry, the team continued to facilitate the development of a traffic management practice for

underground hard rock mines. Unlike the one for open/pit operations, the specific focus for this one is on TMM and pedestrian movement in underground operations. The work on the technical content of the document was completed in August 2019 and is due for release in the second quarter of 2020 as a standard under the auspices of the CM&EE technical committee.

Fall of ground (FOG)

In March 2019, the FOG team bid farewell to Chris Sheppard who has been the team sponsor for five years. On 12 July 2019 Japie Fullard became the new FOG team sponsor. He will be the team's link to the industry's executive leadership.

Trigger action response plan (TARP)

The industry has now fully adopted the TARP. 51 mines have adopted the leading practice and are now on the consolidation and sustainability phase. The MOSH FOG team has been monitoring the performance of the members and pro-actively intervening by assisting the operations undergoing challenges.

Ledging planning leading practice

In 2019 there were 18 mines out of a potential 24 mines participating in the ledging planning leading practice adoption process. The adoption at the end of 2019 was sitting at 70%.

Drilling and blasting

A drilling and blasting reference guide was launched in March 2019 with 120 industry representatives attending. During the launch two aspects of the guide, namely innovative training methods and mining cycle, were identified as potential leading practices. The innovative training methods will be completed in 2020 and the mining cycle in 2021.

PROMOTING ZERO HARM CONTINUED

Industry ground control framework (IGCF)

13 of the 20 participating companies (65%) have completed their gap analysis and are in the process of incorporating the IGCF into their fall of ground and health and safety management systems.

Industry working team

The team held two FOG industry working team meetings in 2019 with an average attendance of 14 company representatives per meeting.

Noise

Industry-wide Buy and Maintain Quiet Initiative (IBMQI)

The MOSH noise team continued to facilitate the IBMQI as a noise source elimination initiative focused on promoting the management of the noise hazard at the equipment design phase. The following milestones were completed during the reporting period:

Third-party equipment noise verification measurement

Following the successful peer review and publishing of the Guidance Note for Noise Measurement of Equipment to ensure conformance with the MHSC milestones, the IBMQI Measurement & Standards sub-committee identified several variables of concern in the noise measurement and/or verification methodologies utilised by mines, OEMs, suppliers, service providers and approved inspection authorities (AIAs) for new or repaired equipment.

These variables include key elements such as the test environment, instruments used, noise measuring standards used, competency of the "Verification Officer", etc. All these variables have the potential to compromise the quality, integrity and reliability of the noise measurement results reported for the equipment

evaluated. This could also result in the noise measurements of the equipment not being comparable between products and manufacturers or suppliers.

As a result, the MOSH noise team embarked on the development of a Third-Party Noise Measurement Verification Guidance Note. Its intent is to guide the South African mining industry, including OEMs on the appropriate equipment noise verification measurement for newly-procured and maintained equipment. Furthermore, the MOSH noise team engaged various institutions during the drafting of this guidance note namely the University of Pretoria, the SABS and the Council for Scientific and Industrial Research (CSIR).

The Third-Party Noise Measurement Verification Guidance Note was finalised after being communicated to subject matter experts within the industry for their input in its draft form. It was also subjected to an independent peer review, facilitated by the North-West University niche area leader: Occupational Hygiene and Health Research Initiative through their network of international and local experts and specialists.

IBMQI procurement guide

One of the IBMQI key principles is around quiet procurement processes, which applies to both the procurement of new equipment and the maintenance of existing equipment. Key engagements were held with several industry members and companies to determine the extent and efficacy of existing quiet procurement processes. Subsequently this area was identified as having an opportunity to add significant benefit to the mining industry.

Use was made of the IBMQI procurement frameworks previously developed by the IBMQI

procurement sub-committee to draft a procurement guide. This was based on IBMQI principles and input from consultation with subject matter experts and industry members. The IBMQI procurement guide will also be subjected to industry engagement and a peer review process, prior to publication to the mining industry.

Tyre deflation noise reduction simple leading practice

The practice was subjected to a detailed internal MOSH peer review process, which resulted in the practice being classified as a simple leading practice. It was subsequently launched to the industry in the nine South African provinces through the regional tripartite forums coordinated by the MHSC – formal regional launch workshops were held.

The adoption process for the Tyre Deflation Simple Leading Practice was formally opened to all the companies that attended the launch workshops. Interested companies were assisted in registering for adoption during and after the launch workshops. Interest groups were established for the various regions adopting the leading practice and all the adopting mines were enrolled.

During the interest group engagements, the adopting mines shared and presented their adoption progress with each other. Site visits were introduced to the hosting mines' tyre workshop areas which assisted the adopting mines to obtain a better understanding.

This approach also created a platform to engage on the technical aspects associated with the simple leading practice, through practical demonstrations.

Several adopting mines have demonstrated notable reductions in workplace noise emission and



operator noise exposure from 100dBA to below 85dBA, and significant reductions in deflation durations, as a result of the implementation of the leading practice.

Equipment noise testing and tag-out practice

A documentation process commenced on the equipment noise testing and tag-out practice at a member platinum mine as the source mine. This is envisaged to be the next noise leading practice for the mining industry.

The equipment noise testing and tag-out practice is an IBMQI principle-based practice, which ensures that the equipment is maintained and repaired back to its original specifications and incorporates noise emission management principles. Noise measurement baselines and operational standards are available for the equipment repaired and the maintained equipment is evaluated against the noise measurement baselines and operational standards, prior to being released back to the working place.

Any equipment not complying with the noise measurement baselines and operational standards is not released back to the working place and is rather subjected to an investigation and the remedial actions required. It is anticipated for the practice to be successfully documented and peer reviewed during 2020.

Dust

The focus of the dust team during 2019 has been to improve the adoption of leading practices, establish relations with various mining operations in different commodity sectors, and provide support to the underground colliery mines' endeavours to adopt Continuous Real-Time Monitors (CRTM), and the identification of future potential leading practices.

Conveyor belt automated transfer-point fogging system (CBAT)

The CBAT simple leading practice was successfully launched in May 2019 at an industry workshop hosted by a leading member coal colliery. At least nine coal mining groups were represented, including non-members of the Minerals Council. Five of the mining groups signed up for adoption on the day. Promotion of the CBAT simple leading practice continued at the Mpumalanga and KwaZulu-Natal regional tripartite forums. Five mines out of 30 potential adopter mines initially identified have progressed 40% along the adoption process steps.

Continuous Real-Time Monitoring (CRTM)

Adoption step progress in 2019 by all gold and other commodity operations except for collieries was 99.9% compared to 81.4% in 2018. The progress constituted 26 gold mines, one platinum converting plant, one manganese mine, one diamond mine and one iron ore mine. As requested by members, the CRTM gold community of practice for adoption was not disbanded. It has thus been transformed into a CRTM Interaction Group which will continue to share advances in CRTM technologies and serve as an industry working group for dust management-related activities.

Adoption in the coal mines has stalled at 57.4% of the overall adoption process steps, with most of the adopting mines citing intrinsic safety challenges in the installation of procured CRTM units. These operations are continuously assisted to address these challenges through the Underground Colliery Working Group and the revival of the adoption process is the primary focus.

HEALTH

Khumbul'ekhaya

The Health Department is an integral part of the implementation of the Khumbul'ekhaya strategy for reducing mortality from occupational health and safety. The Khumbul'ekhaya strategy demands that national and international mechanisms for tracking fatalities related to occupational diseases, during and post-employment, be explored.

Two studies were conducted, with one continuing in 2020. The first study was on tracking fatalities due to occupational diseases after employment, with the following objectives:

- Review current legislation regarding how deaths post-employment are catered for and what the gaps are
- Conduct a literature review of national and international leading practices on the topic
- Consult national and international experts on the topic to solicit their views on what is possible for the South African mining industry
- Make recommendations and create a strategy on how fatalities post-employment can be monitored in the mining industry

The results of the study indicated that South Africa does not possess prerequisites for the sustainable monitoring of deaths due to occupational diseases. South Africa thus had key structural challenges regarding surveillance of occupational diseases post-employment. The subsequent report recommends that a number of databases be used to track fatalities during and post-employment. In order for these databases to be as detailed and comprehensive as possible, however, other role-players beyond the industry need to be involved. These include doctors reporting on occupational diseases

PROMOTING ZERO HARM CONTINUED

and occupational mortality causes. The databases, which could be expanded to include all relevant mineworker-related information, also need to be digitised and monitored in conjunction with key industry stakeholders.

The second study was commissioned to the National Institute for Occupational Diseases over two years to assess the causes of fatalities in female employees during employment and devise a strategy on the subject. The study arose from industry data indicating that a number of female workers were dying young, although the causes of mortality were not all due to their mining occupation. The objectives of the study are to:

- Assess and propose the best scientific method for soliciting information on the extent and causes of mortality in young female workers
- Compare the fatalities of females to those of males to identify differences and/or similarities
- Ascertain if these fatalities were work-related or not
- Solicit views of companies on these fatalities and predisposing factors
- Consult the relevant stakeholders on possible viable solutions for this challenge
- Produce a report with recommendations on how these fatalities can be prevented and reduced

This study will be completed in 2020 and it is envisaged that the results will assist the industry in reducing mortality, especially in females.

Peer reviews on fire safety and occupational hygiene

The industry has in the past five years experienced serious incidents with fires. The CEO Zero Harm Forum decided in 2018 that peer audits be conducted on fire readiness and on

occupational hygiene. The objectives of the study were to assess:

- Fire prevention readiness and compliance to the Mandatory Code of Practice of Fires, including compliance to Chapter 5 under the MHSA, Act 29 of 1996
- Verification on the occupational health milestone data from 2015 to 2018 as captured on the Minerals Council Occupational Health Reporting System and progress to meet the 2024 milestone date as set out at the Tripartite Summit held in 2014

The results of the study will be available in early 2020 and will be utilised to improve performance in these areas.

Masoyise Health Programme

The Board of the Minerals Council approved the Masoyise Health Programme to run from 2019 to 2021. The programme succeeded Masoyise iTB, a project from 2016 to 2018 which achieved progress in raising the profile of interventions against TB and HIV in the industry.

The Masoyise Health Programme has a wider focus beyond TB and HIV. The vision of the programme is 'A mining industry that protects and maximises the health and wellness of its employees'. Its goal is to reduce the impact of TB, HIV, OLDs and non-communicable diseases (NCDs) as occupational health threats in the mining sector.

The programme acquired the services of a Project Manager in 2019. It also continued to be a database for TB, HIV, NCD and OLD data. Data for NCDs and OLDs for 2018/19 will be analysed and reported on in 2020.

Contact tracing activities and meetings were held in the Bojanala and Emalahleni districts, leading to improved awareness and reporting.

The contact tracing tool is now digital on the Minerals Council Occupational Health Reporting System and this has made reporting for 2019 easier and more accurate. These results will, however, only be available in 2020.

Of great interest is that the programme conducted three studies in 2019, as follows:

- The provision of TB services in the coal sector in Mpumalanga
- Identifying missed opportunities in TB fatalities in the South Africa mining sector
- Health promotion and social behaviour change interventions

The study on provision of TB services in the coal sector was concluded and its findings were that, although there were fewer cases in the sector the higher levels of contractor employees could be disguising the condition and there was a need to strengthen TB programmes in the sector. All stakeholders in the sector will evaluate ways to comply with this proposal.

The study on missed opportunities in TB fatalities is to be completed in 2020 and interrogates if there were any preventable causes of death in those that died from TB. Lessons from this study will provide valuable guidance on how TB management can be improved to reduce mortality.

The last study on health promotion and behaviour change will also be completed in 2020. It will contribute to a better understating of how behaviour change, which is important to reduce TB, HIV and NCDs, is managed in companies and what value the Masoyise Health Programme can add to the company programmes.



REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT

The Minerals Council continued to play a leadership role in managing the debate on climate change, and help guide debates on lowering the industry's environmental footprint in the areas of energy, water use and efficiency, environmental rehabilitation and closure, emissions monitoring, and leading practices on overall environmental management and sustainability.

In an attempt to assist members to comply with Carbon Tax legislation, the Minerals Council developed an excel-based spreadsheet template methodology for calculation of the tax. This template provided guidance to our members on how to interpret and apply the carbon tax formula to enable consistent understanding in companies calculating their tax liabilities. This template was also used to understand the overall impact of carbon tax on the industry during the first and second phases of its implementation.

Given the uncertainty as to whether the allowances proposed for Phase 1 would still be in place during Phase 2, the assessment to undertake the impact of the tax on the mining industry was based on two scenarios. The low-cost scenario assumes that the relief mechanisms (allowances) remain in place until the end of the first phase, namely December 2022, while the high-cost scenario assumes that the relief mechanisms (allowances) are phased out linearly. This assessment found that in 2020 (Phase 1), the potential total tax liability for the mining industry on Scope 1 emissions – taking into account both the direct tax liability of R645 million and the indirect tax liability of R135 million that would be passed on to the mining industry from suppliers (primarily from products such as steel, lime and cement) would be R780 million. During Phase 2, Scope 2 emissions

from indirect sources would apply in addition to Scope 1 emissions.

The industry's indirect/pass-through tax liability would increase significantly and would be greater than its direct tax liability from 2023 onwards when pass-through effects from electricity came into play. This clearly demonstrates the significant potential of the pass-through impact of electricity prices, particularly for energy-intensive industries. If the allowances for Phase 1 fell away during Phase 2, and assuming that mining output, consumption of high-emission inputs and emission intensities remain constant, the potential total carbon tax liability would increase to R4.59 billion by 2023 and R11.65 billion by 2030, increasing the cost of carbon tax to the mining sector by 1.4% in just a decade. Robust engagements were held with National Treasury to

communicate the financial impact of the tax on the mining industry.

The Minerals Council was instrumental in ensuring that the mining industry views were well articulated and taken into consideration in the following climate change policy developments amongst others during 2019:

- Carbon Tax Act
- Low Emissions Development Strategy
- Draft Climate Change Bill
- Draft Technical Guidelines for monitoring, reporting and verification of GHG emissions by the industry

Mining industry intensity benchmarks

The Development of the Greenhouse Gas Intensity Benchmarks within the gold and PGM sub-sectors in the South African Mining Industry that the Minerals Council proposed to National Treasury on behalf of the mining industry were adopted as they are in the carbon tax regulations published in December 2019. These benchmarks will help companies in the gold and PGM sectors to benefit from a 5% allowance under the Carbon Tax Act. The Minerals Council will be embarking on the development of other intensity benchmarks for other commodities.

INTEGRATED RESOURCE PLAN 2018

The Environment discipline contributed to the Minerals Council submission on the Integrated Resource Plan draft policy, particularly to ensure alignment of the country's energy policy with climate change discourse and carbon tax policy considerations.

REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT

CONTINUED

Launch of the water conservation and water demand management self-assessment reporting tool

Over the years, the Minerals Council and the DWS have collaborated in the development of tools and measures to implement a water conservation and water demand management (WCWDM) programme for the mining industry. The WCWDM programme is a fundamental step in promoting the efficient, effective and sustainable use of water. It is consistent with the National Water Act (Act 36 of 1998) and in particular, the National Water Resources Strategy (Department of Water Affairs, 2013). In pursuance of the adoption of best practices in WCWDM, the Minerals Council has developed an Excel spreadsheet-based self-assessment reporting tool to be used by the mines in the reporting and management of their WCWDM plans that are developed and implemented as part of water use licence conditions. The tool is aimed at enabling the mines to report their water balances in a standardised format, and to enter and manage the water use efficiency targets and WCWDM action plans. This tool was launched in August 2019 and has since seen wide-spread use by member mining companies. The Minerals Council is conducting capacity building on the tool to ensure that the use of the tool infiltrates to the entire mining industry.

Thought leaders in mine closure and rehabilitation

The Minerals Council collaborated with the Land Rehabilitation Society of Southern Africa and CoalTech, a research association, to revise the guideline on the closure and rehabilitation of surface coal mines. The revision was necessary for the

guideline to align with the new policy and legislative developments in mining rehabilitation and closure so that mining houses could update their in-house standards, guidelines and protocols to focus on site-specific rehabilitation processes.

The intent of this Land Rehabilitation Guideline for surface coal mines was as follows:

- To provide a consolidated, up-to-date document covering the key aspects of good practice planning, implementation and ongoing management of surface coal mines from a land rehabilitation perspective
- To provide standardised guidance for setting corporate standards and policies, and site-specific land rehabilitation plans
- To emphasise the importance of upfront and aligned mine and rehabilitation planning that focuses on setting appropriate rehabilitation targets aimed at achieving an agreed post-mining landscape capable of supporting a mixed suite of future uses and that will ultimately streamline and optimise business expenditure
- To provide technically sound, simple and practical approaches for implementation by all levels of land rehabilitation practitioners, mine planning teams and administering regulators, all of whom are responsible for mining-related land stewardship in our country

A catalyst for mainstreaming biodiversity into mining in 2019

The Minerals Council acknowledges the need for mining to be done in an environmentally sustainable manner, ensuring that biodiversity issues are dealt with appropriately through the various stages of a mine's life.

Biodiversity consideration was achieved through:

- Ensuring that member companies integrate biodiversity information into the planning of mining operations
- The effective mitigation of:
 - potential impacts (by avoiding sensitive areas)
 - actual impacts (by carefully designing projects, managing them to the highest possible environmental standards and rehabilitating impacts as far as is feasible)
 - residual mining impacts (by offsetting remaining impacts after those that can be avoided, minimised and rehabilitated have been addressed)

This work is facilitated through the South African Mining Biodiversity Forum (SAMBF) which is convened by the Minerals Council. The SAMBF brings together stakeholders from industry, conservation bodies, civil society, labour unions and government, which provides opportunities for cross-sectoral interaction and co-operation to improve biodiversity conservation, management and performance in the mining industry.

STRATEGIC GOAL

5



Continually
improve
effectiveness
and
performance

IN THIS SECTION

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and efficiency



#MakingMiningMatter

ENSURING OUR EFFECTIVENESS AND EFFICIENCY

The Minerals Council works to continually improve the organisation's effectiveness and performance for the benefit of its members and the mining industry.



Improved structures

As indicated in other sections of this report, the Minerals Council has put intensive strategic effort into further raising the performance of a variety of its structures and establishing new ones, where required, including the commodity, safety and health, and region-specific leadership forums as well as policy committees. All these are central to developing industry positions for engagements with government and other stakeholders on the industry's needs.

The Board of the Minerals Council, the Audit and Risk Committee and the Remuneration Committee (Remco) have worked efficiently during the year as have the commodity leadership forums, the CEO Zero Harm Forum, the Junior and Emerging Miners' Leadership Forum

and the various policy committees. Good governance principles, health and safety criteria, and appropriate competition law prescripts were applied in all meetings, with efficient and modern management systems being implemented. These are all CEO-driven and facilitated by the Minerals Council. A new Exploration Leadership Forum was approved by the Board during 2019 and will commence work in the first quarter of 2020. The Chrome and the Junior and Emerging Miners' Leadership Forums had detailed meetings with Minister Mantashe and the DMRE team. The Minerals Council also hosted a strategic workshop on market development for platinum, where it was agreed by all members that investing in market development was a strategic imperative for the platinum mining sector.

IMPROVEMENT

The Minerals Council has put intensive strategic effort into further raising the performance of a variety of its structures and establishing new ones where required.

Communication

Management continued to ensure the improvement in the communication performance of Minerals Council. The Minerals Council Integrated Annual Review 2018 won an Excellence award in the International Association of Business Communicators 2019 Silver Quill Awards programme in October 2019. The programme recognises business communication excellence across the continent. The Integrated Annual Review 2018 also received a Merit award in the NGO/NPO category at the Chartered Secretaries of Southern Africa's Integrated Reporting Awards 2019 in November 2019. A much more assertive approach to communicating key business messages was adopted in late 2019 and will be rigorously applied throughout 2020.

Human resources strategy

The Minerals Council introduced a human resources strategy in 2016, followed by a revised remuneration policy and performance management system in 2017 – these have been continuously improved. This has resulted in the Minerals Council being able to successfully attract, motivate, engage and retain high-performing individuals. A competitive rewards programme is offered within a total reward (non-financial and financial) framework. An integrated talent management and succession planning policy that focuses on transformation and gender parity was implemented with continual feedback to the Remco. Supporting the culture of continuous learning, the formal assessment of employees commenced in 2019, which informed the personal development plans for each employee. The organisational structure and capacity are designed to meet the requirements of the Board-agreed strategic plan and budget.



Risk management

Risk management is integrated with management and budget processes. A risk-based approach is followed to identify and formulate special projects that are linked to specific risk bowties. A detailed process of risk analysis and cause and effect identification makes possible the design of projects to serve as preventative or mitigating actions to effectively manage risk and alignment to the strategic plan. Managing risks is inculcated in the formulation of key indicators of employees and is now an integral part of the performance management system.

Governance

There is continuous improvement in our internal governance and the governance of structures on which the Minerals Council is represented. Governance policies are in place with a system to ensure a comprehensive review of all policies on a systematic basis. The Minerals Council adopts a zero-tolerance approach to any form of bribery, fraud or corruption.

The following governance structures are in place to oversee the governance function:

- Regular internal and external audits
- Audit and Risk Committee
- Ethics policy and conflict of interest policy
- Annual declarations of interest
- External Remuneration Committee
- Externally monitored ethics line
- Training and awareness programmes

Rebranding

Following extensive research, the Board agreed that the organisation would change its identity and name to be more reflective of what we are and strive to be. On 23 May 2018, the Chamber of Mines of South Africa changed its name to the Minerals Council South Africa, a name and brand that better reflects the work that the organisation and its members

now do, and in line with our changing ethos. We continue to inculcate our new brand and values internally and externally with each of us embracing the role of brand ambassador. A Brand Guardian Team was established in 2018 and regularly engages on key reputation and communication issues that affect the Minerals Council South Africa brand.

Health and safety

The Minerals Council embraces a culture of health and safety. We have programmes in place to ensure a safe working environment, and health and wellness programmes, ranging from promoting a healthy diet to employee wellness initiatives, which are offered to all employees on a regular basis. The Minerals Council employees have also embraced the principals of the Masoyise Health Programme.

Reducing our environmental footprint

The Minerals Council platinum-based electricity generation fuel cell provides a significant portion

of the building's energy needs. Our environmental footprint was further reduced in 2019 with the installation of a system harvesting the waste heat from the fuel cell to heat certain areas of the building. As much as 70% of the energy fed into the fuel cell is harvested for electricity and heating, making this an extremely efficient system.

Organisational modernisation

The programme to renovate and modernise both our building and our information technology systems continues, in keeping with our modern ethos and developing the Minerals Council as a progressive organisation, with the aim of making optimum use of the physical, intellectual, human and institutional assets. Each aspect of our modernisation is considered and planned in detail before being embarked upon, ensuring cost-effectiveness and efficiency, and an environment that is conducive to productive work, which is as



Sibanye-Stillwater – Rustenburg operations

ENSURING OUR EFFECTIVENESS AND EFFICIENCY

CONTINUED

automated as possible. Cybersecurity remains a major challenge and systems have been implemented to combat this threat as far as possible.

Corporate social investment

Our corporate social investment project, which involves participation in an urban agriculture initiative on the roof of the Minerals Council building has been expanded and is now able to support three individuals.

We also participate in and contribute to the Main Street City Improvement District, which has a mining theme and attracts the City Sightseeing red bus tourist operator to the area, giving international and local tourists a positive view of the mining industry.

During 2019 the M2 highway was closed due to pillar failures necessitating major bridge repairs resulting in major traffic congestion and an increase in crime in the Johannesburg central business district area. The businesses in the area banded together and are

co-operating on many levels to improve the safety and health of the people working in the inner city via an organisation called FIRM (Forum for Integrated Risk Management).

Data Project 4.0

The Minerals Council is continuing with the process of establishing a foundational and enabling data and information management structure for our employees and stakeholders. The structure will ensure that accurate data is easily available and is intended to:

- Increase confidence in the integrity of the content available ('one version of the truth')
- Improve efficiency
- Optimise and streamline associated business processes
- Improve regulatory and legislative compliance
- Reduce costs
- Mitigate risk
- Provide a faster turnaround and improved response (agility)

The ultimate goal is to make the right information available, while ensuring its integrity, to empower the right people at the right time, allowing for better decision-making, advocacy, and having one version of the truth.

Evaluation performance and providing feedback

A survey on the performance of the Minerals Council was conducted by the Board in March 2019, the results of which indicate that 100% of Board members view the Minerals Council as an investment to solve the collaborative issues of the industry. Extensive discussions were held with the Office Bearers on the key strategic issues affecting the mining sector and ongoing feedback was provided to the Board. Surveys on the effectiveness and impact of the Minerals Council were rolled out to all leadership forums and a comprehensive strategic review is planned by the Board for 2020.

SECTION 7

SUPPLEMENTARY INFORMATION

The Board of the Minerals Council, the Audit and Risk Committee and the Remco have worked efficiently during the year, as have the various leadership forums.

IN THIS SECTION

- 106 Abbreviations and acronyms
- 108 Notes
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ABBREVIATIONS AND ACRONYMS

ACMMAA	Association of Chambers of Mines and other Mining Associations in Africa	DPE	Department of Public Enterprises
AIDS	Acquired immunodeficiency syndrome	DWS	Department of Water and Sanitation
AMCU	Association of Mineworkers and Construction Union	ESG	Environmental, social, and governance
AMMSA	Association of Mine Managers of South Africa	EVP	Executive Vice President
ASISA	Association for Savings and Investment South Africa	FOG	Falls of Ground
BASA	Banking Association South Africa	GDP	Gross Domestic Product
BEE	Black economic empowerment	GHG	Greenhouse gas
BLSA	Business Leadership South Africa	GM	General Manager
BRICS	Brazil, Russia, India, China and South Africa	HDSA	Historically Disadvantaged South Africans
BUSA	Business Unity South Africa	HIV	Human immunodeficiency virus
CAS	Collision avoidance system	HPI	High potential incident
CCMA	Council for Conciliation, Mediation and Arbitration	IBMQI	Industry-wide Buy and Maintain Quiet Initiative
CCOD	Compensation Commissioner for Occupational Diseases	ICMM	International Council on Mining and Metals
CEO	Chief Executive Officer	ICT	Information and communications technology
CLF	Coal Leadership Forum	IGCF	Industry ground control framework
CoE	Centre of Excellence	JEMLF	Junior and Emerging Miners' Leadership Forum
COIDA	Compensation for Occupational Injuries and Diseases Act	LED	Local economic development
COO	Chief Operating Officer	LFI	Learning from incidents
CPI	Consumer price index	LTIP	Long-term incentive plan
CRTM	Continuous real-time monitoring	Masoyise iTB	Let's beat TB
CTF	Culture Transformation Framework	MCD	Mine community development
CY	Calendar year	MEMSA	Mining Equipment Manufacturers of South Africa
dB	Decibel, the unit used to measure sound intensity	MHSA	Mine Health and Safety Act
DEA	Department of Environmental Affairs	MHSC	Mine Health and Safety Council
DEFF	Department of Environment, Fisheries and Forestry	MIASA	Mining Industry Association of Southern Africa
DMRE	Department of Mineral Resources and Energy	Mining Charter	Broad-based Black Economic Empowerment Act: Broad-based Socio-Economic Empowerment Charter for the Mining and Minerals Industry
DoH	Department of Health	MOSH	Mining Industry Occupational Safety and Health

MPRDA	Mineral and Petroleum Resources Development Act	POE	Portfolios of evidence
MQA	Mining Qualifications Authority	PPI	Policy Perception Index
MRDS	Mine Residue Deposits and Stockpile	QCTO	Quality Council for Trades and Occupations
Mt	Metric tonnes (1,000 kilogrammes)	RCC	RMDEC Coordinating Committee
MWCB	Mine Water Coordinating Body	RCS	Respiratory crystalline silica
NCD	Non-communicable diseases	R&D	Research and development
NCOP	National Council of Provinces	RD&I	Research, development and innovation
NDP	National Development Plan	Remco	Remuneration Committee
Nedlac	National Economic Development and Labour Council	RMDEC	Regional Mining Development and Environmental Committee
NERSA	National Electricity Regulator of South Africa	RIIS	Research Institute for Innovation and Sustainability
NEMA	National Environmental Management Act	SADC	Southern African Development Community
NEMLA	National Environmental Management Laws Amendments	SAMBF	South African Mining Biodiversity Forum
NGO	Non-governmental organisation	SARS	South African Revenue Service
NHI	National Health Insurance	SAQA	South African Qualifications Authority
NIHL	Noise-induced hearing loss	SDGs	The United Nations Sustainable Development Goals
NSDP	National Skills Development Plan	SIMRAC	Safety in Mines Research Advisory Committee
NUM	National Union of Mineworkers	SLP	Social and labour plan
NUMSA	National Union of Metalworkers of South Africa	STIP	Short-term incentive plan
ODMWA	Occupational Diseases in Mines and Works Act	STS	Socio-technical systems
OECD	Organisation for Economic Co-operation and Development	STS	Standard threshold shift
OEM	Original equipment manufacturer	TB	Tuberculosis
OLD	Occupational lung disease	TERS	Temporary Employer/Employee Relief Scheme
Op-ed	Opposite the editorial page – a written piece published by a newspaper/magazine which expresses the opinion of its author	T&M	Transport and Machinery
PAYE	Pay As You Earn tax on personal income	TMM	Trackless mobile machinery
PGMs	Platinum group metals	UIF	Unemployment Insurance Fund
PLF	Platinum Leadership Forum	UASA	Trade union in South Africa, formerly named United Association of South Africa
		VAT	Value-added tax
		VGGWSS	Vaal Gamagara Water Supply Scheme
		WCWDM	Water conservation and water demand management

NOTES

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CONTACT DETAILS AND ADMINISTRATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

A voluntary employers' organisation tasked with lobbying and advocacy to achieve a policy, legislative and governance framework, which is widely supported, and which will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

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