



Integrated
ANNUAL REVIEW
2021

Changing mines, changing lives

#MakingMiningMatter



MINERALS COUNCIL
SOUTH AFRICA

Note: Some photographs used in this report were taken before the COVID-19 pandemic and do not reflect industry's standard operating protocols that were implemented as a result of the pandemic.

The Minerals Council South Africa represents 78 members or 90% of South African mineral production by value. Its members have interests in a wide range of minerals with many companies mining several minerals.

The total below is more than 78 because many members mine more than one commodity



15	Platinum group metals	4	Diamonds
14	Coal	4	Associations
13	Chrome	4	Contractors
11	Other minerals	3	Vanadium
9	Manganese	3	Exploration
7	Gold	3	Investment companies
6	Copper	2	Zinc
5	Iron ore	2	Corporate

THE MINING SECTOR IN 2021



employed
458,954
people



contributed
R78.1 BILLION
in taxes to South Africa



contributed
R480.9 BILLION
to gross domestic
product (GDP)

About this report

This is the Minerals Council South Africa's (Minerals Council's) integrated annual review and it covers the financial year 1 January 2021 to 31 December 2021. This report has been structured around our strategic goals and covers noteworthy events and developments during this period and, in some cases, up to the date of publication. 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. 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, is available on the Minerals Council website at:

<https://www.mineralscouncil.org.za/industry-news/publications/annual-reports>



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VISION

To ensure 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 or remain a member of the Minerals Council. The five values of the Minerals Council are:



Responsible citizenship



Trust



Accountability



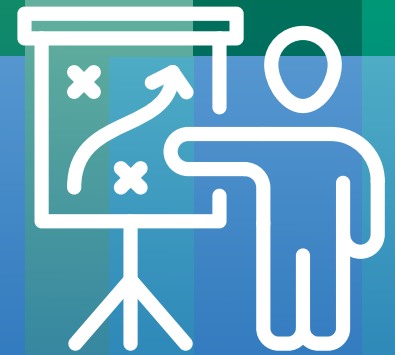
Respect



Honesty

SECTION 1

About the Minerals Council and how we create value



“Bringing together mining and metals company members as well as national, regional and commodities association members, we serve as a catalyst for change, enhancing mining’s contribution to society.”

IN THIS SECTION

- 3 About the Minerals Council South Africa
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About the Minerals Council South Africa

2021 HIGHLIGHTS



Mineral export sales:
R841.6 billion



Employee earnings:
R153.8 billion



PAYE by mining employees:
R27.0 billion

The Minerals Council represents 90% of South Africa's mineral production by value 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, 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.

Repositioning mining in South Africa

The Minerals Council has developed a vision to reposition the mining sector in the eyes of its stakeholders through its actions, with clear recognition of the industry's legacies in South Africa. It seeks to create an environment that promotes competitiveness and growth, to increase real investment in the mining sector by 2030, and to grow mining's contribution to at least 10% of GDP. 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 comprises of 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 supports the World Platinum Investment Council (WPIC).

The Minerals Council is staffed by 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, and modernisation and learning hub leading practices, and is supported by professional finance, administrative, and information and communications technology functions.

OUR MEMBERS

The Minerals Council is a respected body of members.

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. Thirteen of South Africa's chrome producers are members of the Minerals Council:

African Rainbow Minerals, Anglo American Platinum, Assore, Barplats, Chrometco, Glencore Alloys, Limberg Mining Company, New Venture Mining Investment Holdings, Northam Platinum, Samancor Chrome, Sibanye-Stillwater, Siyanda Resources, and Tharisa Minerals

Coal

Coal is the largest industry by production volume and is a critical source of primary energy (electricity and liquid fuels) driving South Africa's economy. The fifteen coal mining member companies of the Minerals Council are:

Exxaro Resources, Glencore Coal, HCI Coal, Kuyasa Mining, Ledjadia Coal, Mbuyelo Group, MC Mining, Msobo Coal, Opal Mining, Sasol Mining, Seriti Resources, Thungela Resources, Uthaka Energy, and Vaalburg Mining

Copper

Copper is a soft, malleable, and ductile metal with very high thermal and electrical conductivity. Six member companies mine copper, in some cases as a by-products or co-products of gold, platinum and zinc mining:

African Rainbow Minerals, Anglo American Platinum, Orion Minerals, Palabora Mining Company, Royal Bafokeng Platinum, and Vedanta Zinc International

Diamonds

Diamonds, arguably the ultimate luxury, are an intricate lattice of carbon atoms, a crystalline structure that makes them harder than any other form in nature. This 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 four diamond mining companies are members of the Minerals Council:

De Beers, Ekapa Mining, Petra Diamonds, and Trans Hex Group

Gold and uranium

Gold is one of the world's most coveted metals, revered for its beauty, symbolism, and as a store of value. Gold 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:

DRDGold, Gold Fields, Harmony Gold, Pan African Resources, Sibanye-Stillwater, Theta Gold Mines, and Village Main Reef

Iron ore

Iron is among the most common elements on earth, comprising much of the planet's inner and outer core. Most iron ore is used to manufacture steel, which, in turn, is used to manufacture machines, buildings, and tools. Five of South Africa's iron ore producers are members of the Minerals Council:

African Rainbow Minerals, Assore, Afrimat, Kumba Iron Ore and Sedibeng Iron Ore

Manganese

Manganese has numerous industrial and metallurgical applications, particularly in the manufacture of steel, as well as 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. Nine of the country's manganese miners are members of the Minerals Council:

African Rainbow Minerals, Afrimat, Artika Resources, Assore, Kalagadi Manganese, Kudumane Manganese Resources, South32 – South Africa Manganese, Tshipi é Ntse Manganese Mining, and United Manganese of Kalahari

Platinum group metals

Platinum group metal (PGM) industry sales overtook those of the coal industry in 2020. PGMs comprise six noble metals – platinum, palladium, rhodium, ruthenium, osmium, and iridium. Platinum, palladium, and rhodium are the primary metals of significant economic value used by the automotive and chemicals industries for their excellent catalytic properties. Other uses include jewellery, investment (coins and bars), fuel cells, and other industrial and medical purposes. South Africa is the largest PGM producer in the world with fifteen producers that are members of the Minerals Council:

African Rainbow Minerals, Anglo American Platinum, Barplats, Bauba Platinum, Impala Platinum, Ivanhoe Mines, Nkwe Platinum, Northam Platinum, Platinum Group Metals, Royal Bafokeng Platinum, Sedibelo Platinum Mines, Sibanye-Stillwater, Siyanda Resources, Tharisa Minerals, and Wesizwe Platinum

Vanadium

Listed as one of the top five minerals needed for renewable energy technologies, demand for vanadium is set to increase. Known for its PGM resources, South Africa's Bushveld complex is also rich in vanadium, with three Minerals Council Members with interests in vanadium:

Bushveld Minerals, Opal Mining, and Vanadium Resources

Zinc

Zinc, a crucial new-tech mineral driving the world's fourth industrial revolution, is the rising star in South Africa's mining portfolio. Two companies with interest in zinc are members of the Minerals Council:

Vedanta Zinc International and Orion Minerals

Other minerals

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

African Rainbow Minerals, Afrimat, Corobrik, Imerys, Kropz Elandsfontein, NV Commodities Trading International, Pretoria Portland Cement (PPC), Richards Bay Minerals, South32, Tronox Mineral Sands, and Vedanta Zinc International

Associations

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

ASPASA, the Clay Brick Association of South Africa, the South African Diamond Producers' Organisation (SADPO), and the South Africa Mining Contractors' Association

Contractors

The Minerals Council also counts four contractor companies that provide much-needed services to the mines and an association of mining contractors as members:

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

Corporates

Two Minerals Council members are entirely corporate entities, being either umbrella holding companies or companies with no current operations within South Africa. AngloGold Ashanti has sold its last remaining operation in South Africa. For this reason, the company has been listed under the corporates category:

Anglo American South Africa and AngloGold Ashanti

Exploration

These companies are involved in the prospecting of minerals for commercial extraction. Three exploration companies are members of the Minerals Council:

Lethabo Exploration, Orion Minerals, and White Rivers Exploration

Investment companies

These are companies engaged in the business of investing capital into the mining industry. Three investment companies are members of the Minerals Council:

Artika Resources, BG Global, and the Kolobe Nala Investment Company

Our business model

Harmony – Mponeng



KEY RISKS

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

1. Global competitiveness of South Africa and Mining Industry to attract investments
2. Political instability impacting negatively on business environment
3. Policy and regulatory uncertainty on mining charter and land expropriation without compensation
4. Unreliable energy supply and unsustainable tariff escalation
5. Underperformance by Industry in meeting Health and Safety targets
6. Deteriorating security and crime
7. Effectiveness of environmental management and climate change policies and legislative requirements
8. Effectiveness of payments for occupational lung disease compensation
9. Heightened expectations and demands from communities
10. Inadequate application of innovation to sustain the industry in long term

We create value by acting as the principal advocate for the South African mining industry on behalf of our members, our primary stakeholder.

We strive to reposition the industry to unlock its potential further and to optimise its contribution to the South African economy. Much of the value we create is indirect and cannot be measured strictly in financial terms.

What we do



IDENTIFY

- Identify and understand main issues of concern to members and other 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



GUIDE

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



COMMUNICATE

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

Our business model continued

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 (RD&I) 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 leading 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

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 offices in Mpumalanga and the Northern Cape to improve coordination and encourage collaboration with mining communities and municipalities, and to share leading practice
- Continued promotion of the Exploration, Association and Women in Mining Leadership Forums to improve the performance of structures and to develop diversity strategies

For the mining industry:

GOAL 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

GOALS 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

GOAL 02

- Provided substantial input to the National Energy Regulator of South Africa (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 issues, including the large impact in phase 2

GOAL 03

- Implemented Board-approved strategy to run the regional offices, with a focus on encouraging collaboration on social and labour plans (SLPs) to improve community development impacts

VALUE CREATED IN 2021:

STRATEGIC GOALS



01



02



03



04



05

For the Minerals Council:

GOAL 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 ten leadership forums
- Led and facilitated an engagement with the top six 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) and Business for South Africa (B4SA) – to ensure a more 'assertive' role for organised business in 2021

GOAL 04

- Mitigated the impacts of COVID-19 on the industry and surrounding communities
- Promoted zero harm and effective transformation
- Worked at reducing the industry's environmental footprint

GOAL 05

- Ensured continued improvement in the communication performance of the

Sustainable development

The Minerals Council is an associate member of the International Council on Mining and Metals (ICMM), which is dedicated to ensuring a safe, fair, responsible, and sustainable global mining industry. We, and our members, through the Membership Compact, support the ICMM's 10 Principles for sustainable development in the mining and metals industry.

ICMM's 10 principles are:



The ICMM also developed position statements, that include several mandatory requirements, to augment the 10 Principles. These statements cover:

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

Sustainable development continued

Human Rights Framework

In 2018, the ICMM became the first industry body to commit to the United Nations Guiding Principles on Business and Human Rights and their implementation. New membership requirements, consequently, were developed and benchmarks set for the industry's environmental and social performance.

The Minerals Council, in line with these, developed a Human Rights Framework for the South African mining industry and both engages

external stakeholders on the Framework's implementation and assists members with understanding and internalising its implications.

United Nations' (UN) Sustainable Development Goals (SDGs)

The United Nations developed the 17 Sustainable Development Goals below to support its 2030 Agenda aimed at ending poverty and inequality, protecting the planet, and ensuring that all people enjoy peace and prosperity.



Achieving the SDGs depends on strong commitment by all to working in partnership and to co-operation among all role players. For the Minerals Council, Goal 17 is thus of particular importance, exhorting members and stakeholders to work together with us to deliver on the other 16 SDGs and their overall aims – particularly given their association with the NDP.

The South African mining industry, vital to South Africa's economy, has a crucial role to play in delivering on the SDGs. While the Minerals Council already reports indirectly on the mining sector's contribution to the various SDGs, regular, more transparent reporting to stakeholders will help build trust, promote accountability, and encourage investment in the industry.

Value creation for the South African mining industry and related SDGs					
Human capital	Intellectual capital	Social and relationship capital	Natural capital	Financial capital	Manufactured capital
<ul style="list-style-type: none"> Safe mining Improved employee engagement and communication Enhanced training and development Transformation 	<ul style="list-style-type: none"> Promoting research, development and innovation (RD&I) to unlock the full potential of the mining sector and create the mines of tomorrow 	<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 	<ul style="list-style-type: none"> Improved resource management to ensure efficient, responsible use and consumption of resources Responsible environmental stewardship 	<ul style="list-style-type: none"> Increased investor confidence, boosting investment in the mining sector A profitable mining sector 	<ul style="list-style-type: none"> Improved technology and mining practices (modernisation)
SDGs per capital					
1 2 3 4 5 8 10	4 8 11 12	1 2 3 4 5 8 10 11 16	6 7 11 12 13 14 15	1 8 10	9 11 12



HOW MINING CONTRIBUTES TO SOUTH AFRICA

The year 2021 had surprising features, all due to commodity prices rising by nearly 40% in Dollar terms, and nearly 20% in Rand terms, the latter due to the strengthening of the Rand:Dollar exchange rate (+12%)

The physical volume of mining production recovered from the decline (-12.4%) in 2020 to record growth of 11.6% in 2021. The latter largely reflects the movement in mining gross domestic production: -11.9% (2020) and +11.8% (2021), reaching R481 billion.

The value of mining production reached over R1 trillion for the first time in 2021, an increase of more than 30% on 2020, (which was already 14% higher than 2019, also due to commodity price increases).

Snapshot 2021

Direct GDP
contribution:

**R480.9
billion**

2020: R 353.2 billion



% contribution
to GDP:

8.7%

2020: 7.1%



Total primary
sales:

**R849.6
billion**

2020: R609.1 billion



Minerals
exports:

**R841.6
billion**

2020: R577.0 billion



Employment:

458,954

2020: 452,866



Employee
earnings:

**R153.8
billion**

2020: R151.7 billion



PAYE by mining
employees:

**R27.0
billion**

2020: R26 billion



VAT
refunds

**R50.4
billion**

2020: R34.7 billion



Value added
taxes
paid:

**R15.4
billion**

2020: R15.2 billion



Corporate income
tax paid by the
mining sector:

**R78.1
billion**

2020: R38.6 billion



Royalties
paid:

**R27.9
billion**

2020: R14.2 billion



Diesel
refunds:

**R1.7
billion**

2020: R3.1 billion



Transfer
duties paid:

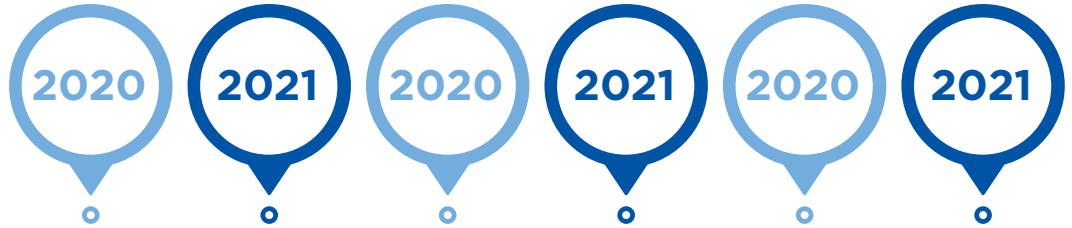
**R8.0
million**

2020: R12 million



How mining contributes to South Africa continued

The table below summarises the trends and levels



INDICATOR	Rates of change % nominal/actual		Rates of change % Inflation adjusted			
Rand:Dollar (Rand)	(12.4)	11.6	-	-	R16.50	R14.79
Dollar commodity prices	11.0	36.8	-	-	-	-
Rand commodity prices	24.6	11.6	-	-	-	-
Production (values)	14.2	30.6	(12.8)	27.1	R910.0bn	R1,188.5bn
Intermediate products	-	48.0	-		R425.3bn	R632.0bn
Final products	-	48.0	-		R484.3bn	R555.9bn
Total sales	10.1	39.0	(13.2)	15.1	R609bn	R846.0bn
Exports	24.8	46.0	-	30.0	R577.0bn	R842.0bn
GDP	12.1	34.8	(11.8)	13.8	R379.8bn	R481.0bn
Compensation for employees	(5.0)	16.7	-	-	R131.7bn	R153.8bn
Employment (no.)	-	-	(4,657)	8,071	452,866	458,954
Employment (no. Q3)	-	-	-	10,461	452,718	464,046
Gross fixed investment	(9.5)	24.3	(13.8)	1.7	R92bn	R114.4bn

Sources: South African Reserve Bank, Statistics South Africa, Minerals Council South Africa

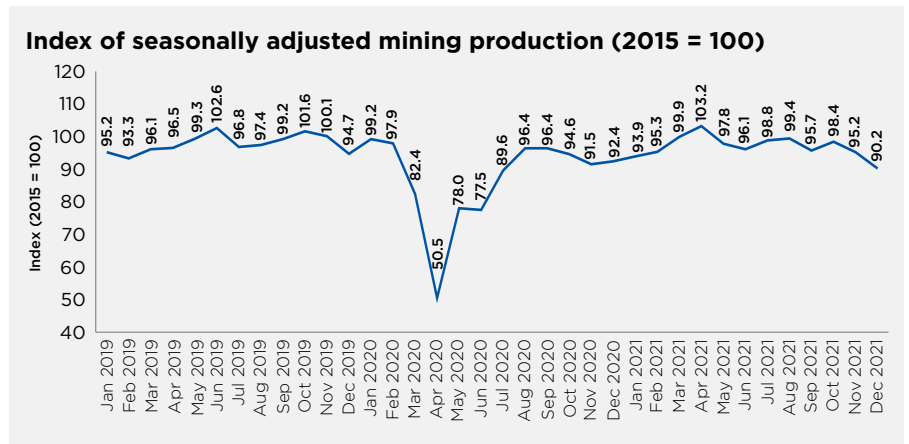
Anglo American Platinum – Mototolo



How mining contributes to South Africa continued

Production data

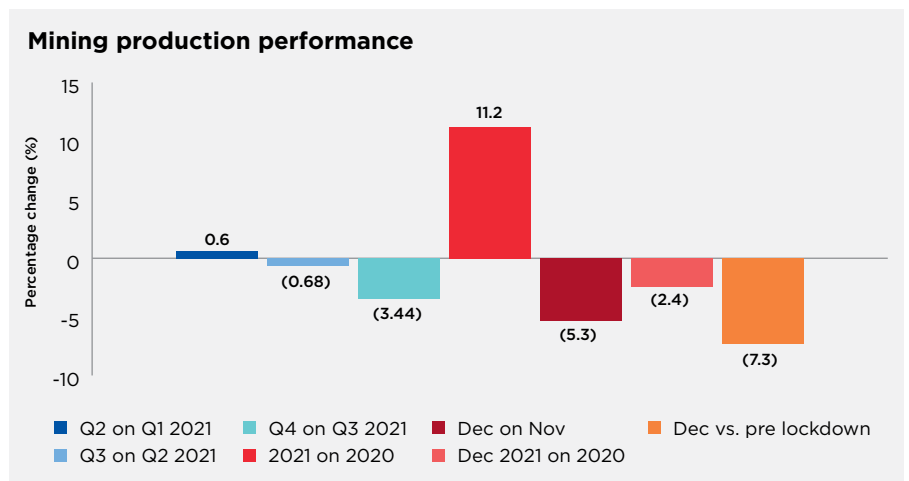
Although production has recovered (+11.2%) from the low base in 2020, the 20-year index of mining production shows that sector production has not recovered since the 2000/6 peak and is struggling to maintain 2015 levels (base year = 100).



Sources: Statistics South Africa, Minerals Council South Africa

This is true of the post lockdown period as well, and recovery seems to have stagnated since April 2021, with production at the end of December 2021 lower than November 2020. Prospects depend on commodity demand and prices holding up, a conducive policy environment, and physical infrastructure constraints to be eliminated.

Comparing production performances over shorter time horizons clearly shows the lagging outcomes between quarters, and more starkly towards the end of 2021.



Sources: Statistics South Africa, Minerals Council South Africa

Anglo American Platinum – Mototolo



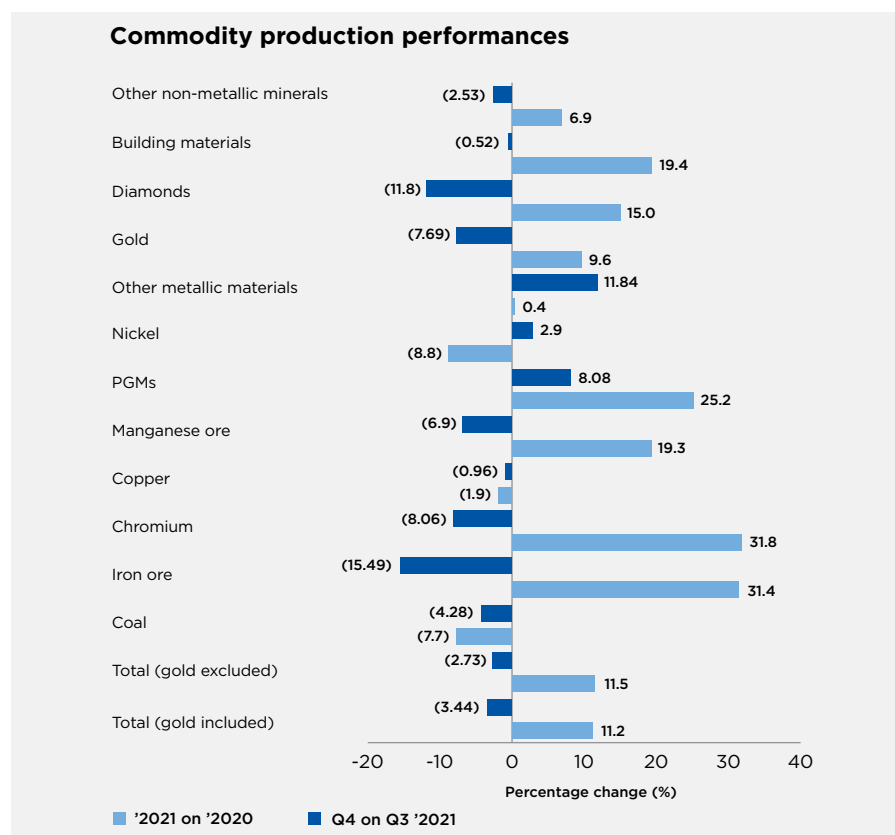
How mining contributes to South Africa continued

The graph alongside depicts individual commodity production performances for 2021 (blue bars), showing the recovery from the restrictions on production during 2020.

The black bars show the worrying, widespread trend of weaker fourth quarter production against the third quarter of 2021.

As seen above, the December production level was lower than the average monthly performance before the lockdown restrictions.

Each commodity experienced unique circumstances which resulted in these outcomes. However, the compounding uncertainties due to logistical bottlenecks (rail, ports and border posts), unsustainably high electricity tariff increases, as well as unreliable supply, and pervasive crime incidents are all contributing to unfavourable circumstances.



Sources: Statistics South Africa, Minerals Council South Africa

Commodity price trends

Commodity markets have experienced increased volatility in recent months, and prices were slightly softer than earlier in 2021. This was the result of several factors: the varied impact of the COVID-19 pandemic, energy shortages in Europe and China coupled with adverse weather in the USA, speculation about future Chinese steel making, Chinese authorities' intervention in commodity markets, and continued uncertainty about demand and stocks of 'green' commodities. This instability is expected to continue. These trends slowed down commodity price increases towards the end of 2021 (fourth quarter (Q4) on Q3: 11% Dollar increases and 8.6% Rand increases).

Dollar prices for South African commodities were up by around 37% during 2021. These trends fluctuated widely among the different commodities with coal 81% higher versus gold higher by only 1.5%. Comparing 2021 with the pre-COVID period, Dollar prices were 56% higher.

Dollar prices

	Coal US\$/t	Iron ore US\$/t	Gold US\$/t	Platinum US\$/t	Dollar index
Year to Dec 21	119.0	161.1	1,797.4	1,086.7	237.6
Year to Dec 20	65.7	108.9	1,770.3	883.4	173.7
Change year to date %	81.3	47.9	1.5	23.0	36.8
12 months to Dec 21	119.0	161.1	1,797.4	1,086.7	237.6
Change 12 months %	81.3	47.9	1.5	23.0	36.8
Change 1 month %	(13.3)	15.3	(0.1)	(2.0)	(2.7)
Dec on 12 Months	1.7	(31.7)	(0.3)	(12.1)	2.0
Change year-on-year %	42.1	(29.2)	(3.6)	(7.1)	21.0
Dec before lockdown	98.95	(0.92)	22.56	9.95	56.47
12 months average before lockdown	70.12	96.29	1,462.94	885.84	159.10

Sources: World Bank, South African Reserve Bank, Minerals Council South Africa

How mining contributes to South Africa continued

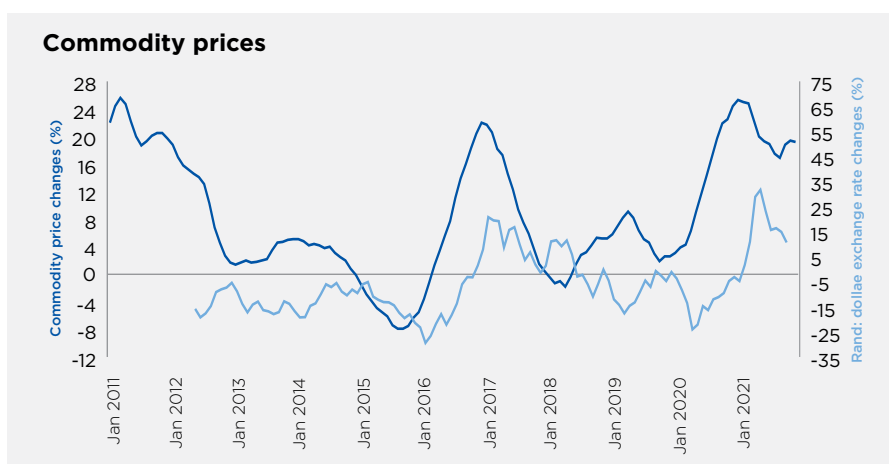
The **Rand:Dollar exchange rate** appreciated by about 12% during 2021, with only recent weakness recorded. At the time of writing, it was virtually at the same level as before the lockdown period.

Rand prices

	Coal US\$/t	Iron ore US\$/t	Gold US\$/t	Platinum US\$/t	Rand index	Exchange rate (ZAR cents:US\$)
Year to Dec 21	1,762.3	2,365.0	26,570.8	16,037.8	350.0	1,479
Year to Dec 20	1,071.3	1,788.0	29,231.0	14,484.7	295.2	1,650
Change year to date %	64.5	32.3	(9.1)	10.7	18.5	11.6
12 months to Dec 21	1,762.3	2,365.0	26,570.8	16,037.8	350.0	1,479
12 months to Dec 20	1,071.3	1,788.0	29,231.0	14,484.7	295.2	1,650
Percentage change (%)						
Change 12 months %	64.5	32.2	(9.1)	10.7	18.5	11.6
Change 1 month %	(11.4)	17.8	2.1	0.2	(3.3)	(2.1)
Dec on 12 Months	9.0	(26.2)	7.1	(5.5)	2.5	(6.9)
Change year-on-year %	51.4	(24.6)	2.7	(1.0)	14.2	(6.2)
Dec before lockdown	109.21	4.33	28.55	15.69	50.56	(6.84)
12 month average before lockdown	1,036.10	1,420.85	21,673.69	13,082.13	246.47	1,478.78

Sources: World Bank, South African Reserve Bank, Minerals Council South Africa

Due to the stronger Rand, only about half (+/- 19%) of the Dollar increases have been realised in **Rand terms** this year (see table). However, compared to the pre-COVID-19 period Rand prices are still 50% higher, which largely explains the performance of the mining sector (by value).



Sources: World Bank, South African Reserve Bank, Minerals Council South Africa

Total commodity sales and exports

The higher commodity prices 'inflated' the values, but not necessarily the actual physical performances recorded. The table below gives a summary of the trends for 2020 and 2021.

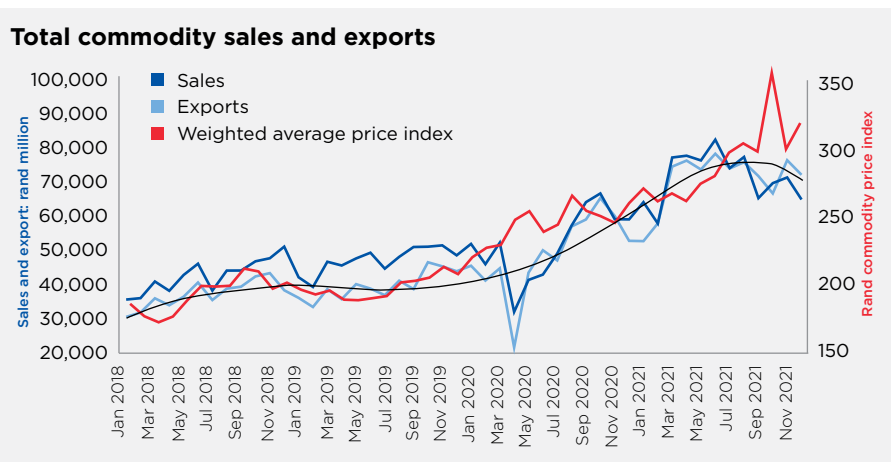
INDICATOR	2020	2021	2020	2021	2020	2021
	Rates of change % nominal/actual	Rates of change % nominal/actual	Rates of change % inflation adjusted	Rates of change % inflation adjusted	Value (R billion) nominal/actual	Value (R billion) nominal/actual
Total sales	10.1	39.0	(13.2)	15.1	609	846.0
Exports	24.8	46.0	0	30.0	577.0	842.0

Sources: South African Revenue Service (SARS), Statistics South Africa

Commodity prices increased by 24% in 2020 and another nearly 12% in 2021, hence the impact on the inflation adjusted numbers.

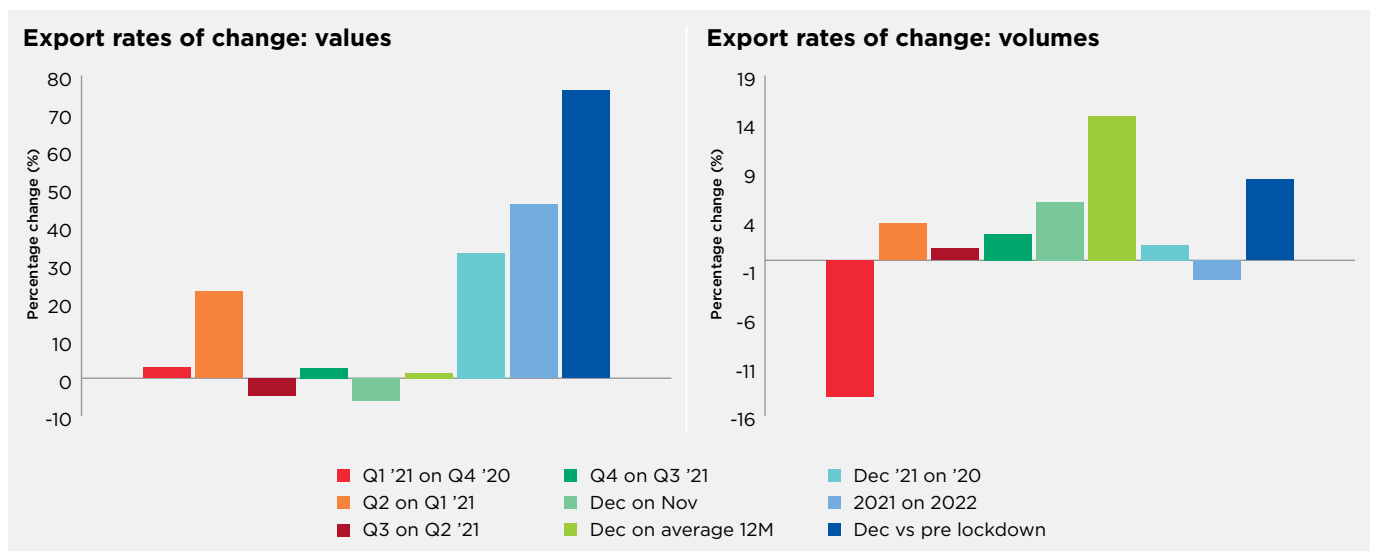
How mining contributes to South Africa continued

R841.6 billion worth of commodities were exported during 2021, earning the country around \$56.4 billion in foreign exchange. The graph shows the patterns over recent times.



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

Having a closer look at exports shows the contrast between values and volumes exported.

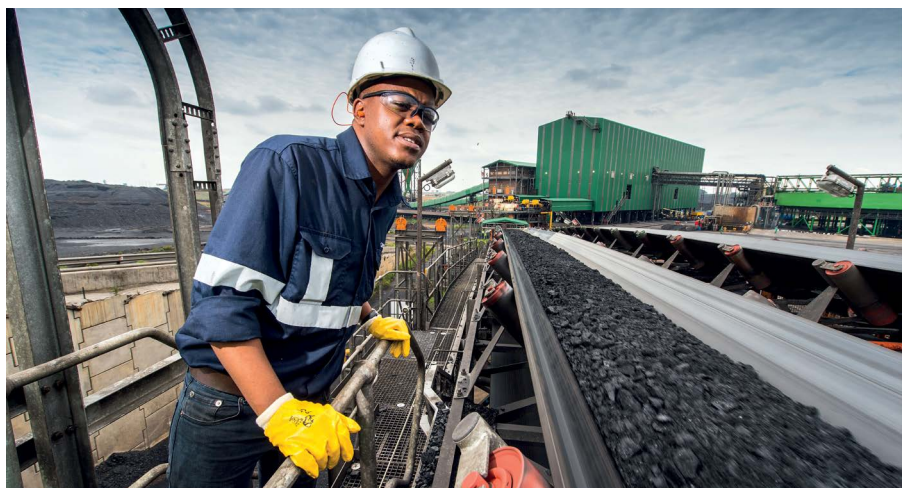


Sources: South African Revenue Services, Statistics South Africa, Minerals Council South Africa

Glencore Coal – Tweefontein

Whereas export values increased over 45% in 2021, total volumes actually declined by about 2%. The short-term comparisons show varied trends towards the end of 2021:

- **Values:** Q4 only 3% better than Q3, but December on November, -6%; December on the 12-month average only 1.4% higher, but 76% higher than pre-lockdown averages.
- **Volumes:** Q4 3% better than Q3, December on November, +6% and December on the 12-month average by 15%, and 8% better than pre-lockdown averages.

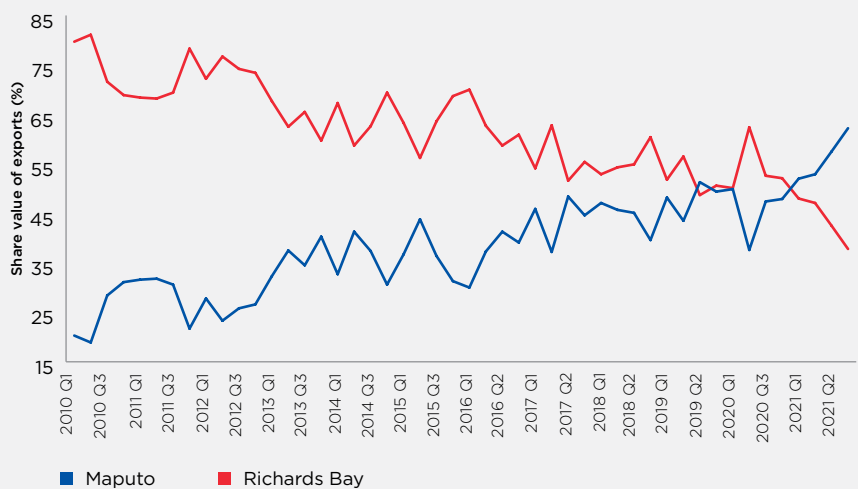


How mining contributes to South Africa continued

The constraints around transport, logistics and border posts remain, and are increasingly hampering export volumes. Based on comparisons of average monthly bulk exports during 2021 and earlier (as far back as 2017), both export tonnages and (inflation adjusted) values were 6% lower in 2021, despite commodity prices increasing by 61% since 2017. In none of the years since 2016 did exports exceed 15 million tonnes per month, barring 2019. High-level talks are continuing with Transnet (ports and rail) to resolve the operational, security and fixed investment backlog issues as soon as possible (see discussion elsewhere).

The problems with transport and logistics are causing dynamic shifts in patterns of cargo flows. For example, cargo is diverted from the port of Richards Bay to Maputo in ever growing volumes. Regarding chrome, not only is the choice of harbour outlet changing, but rail is being substituted by road transport. The graph shows the share of chrome shifting from Richards Bay to Maputo over 10 years.

Transport and logistics



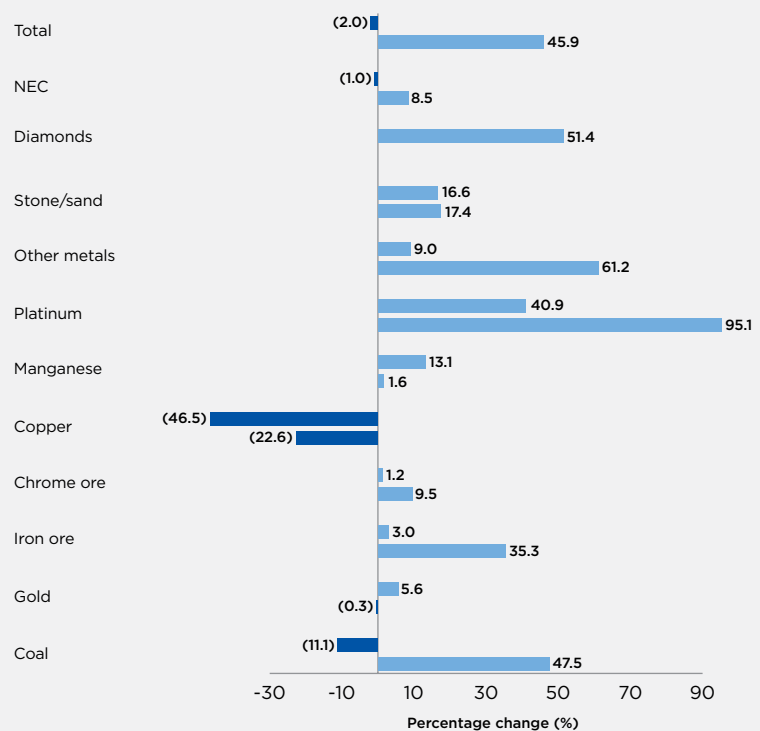
Sources: South African Revenue Services, Minerals Council South Africa

The impact of the COVID-19 shock and recovery from it were felt quite differently by the various commodities. The previously observed link between physical production and export volumes has now disappeared.

Each commodity has had its own dynamics resulting in these outcomes.

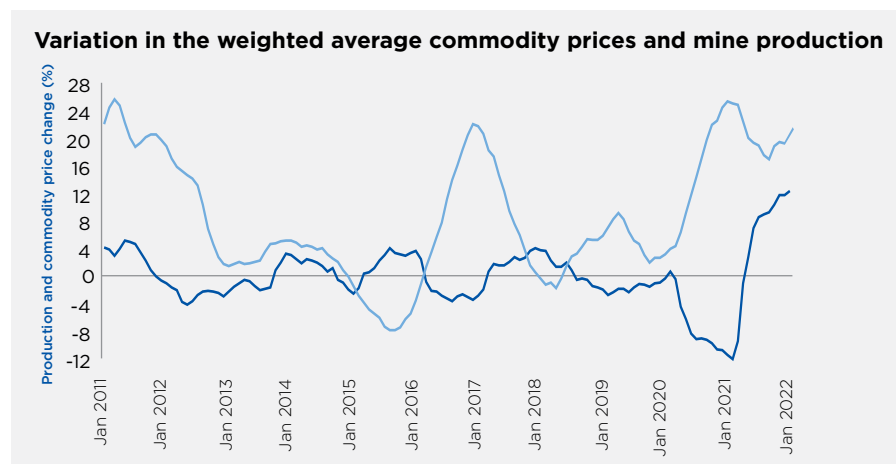
The impact of better commodity prices is abundantly clear.

Variation in export performance by commodity (2021 on 2020)



Sources: Statistics South Africa, South African Revenue Services, Minerals Council South Africa

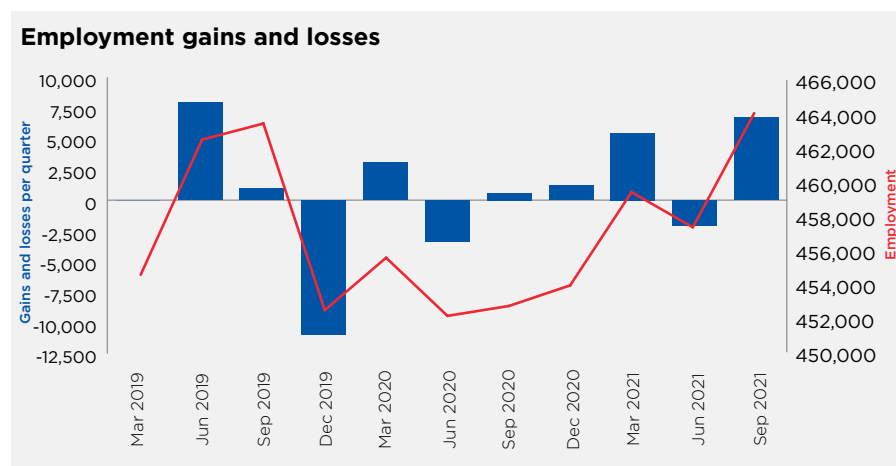
How mining contributes to South Africa continued



Employment

INDICATOR	2020	2021	2020	2021	2020	2021
	Rates of change % inflation adjusted	Rates of change % inflation adjusted	Rates of change % inflation adjusted	Rates of change % inflation adjusted	Value (R billion) nominal/actual	Value (R billion) nominal/actual
Comp for employees	(6.6)	11.3			131.7	153.8
Employment (no.)			(4,657)	8,071	452,866	458,954
Employment (no. Q3)				10,461	452,718	464,046

Sources: South African Revenue Service (SARS), Statistics South Africa



Sources: Quarterly Employment Survey, Statistics South Africa, Minerals Council South Africa

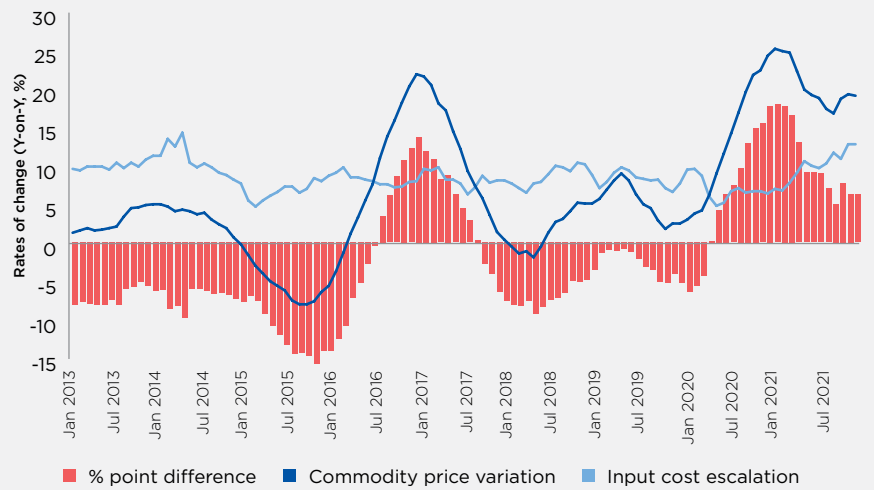
The impact of the production disruptions on employment levels seems not to have had a material impact. Full year 2020 numbers were 452,866, which was about 7,100 less than the average during 2019, or 2% lower. These numbers have now recovered with the full year 2021 employment number at 458,954. Compensation for employees is estimated to have grown from R153 billion (2020) to R170 billion in 2021, according to the South African Reserve Bank data.

How mining contributes to South Africa continued

Input cost escalation

The latest composite input cost index data became available and, when overlaid on the commodity price movements, the trends are showing a narrowing of the 'profitability' margins. It is just a fact that commodity prices will not necessarily continue escalating and costs are climbing domestically. Input costs rose by 10% over the year, and the latest months closer to 12%, which is quite concerning. The only mitigating factor is the low cost base of 2020, but commodity prices have softened and became more volatile over the 12 months.

Prices cost difference

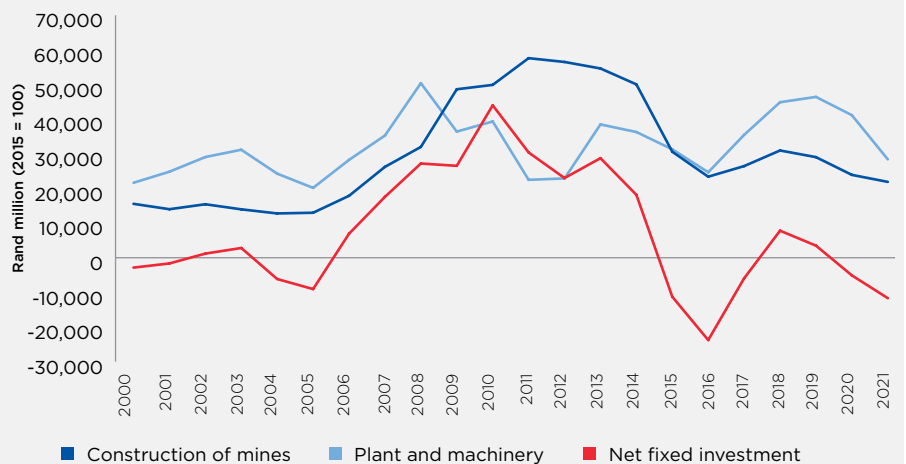


Sources: World Bank, South African Reserve Bank, Minerals Council South Africa

Gross fixed capital formation

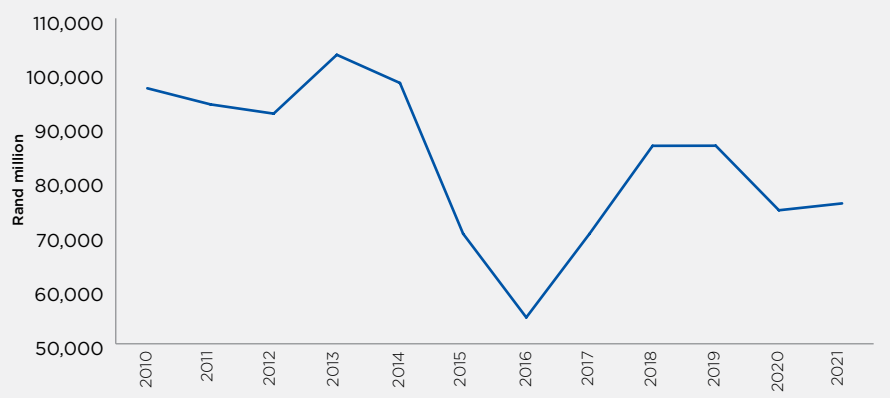
Due to the lack of quarterly investment data for the whole sector, only a sample of data up to Q3 of 2021 is available. The graph shows an estimate of gross fixed capital investment for 'construction of mines' and spending on 'plant and machinery' for 2021. In nominal terms gross fixed investment increased by about 14%, but cost escalation negated that. Net fixed investment declined further due to persistently high depreciation of fixed capital assets in the sector.

Net fixed investment



The graph alongside contains gross fixed capital formation for mining as reported by the South African Reserve Bank up to 2021.

Gross fixed capital




Sources: Statistics South Africa, South African Reserve Bank, Quantec

How mining contributes to South Africa continued

Summary

- The positive impact of rising commodity prices continued to benefit mining performance, but physical volumes of production and exports remain a concern. The longer-term trend is unstable and struggling to break out of its low trajectory.
- The value of production reached over R1 trillion during 2021, which was a 12% real improvement on 2020.
- Commodity prices kept on improving from 24% in 2020 to 19% in 2021 (Rand terms). Dollar prices rose by 37%, but a strengthening exchange rate took some 'shine' off that.
- Exports amounted to R841.6 billion or 48% higher than during 2020, tempered by no growth in volumes. Exports were 90% higher (values) and 24% higher (volumes) compared to pre-lockdown 2019. 2021 exports equal Dollar earnings of \$56.4 billion.
- Transport and logistics (rail, harbour, electricity) constrained export growth to such a degree that volumes were equal to 2017 levels.
- Employment numbers for 2021 were 458,954.
- Mining input costs have been rising at an average of 10% and crept up to near 12% towards the end of 2021.
- Nominal gross fixed investment grew by an estimated 14%, but cost escalation meant that no real growth was achieved, with real net investment declining further (a trend that started in 2009).

 Sibanye-Stillwater - SA gold operation



Engaging with our stakeholders

The Minerals Council's primary stakeholders are:

- **Minerals Council members:** Established miners, and junior and emerging miners (including exploration companies).
- **Business community:** BUSA (through which we engage at the National Economic Development and Labour Council (Nedlac)), BASA, BLSA, ASISA, the CEO Initiative, Agri South Africa (AgriSA) and B4SA.
- **Government:** Includes the Presidency and 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 (CoGTA). Several provincial departments were also engaged, especially departments responsible for education, health, and social development. At local level, all district and local municipalities in mine host communities are engaged.
- **Industry trade unions:** The Association of Mineworkers and Construction Union (AMCU), the National Union of Mineworkers (NUM), Solidarity, UASA and the National Union of Metalworkers of South Africa (NUMSA).
- **Suppliers and research groups:** Includes existing and emerging suppliers, universities, and NGOs.
- **Investment community:** Local and international investors.
- **Media:** International, national, and regional print, online and broadcasting media.
- **Legislative entities:** Parliament - National Council of Provinces, Parliamentary Portfolio Committees and study groups.
- **Civil society groups/NGOs:** Includes NGOs with a specific interest in mining, including the Centre for Applied Legal Studies, Bench Marks Foundation, ActionAid, Federation for a Sustainable Environment, the Centre for Environmental Rights, Mining Affected Communities United in Action, Women Affected by Mining United in Action, Mining and Environmental Justice Community Network of South Africa and Lawyers for Human Rights, among others.

We maintain a good relationship with our key stakeholders, and their interests and concerns are addressed in this report.

MEMBERS

2021 priorities

- Managing the COVID-19 pandemic – saving lives and saving livelihoods
- Electricity supply
- Focus on resolving the Transnet rail crisis

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 facilitate open discussions on industry issues and the Minerals Council received mandates to represent the industry on various aspects.
- Managing the COVID-19 pandemic – the Minerals Council played a key leadership role on behalf of members in pressuring government to procure the vaccines and in activating more than 70 mine vaccination sites.
- Electricity supply - the Minerals Council has been at the forefront of engagements on behalf of its members with Eskom on ensuring better maintenance and engagement with government to ensure the opening up of private sector investment in new power supply.
- Focus on resolving the Transnet rail crisis - the Minerals Council, in conjunction with the Office Bearers and members, held emergency meetings with the Transnet leadership and Board and separate meetings with Ministers Gordhan and Mantashe.

Going forward

The Minerals Council will continue to work with our members and stakeholders to find solutions to issues that have the potential to impact on their business.

Engaging with our stakeholders continued

LEGISLATIVE ENTITIES

2021 priorities

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

Performance

Parliament (National Council of Provinces, Parliamentary Portfolio Committees)

In line with our legislative work, we were able to make written and oral submissions regarding the Expropriation Bill and Compensation of Occupational Injuries and Diseases Amendment Bill. The Select Committee processing the NEMLA IV Bill invited us to attend as observers in meetings processing the Bill. The Minerals Council had earlier made a written and oral submission on this Bill while it was still with the National Assembly Portfolio Committee. We opted not to make any further submissions as we were satisfied with the draft that was handed to The National Council of Provinces Select Committee by the Portfolio Committee.

Parliament has now concluded its processing of the NEMLA IV Bill. We are satisfied that some amendments we suggested through our written submission were incorporated into the final document that was adopted by Parliament and sent to the President for assent.

We made submission to Parliament on the amendment of section 25 of the Constitution to provide for land redistribution without compensation. The Minerals Council was opposed to this amendment as we did not deem it necessary. We held a view that government has enough legislative provision to address the land question without amending the Constitution. We also felt that amending the Constitution would scare investors and affect the growth of the mining industry. Parliament failed to get the required two third majority to amend section 25 of the Constitution to provide for land redistribution without compensation. We consider this as a victory for us because some of the parties we lobbied agreed with us and voted against the amendment.

We briefed the Portfolio Committee on Minerals Resources and Energy on our vaccine rollout in the mining industry and the support we have given government in the fight against the pandemic. This briefing was positively received and gave us a platform to share with the committee, media and the country, the work we are doing in fighting the pandemic.

We were also given an opportunity to brief the Portfolio Committee on our proposals for economic recovery after the pandemic. Our presentation in this regard was primarily aimed at demonstrating to the Committee what could be done to assist the mining industry to quickly recover from the economic losses suffered during the pandemic. We will continue to engage with the Committee on this issue as we consider it to be one of our main priorities

During the reporting period, the Minerals Council briefed some members of Parliament on the recent mining charter judgement. We felt the need to clarify the judgement and the position of the mining industry on transformation considering the judgement. Based on the engagement we held on the mining charter judgement, we are confident that Parliament will not take any further steps on transformation in the mining industry without consulting us and seeking our inputs and participation. We are also satisfied that, through our meeting on the judgement, we were able to demonstrate to Parliament that there is enough legislative provision in the MPRDA to address the issue of transformation without introducing new legislation. We have now been scheduled to brief the Portfolio Committee on the mining charter judgement on 22 March 2022.

Political parties represented in Parliament – the Minerals Council decided on an approach of directly engaging (lobbying) all political parties represented in Parliament. To this end, we were able to meet and brief both the ANC and the DA on critical issues affecting the mining industry. Going forward, we will use the approach of lobbying both the Parliamentary committees and different political parties who form part of the committees identified. We are also encouraged by the commitment received from these political parties to meet regularly, and we will be relying on these commitments and engagements in 2022 when we intensify our work in lobbying all stakeholders, primarily Parliament, to adopt mining industry friendly economic recovery strategies.

Our direct meetings with political parties represented in Parliament and portfolio committees is a strategy that gives us a platform to engage away from media attention. The benefit of these meetings has been that members of Parliament have more time to discuss issues at hand. The two meetings held with the ANC and the DA were a success. We will be engaging political parties on all the legislative related challenges related to environmental legislation. These engagements will take place throughout the course of 2022.

Going forward

The Minerals Council will continue to endure that 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 – especially the creation of a simplified legislative environment.

Engaging with our stakeholders continued

COMMUNITIES

2021 priorities

- Regional presence of the Minerals Council
- Collaboration in the mining industry
- Collaboration on the industry response to the COVID-19 pandemic

Performance

- In Mpumalanga, we continued to champion proactive and consultative engagements with regional stakeholders, especially government, business forums, and other interested and affected parties on a range of issues. We continued to monitor progress in the opening of access to economic opportunities across the industry value chain for the benefit of local enterprises. Due to lockdown restrictions, however, only limited engagements with community-based structures could be held.
- In the Northern Cape, significant progress was made by member companies that were part of the Northern Cape Shared Value initiative. In June 2021, The Impact Catalyst was launched in the Northern Cape and all the work that had been done under the Shared Value banner was taken over by The Impact Catalyst, the preferred implementation partner for our Northern Cape projects. Several collaborative projects were identified, and prefeasibility studies were initiated for the most promising and impactful projects.
- The industry continued working with the health and education authorities in the John Taolo Gaetsewe (JTG) District. Health initiatives were primarily focused on the COVID-19 vaccine rollout programme and included the procurement and supply of cold chain supplies, medical consumables, and logistics (including the provision of vehicles). Education initiatives included the planning and rollout of ICT and broadband infrastructure, improvement of educational infrastructure, and provision of learning materials.

Going forward

In 2022, the Minerals Council will continue to facilitate and support industry efforts to achieve positive outcomes in various socio-economic development endeavours. Emphasis will be on collaboration with all key stakeholders in major mining regions, especially in the far eastern limb of Limpopo, Mpumalanga coalfields, the North West platinum belt, and in all Northern Cape mining districts. Lessons learned from the implementation of collaborative projects and programmes by The Impact Catalyst in Limpopo, Mpumalanga and the Northern Cape will further guide the industry's collaborative initiatives as district municipalities begin to implement the District Development Model in earnest. The creation of alternative economic opportunities will continue to be the yardstick by which industry performance is measured in terms of socio-economic development.

NON-GOVERNMENTAL ORGANISATIONS (NGOs)

2021 priorities

Engaging with NGOs on the Minerals Council response to COVID-19

Performance

The Minerals Council continued engaging NGOs on the industry's response to the COVID-19 pandemic, particularly on ongoing assistance to government and communities in combatting the pandemic and the rollout of vaccines to both employees and host communities.

Going forward

The Minerals Council acknowledges the importance of continued engagement with NGOs on environmental, social, and economic issues. We recognise that these engagements are a platform to share leading practice and showcase both 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.

Safety and health industry performance review



Safety performance

Safety performance regressed for the second consecutive year in 2021, with a 35% increase in reported fatalities, compared with 2020. Nonetheless, since 1993 fatalities have reduced by 88%.

The Minerals Council's Strategic Goal 4, Strategic Objective 14

seeks to demonstrate progress on occupational health and safety by accelerating the industry's journey to zero harm. The Department of Mineral Resources and Energy (DMRE) has not released the official 2021 occupational health and safety statistics. The 2021 industry safety performance statistics collated by the Minerals Council and provided in this annual report are therefore provisional.

The year 2021 saw 74 fatalities reported, compared with 55 fatalities during the previous year (35% regression). This was a second

consecutive regression in the number of fatalities reported in the industry following the 60 fatalities reported in 2020. The Minerals Council expresses its condolences to the families, friends and colleagues of mine employees who lost their lives in mine accidents.

2021 saw the worst annual regression since 2003 when tripartite stakeholders first agreed health and safety milestones. It was also the first time that we regressed two consecutive years, and this after the best ever year in 2019.



Performance by commodity

The gold sector reported the highest number of fatalities with 30 fatalities in 2021, compared with 25 (20% regression) in 2020. The platinum sector reported 21 fatalities compared with 15 during 2020 (40% regression). The coal sector recorded 10 fatalities, compared with 6 fatalities (67% regression) and the other commodities (zinc, dolerite, diamond, iron ore, chrome, copper, sand and manganese) reported 13 fatalities, compared with 9 fatalities (44% regression).



Performance by mining region

The Rustenburg region reported the highest number of fatalities with 20 fatalities in 2021, compared with 12 in 2020 (67% regression) followed by Gauteng with 16 fatalities, compared with 15 in 2020 (7% regression). Free State and Mpumalanga each reported 10 fatalities in 2021 compared with 7 (43% regression) and 6 (67% regression), respectively: 6 fatalities were reported in each of the Northern Cape and Limpopo, compared with 2 (200% regression) and 8 (25% improvement) in 2020, respectively. Klerksdorp recorded 4 fatalities in 2021, compared with 4 in 2020. The Western Cape and KwaZulu-Natal each reported 1 fatality in 2021, compared with 0 fatalities and 1 fatality in 2020, respectively. The Eastern Cape reported 0 fatalities in 2021 and 2020. The Minerals Council leadership forums, health and safety committees, mining associations and the Mine Health and Safety Council (MHSC) regional tripartite forums will take cognisance of the regional safety performance trends to address specific safety risks associated with the type of commodity mined in the regions.



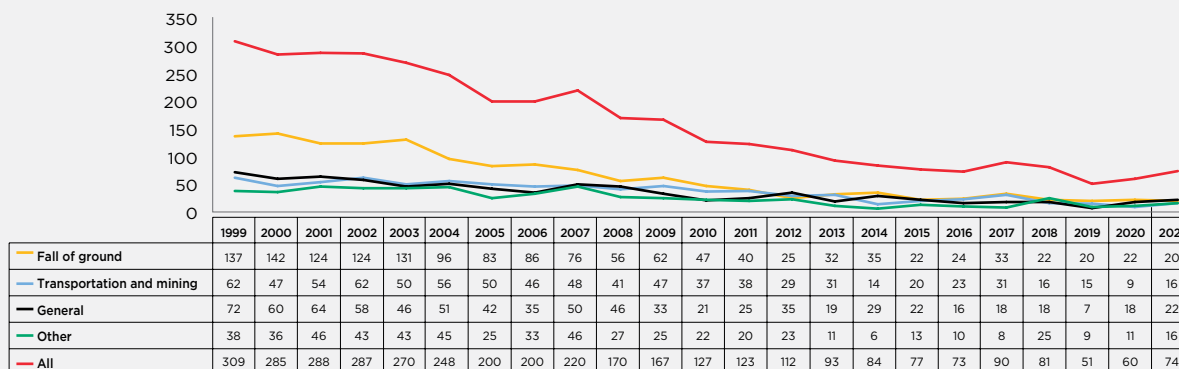
Performance by cause of fatality

General types of accidents were the highest contributor to overall fatalities with 22 fatalities recorded in 2021. The main "general accidents" include gassings, ore inundation, being struck by equipment or rolling rocks and falls. Fall of ground-related accidents remain one of the leading causes of fatalities of ground accidents were the second largest contributor to the overall number of fatalities with a total of 20 fatalities (16 gravity-induced and 4 rock burst). There were 16 transport related fatalities (5 from rail-bound equipment, 3 from winches and 8 from trackless and mobile machinery), 4 miscellaneous fatalities, 3 heat sickness, 2 explosives and 1 fire fatality recorded.

Safety and health industry performance review

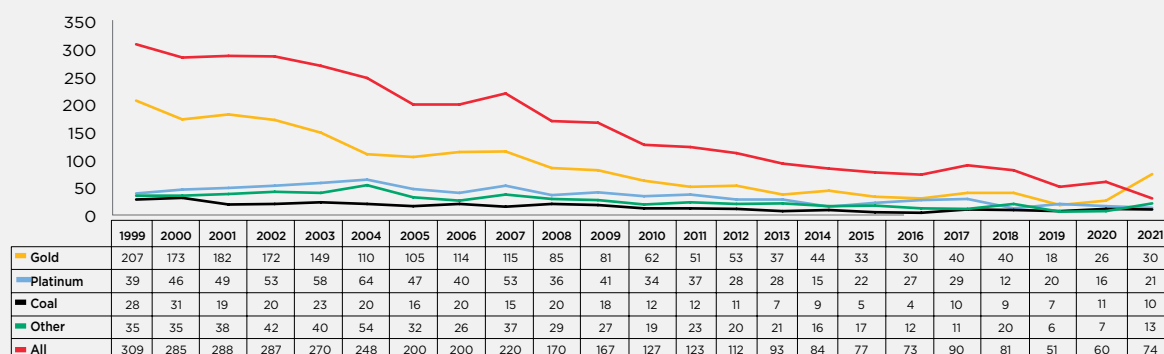
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Causes of fatalities: 1999 - 2021



Source: Department of Mineral Resources and Energy

Mining fatalities by commodity: 1999 - 2021



Source: Department of Mineral Resources and Energy

Gold Fields - South Deep



Safety and health industry performance review

continued

Injuries

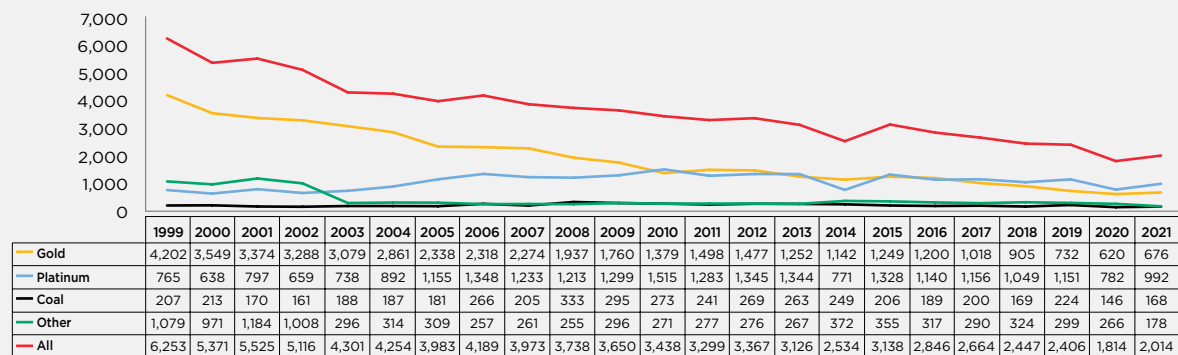
There were 2,014 serious injuries reported by 20 December 2021, compared with 1,789 during the same period in 2020 (13% regression). The platinum sector recorded the highest number of injuries with 992 injuries, compared with 768 (29% regression)

during the same period in 2020. The gold sector recorded the second highest number of injuries at 676, compared with 613 (10% regression) and the coal sector recorded 168 injuries, compared with 145 during the same period in 2020 (16% regression). The other commodities recorded 178 injuries, compared with 263 injuries

(32% improvement) during the same period in 2020.

General type of accidents (1,048), fall of ground (368), transport and mining (305), and machinery (156) related injuries are the largest contributors to the number of injuries recorded in 2021.

Injuries by commodity: 1993 - 2021



Source: Department of Mineral Resources and Energy

Petra Diamonds – Finsch



Actions to address priority risks

Elimination of Fall of Ground Action Plan (FOGAP)

The plateau on fall of ground fatalities has persisted during 2021, with 20 fatalities, compared with 21 fall of ground fatalities reported in 2020 and 20 fall of ground fatalities in 2019. In 2021, there were 16 gravity-induced fall of ground fatalities, compared with 17 in 2020, whereas there was no change with 4 rock-burst (seismicity) related fall of ground fatalities

reported in 2021, compared with 4 fatalities that resulted from rock bursts in 2020. The majority of fall of ground fatalities occurred in gold and platinum underground mining operations. The gold sector recorded 9 fall of ground fatalities, the platinum sector recorded 10, and chrome mines recorded 1 fall of ground fatality. In 2021, fall of ground fatalities occurred while employees were completing tasks relating to cleaning (6), barring (6), installing support (5), drilling face, and removing temporary support.

In 2021, the CEO Zero Harm Forum mandated the Rock Engineering Technical Committee (RETC) of the Minerals Council, with the support of the South African National Institute of Rock Engineering (SANIRE), to develop an action plan to eliminate fall of ground fatalities. In July 2021, the CEO Zero Harm Forum and the Board approved the FOGAP project including a financial investment of R46 million over five years.

Safety and health industry performance review

continued



FOGAP 6 PILLARS

The FOGAP project consists of the following six pillars:

1

Leading practices

Minimise rock mass damage:

- Monitoring drilling quality with technology
- Use appropriate blast round designs and explosives, for example, emulsion-type

Eliminate risk of working under unsupported rock:

- Review and revise netting with bolting using MHSC areal support selection tool
- Permanent area coverage in widths <1.2m

Improve underground visibility to an appropriate standard



Sibanye-Stillwater – SA PGM operations

2

Research and development (R&D)

- Barring technology
- Seismic hazard rating
- Real-time monitoring of instability
- Support design
- Use jigs/rigs for accuracy
- Challenges with implementation of this plan

3

Skills development

- Updating Rock Engineering learning material
- Short courses
- Support by mentors, etcetera
- Learning programmes for mining production leadership (for example, front-line supervisors) on falls of ground

4

Policy

- Engage the DMRE and the MHSC to:
 - Fast-track guide for code of practice on geotechnical risk
 - Finalise regulations on responsibilities, etcetera
- Adopt revised South African Mines Reportable Accidents Statistics System (SAMRASS) forms on fall of ground incidents

5

Enabling Zero Harm production behavior, culture and operational discipline

- Measures to reduce mining cycle time and enable safe behaviours (from the Mandela Mining Precinct (MMP) and others), for example, faster rock-drills

6

Implementation and monitoring

- **Leading implementation:** Annual Association of Mine Managers of South Africa (AMMSA)-South African Colliery Managers (SACMA)-led Days of Learning with RETC/SANIRE and others, supplemented with regular sharing of leading practices in all meetings
- **Measure of progress:** Consecutive fall of ground fatality-free days worked
- **Reporting:** Quarterly reporting on implementation by members of Minerals Council

In 2022, the Minerals Council will implement the FOGAP project in partnership with mining professional associations including the AMMSA, SACMA, SANIRE, organised labour, regulator, suppliers, research institutions, and universities. A Fall of Ground Day of Learning was planned for the first quarter of 2022.

Safety and health industry performance review

continued

Holistic risk-phased informed implementation of collision prevention system technologies

In 2021, the Minerals Council commenced the implementation of the special project focusing on industry alignment on the implementation of the Trackless Mobile Machinery (TMM) Regulations. To address transport related safety challenges, a series of engagements with industry stakeholders, including organised labour, the DMRE, the MHSC, suppliers, research institutions, and universities, were held to ensure there was alignment on the holistic, risk-phased, informed implementation of the collision prevention system technologies by the end of December 2023.

2021 MineSafe Conference

In response to the deteriorating safety performance, on 25 November 2021 industry stakeholders including the Minerals Council, the DMRE, organised labour, suppliers' organisations, professional associations, the MHSC and the Mining Qualifications Authority (MQA) hosted the MineSafe Conference. The stakeholders re-committed themselves to working towards the elimination of fatalities injuries, and occupational diseases on South Africa's mines in pursuit of zero harm to ensure that each employee returns from work unharmed every day.

The commitments agreed to at the 2021 MineSafe Conference would complement and help the mining industry to achieve the 2014 Summit ten-year milestones. The tangible outcomes of the MineSafe Conference included agreements on the implementation of the following actions:

- Treating all employees with respect, trust, and dignity.
- Assisting each other, asking for help, and providing guidance to maintain a healthy and safe environment.
- Build the existing relationships by earning the trust of other stakeholders through honouring agreements and upholding commitments while engaging respectfully with each other.
- Adoption of technologies that include modernisation of mine and fourth industrial revolution (4IR)-enabled innovations.
- Adoption of safety leading practices such as collision prevention systems to address transport-related risks, and mining with nets and bolts to address fall of ground accidents.
- Adoption of production technologies like faster rock-drills to shorten the mining cycle, and drilling outside the box cut, which reduces risks to operators and promotes zero harm production by enabling safe behaviour.
- A priority action to promote COVID-19 vaccinations to support the physical and mental health of employees and reduce the disruptions to operations, both of which will enable all stakeholders to have a renewed focus on occupational safety.
- The implementation of the five-year R46 million investment on the implementation of the FOGAP launched at the Minerals Council's National Day of Health and Safety in Mining held in July 2021.
- Implementation of a holistic, risk-phased plan on collision-prevention systems with ecosystem readiness for industry-wide adoption by December 2023.
- Adoption of safe mining practices, including the use of safe equipment to favourably respond to the divergent challenges experienced by some mining operations. Examples of these challenges are, inter alia, diminishing ore reserves, ageing infrastructure, unfavourable commodity prices, and travelling long distances underground to areas of work.
- Conducting a statistical analysis of all fatalities over the last decade using international leading practice methodologies and proposing an action plan to eliminate all other risks effectively through, for example, modern training methods.
- Urgent implementation of an independent assessment study of the Culture Transformation Framework (CTF) priority pillars by the MHSC. The aim of the assessment should be to identify leading practices that could be promoted and to identify the gaps that still need to be addressed, and to finalise a revised CTF implementation plan during 2022.
- Transformation of health and safety culture should focus, among other things, on health and safety campaigns, visible felt leadership, zero tolerance of unsafe behaviour, extra vigilance by all workers, strategies to ensure mineworkers have the knowledge, skills and support to exercise their rights to withdraw or refuse to work under dangerous conditions (as per MHSC guideline), effective supervision by all responsible mine personnel to prevent accidents and create a no blame culture to learn and grow from incidents by, for example, holding days of learning.
- Ensure that there are adequate consultations at the mine level.

Safety and health industry performance review

continued

These interactions between management, unions, and employees will aid in determining effective measures to enhance health and safety. Furthermore, these consultations and engagements will enable a relationship of trust and goodwill among all stakeholders.

The eight intervention measures

On 10 December 2021, an emergency Special Board meeting was held after more fatalities occurred following the multi-stakeholder MineSafe Conference held in November 2021. The Minerals Council Board members agreed that this situation is completely unacceptable and that business-UN-usual CEO-ship, culture transformation, and action was necessary. Board members agreed on the following measures to urgently address the deterioration in industry safety performance:

- 1 Increased visible-felt leadership presence at mining operations.
- 2 Ensuring that there was no unauthorised and uncontrolled access to old mining areas that are not routinely mined,

and effectively and rigorously conducting risk assessments as well as implementing controls where work in previously mined areas is routinely undertaken.

- 3 Quality and scheduled maintenance programmes instead of opportunistic and ad hoc maintenance arising from production pressures.
- 4 Deploying competent and skilled employees in areas of high-risk work to provide adequate supervision, oversight, and risk assessment of that work.
- 5 Undertaking quality and scheduled critical-controls monitoring and assurances to prevent falls of ground, transport-related accidents, and inundation of working areas.
- 6 Ensuring that incentives and bonuses for miners do not compromise their rights to stop or refuse unsafe work.
- 7 Implementing sufficient fatigue breaks and monitoring.
- 8 Conducting phased on-boarding of employees after the holiday

period to ensure they are in sound physical and mental health.

Beyond the urgent measures aimed at 'stopping the bleeding', the Minerals Council Board members fully supported the 'healing the wound' MineSafe 2021 commitments jointly agreed to by the DMRE, organised labour, suppliers' organisations, professional associations, the MHSC and the MQA.

As part of the MineSafe 2021 commitment implementation, Board members approved that:

- a) industry-leading safety practices, learnings from incident investigations and their outcomes, and peer reviews should be shared,
- b) that safety culture surveys be conducted, and
- c) in-depth analysis of the causes of fatalities be conducted.

In 2022, the Minerals Council will be hard at work with detailed planning on how it could facilitate and support members on the implementation of decisions beyond those measures that are already in the fall of ground and TMM Action Plans.

Northam Platinum – Booyseendal



Safety and health industry performance review

continued

2021 National Day of Health and Safety in Mining – Renewed Focus for Our New Normal

On 8 July 2021, the Minerals Council hosted the annual National Day of Health and Safety in Mining 2021, centred on a theme of Renewed Focus for Our New Normal. This annual health and safety campaign was attended by the mining company member-CEOs, the Chief Inspector of Mines, organised labour representatives, and DMRE representatives. The event focused on how the industry stakeholders can collectively turn immediate and focused attention on the regression in safety performance that we saw in 2020, and in 2021.

The theme for the 2021 event recognised the integration of health, safety, and well-being; and acknowledges the impacts of COVID-19 on the regression in fatalities in 2020, as well as our intention to focus on step-change actions. This annual commemoration is important as it is a heartfelt reminder of why we need to do better, and publicly demonstrates the industry's recommitment to the health and safety milestones, and the shared imperative of zero harm.

Speaking during the 2021 virtual National Day of Health and Safety in Mining, Minerals Council President, Nolitha Fakude said that unfortunately, due to physical and mental fatigue, largely as a result of the COVID-19 pandemic, safety and health numbers of members were regressing. "In 2020, we, unfortunately, saw a deterioration in mining safety performance in terms of fatalities. Furthermore, in 2021, we are seeing a worsening of the fatality trend. This is not acceptable to us, the Minerals Council, and our members."

Themba Mkhwanazi, the chair of the CEO Zero Harm Forum, said that the situation called for

collaborative efforts by the industry in order to arrest the trend: "The CEOs must drive health and safety improvements from the top by sharing successes and challenges in dealing with occupational incidents." He pointed out that, through the Khumbul'ekhaya strategy, a renewed focus needed to be placed on the health and safety of workers and workplaces, taking account of the implications of the COVID-19 pandemic, especially at a frontline supervision and mining teams level. Furthermore, he said, "we remain committed to our Khumbul'ekhaya strategy and the key leadership actions we are undertaking as part of our drive to eliminate fatalities, change behaviour, and transform our safety culture through ongoing collaboration with our tripartite stakeholders in government and the unions, in our quest for zero harm."

Referring to the COVID-19 pandemic on the day, Minerals Council CEO Roger Baxter said that the way forward for the mining industry and the country was to achieve community immunity through vaccination.

The Chief Inspector of Mines, David Msiza, said that, although the mining industry needed to continue working under the harsh and demanding conditions imposed by COVID-19, the goal of "zero harm" was still attainable and achievable with a renewed focus on the "new normal". He pointed out that "adapting to the new normal requires us to look at how our employees are adapting to all the conditions brought about by regulations, protocols, a changed schedule of work, isolation, and lockdown, as well as how the vulnerable employees are cared for in the industry." Furthermore, he acknowledged that, while there had been a reduction in occupational diseases, the incidence of noise-induced hearing loss and occupational lung disease was still a concern.

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 aim of the Minerals Council CEO-led Khumbul'ekhaya health and safety strategy is to eliminate health and safety fatalities.

Update on Khumbul'ekhaya projects

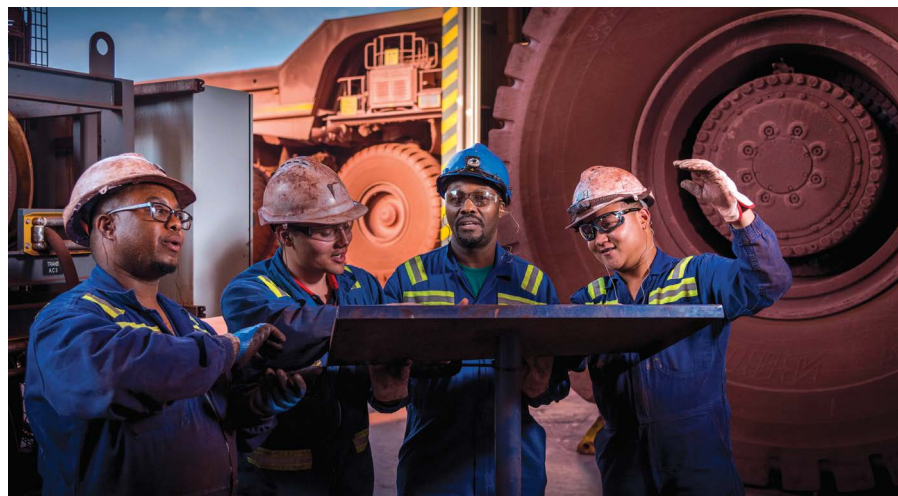
In January 2019, the Minerals Council member-CEOs held a Heartfelt Conversation Workshop on Health and Safety. The CEOs reviewed the industry safety performance in relation to the milestones on occupational health and safety. CEOs acknowledged that the industry was not making an encouraging improvement on occupational health and safety performance. The workshop led to the development of the Khumbul'ekhaya strategy. In 2020, the CEO Zero Harm Forum reiterated its commitment to zero harm by agreeing that the target remains zero fatalities. To this end, the following projects were approved by the CEO Zero Harm Forum for implementation over a three-year period starting from 2021:

- CTF focusing on the risk management pillar
 - The *Just Culture Accountability Framework Leading Practice*
 - Multi-disciplinary independent peer review incident and accident investigation systems and analysis
- Tripartite engagement
- Digitisation of safety data

Safety and health industry performance review

continued

 Kumba Iron Ore – Sishen



Culture Transformation

The Just Culture Accountability Framework Leading Practice

Through the *Just Culture Accountability Framework Leading Practice Guide*, we seek to address the persistence of the blame culture that often prevents the industry from learning from incidents. In 2021, the *Just Culture Accountability Framework Leading Practice Guide* was developed and approved by the CEO Zero Harm Forum. In 2022, the focus will be on the dissemination and adoption of this leading practice guide for effective management and control of health and safety non-compliances and the improvement of occupational health and safety culture performance in the industry. The Minerals Council will also assist companies to conduct a gap analysis on the Just Culture Accountability Framework to reinforce a culture of sharing and learning and develop an action plan to address the gaps.

Multi-disciplinary independent peer review incident and accident investigation systems and analysis

The CEO-led Khumbul'ekhaya Health and Safety Strategy identifies learning better and faster from own and others' incidents as one of the key drivers. The purpose of the project is to promote the highest level

of quality and excellence in incident investigations in the mining industry against the holistic socio-technical system for better and faster learning from own and others' incidents. In 2021, phase 1 of the project focused on conducting peer review sessions based on the information and reports submitted by companies. In 2022, the focus will be to compile a report, and phase 2 which will involve site visits to companies.

Stakeholder engagements

Continuous collaboration and alignment between the tripartite stakeholders are critically important to the improvement of the industry's occupational health and safety. In 2021, tripartite and bilateral engagement sessions were held with the DMRE and organised labour to seek ways of addressing the deteriorating state of industry safety performance and alignment on the implementation of the TMM regulations. The regression in safety performance in 2020 and 2021, and the challenges brought about by the COVID-19 pandemic have revealed that the Minerals Council should continue engaging and collaborating with stakeholders from organised labour and government to achieve the desired step-change in the improvement of occupational health and safety.

In 2022, the Minerals Council will continue engaging with industry stakeholders, including original equipment manufacturers (OEMs) and suppliers, in the implementation of the FOGAP, Holistic Risk-Phased Approach on the Development of Collision Avoidance Systems (CAS) and Implementation of TMM Regulations, COVID-19 and vaccinations, and industry safety performance in general.

Digitisation of safety data

The purpose of this project is to help the Minerals Council with an efficient, electronic-based safety database to drive the industry towards a proactive approach to safety decision-making. The manual capturing and analysis of safety information from various data sources has proven to be cumbersome and ineffective. It is envisaged that the system will capture and digitise safety information in accordance with the current prescribed reporting method as per the SAMRASS. As a multi-year project, it is envisaged that the key phases will include the following:

Year 1	Feasibility study was completed in 2021.
Year 2	System development is planned for 2022.
Year 3	Implementation.

In 2021, the feasibility study was completed. The study concluded that it was feasible to develop a system that enabled the digitisation of safety data, allowing the Minerals Council to access data from member companies without making it onerous and cumbersome for companies by duplicating reporting of safety data.

In 2022, the focus will be on the development of the system. Based on the recommendations of the study, two software packages will be assessed for the development of the system.

Safety and health industry performance review

continued



Health performance

The goal of the Health department is to achieve zero harm from occupational health exposures and to improve the general health of employees in the industry. This performance update

covers performance on milestones and targets set by the MHSC as well as those the Minerals Council has set for itself.

This health report draws on data published by the DMRE for 2020, as well as 2021 hygiene data and 2020 medical data from the Minerals Council reporting system.

Occupational hygiene

Compliance with occupational hygiene milestone reporting requirements

Member companies committed to finalising and submitting 100% of occupational hygiene milestone reports (quarterly and annually) on the Minerals Council Health Information Management System. As shown in the table below, reporting declined in 2021 to 92% of reports submitted.

Compliance in reporting on milestones: 2020-2021



Activity

Compliance with reporting milestones



Milestone

100% reports should be finalised and submitted



Industry performance
2020

94%



Industry performance
2021

92%

Harmony - Mponeng



Safety and health industry performance review

continued

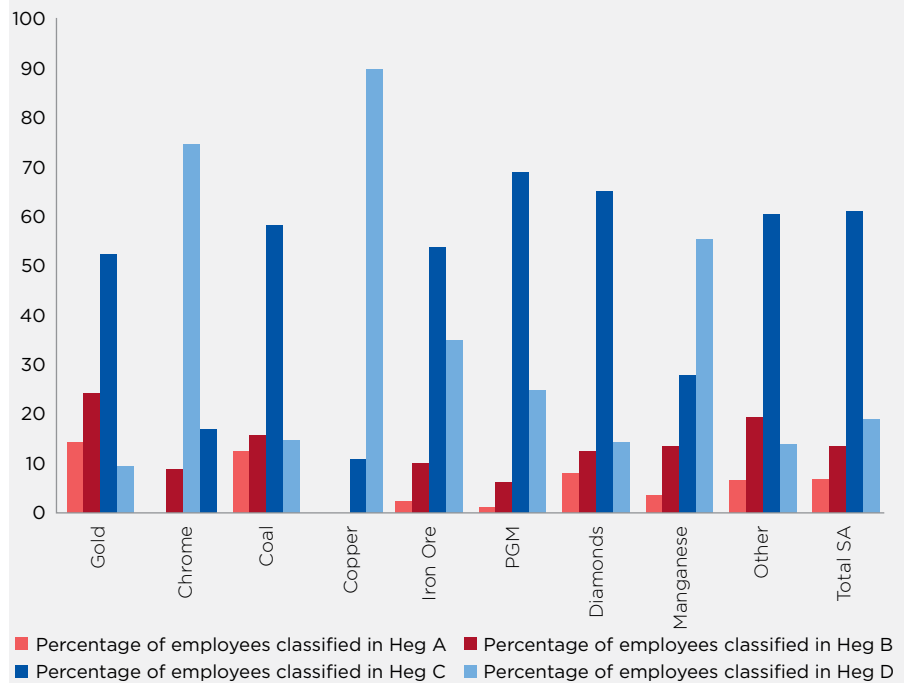
Airborne pollutant exposures

From the DMRE reports, the number of employees over-exposed to airborne pollutants was 6.87% (22,458) in 2020 compared with 6.13% in 2019.

As seen in Figure 1, a slight increase can be noted in the following commodities: gold increased from 11.83% in 2019 to 14.29% in 2020, PGMs increased from 0.13% in 2019 to 0.53% in 2020, diamonds increased from 7.87% in 2019 to 7.98% in 2020, manganese increased from 2.79% in 2019 to 3.19% in 2020, and other mines increased from 6.27% in 2019 to 6.58% in 2020.

Although there was a national increase in employee overexposure to airborne pollutants, there were some commodities that recorded a decrease. These were iron ore from 13.52% in 2019 to 2.27% in 2020, copper from 5.02% in 2019 to 0.00% in 2020, chrome from 0.47% in 2019 to 0.18% in 2020, and coal, with an insignificant decrease, from 12.32% in 2019 to 12.31% in 2020.

Percentage exposure to airborne pollutants per classification band per commodity



Source: Department of Mineral Resources and Energy

- Homogenous Exposure group (HEG) A - exposures \geq the OEL or mixtures of exposures ≥ 1
- HEG B - exposures $\geq 50\%$ of the OEL and $< OEL$ or mixtures of exposures of ≥ 0.5 and < 1
- HEG C - exposures $\geq 10\%$ of the OEL and $< 50\%$ of the OEL or mixtures of exposures of ≥ 0.1 and < 0.5

Respirable crystalline silica (RCS)

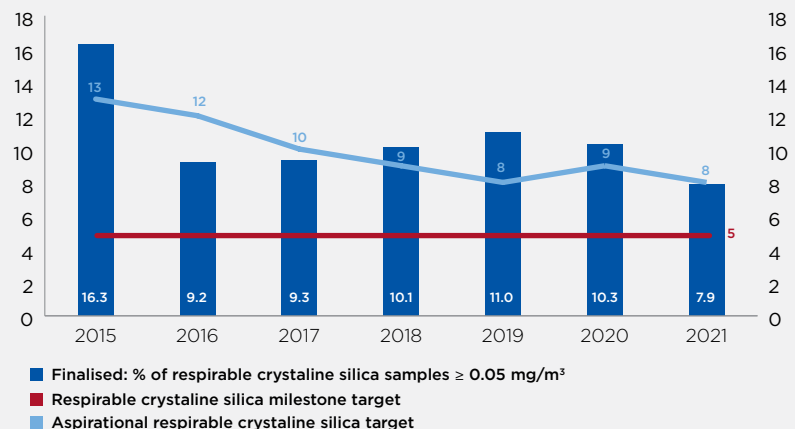
Milestone

By December 2024, 95% of all exposure measurement results will be below the milestone level of RCS of $0.05\text{mg}/\text{m}^3$.

Progress

While the RCS performance by Minerals Council members in 2016 was well within the target of 12%, the industry regressed from 2016 to 2019 and did not meet the aspirational targets. Increased efforts from Minerals Council members resulted in the reduction of exposures to 7.9% in 2021, below the aspirational target of 8.0%.

Progress on the RCS milestone (%): 2015-2021



Source: Minerals Council South Africa

Safety and health industry performance review

continued

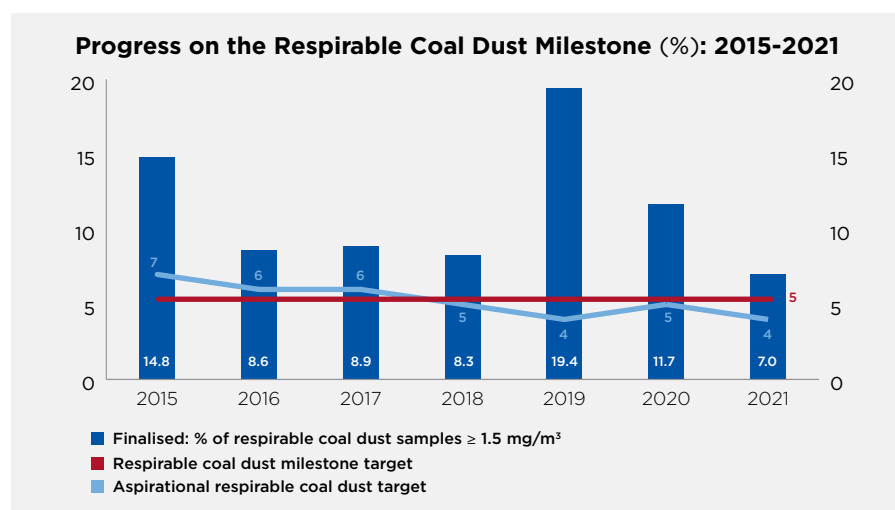
Respirable coal dust

Milestone

By December 2024, 95% of all exposure measurement results will be below the milestone level of coal dust respirable particulate of 1.5mg/m³.

Progress

While the industry recorded an improvement for respirable coal dust during 2016, when compared to 2015, and almost met the aspirational target of 8.0% for 2016, the industry regressed during the period of 2016 to 2019 and was far off the aspirational target. Increased efforts from the Minerals Council members resulted in the reduction of exposures from 19.4% in 2019 to 7.0% at the end of 2021. The industry needs to redouble its efforts to reduce respirable coal dust exposure further, in order to meet the relevant milestone.



Source: Minerals Council South Africa

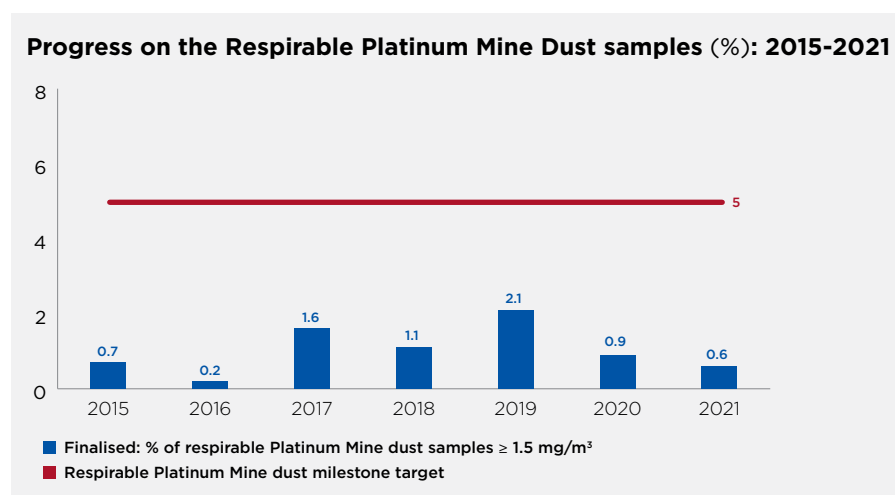
Respirable platinum mine dust

Milestone

By December 2024, 95% of all exposure measurement results will be below the milestone level of respirable platinum mine dust of 1.5mg/m³.

Progress

While the respirable platinum mine dust performance by Minerals Council members has been well below the milestone of 5%, the industry recorded a regression from 2016 to 2019. Increased efforts from the Minerals Council members resulted in the reduction of exposures from 2.1% in 2019 to 0.6% in 2021.



Source: Minerals Council South Africa

Safety and health industry performance review

continued

Noise induced hearing loss (NIHL)

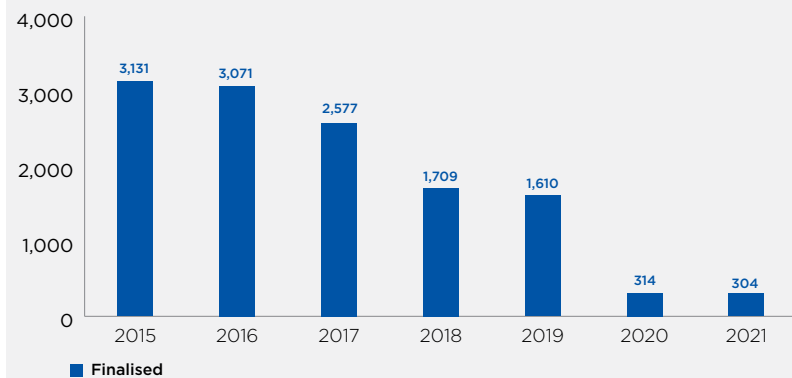
Milestone

By December 2024, the total operational or process noise emitted by any equipment must not exceed a milestone sound pressure level of 107 A-weighted decibels (dBA).

Progress

Much progress has been made in reducing the number of machines emitting more than 107dBA, with a 1,030% decrease from 2015 to 2021, as indicated in the graph below. The industry is progressing well towards achieving the equipment noise milestone.

Progress on eliminating operational or process noise emitted ≥ 107 dBA 2015-2021



Source: Minerals Council South Africa

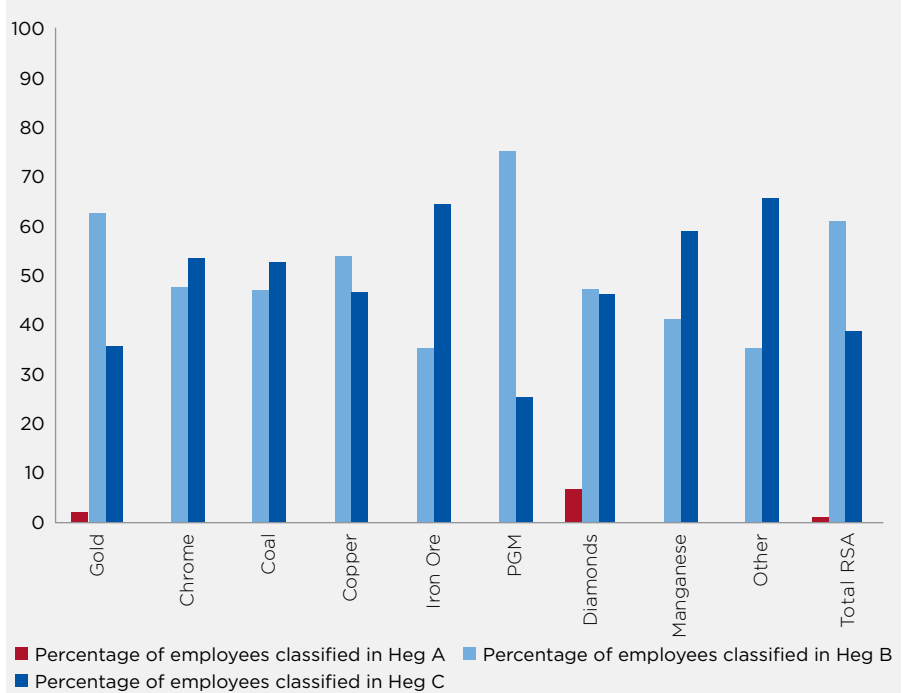
There is, however, an increase in employee overexposure to excessive noise. The number of employees over-exposed to excessive noise levels in 2020 was 2,877 out of a total population of 332,578 employees at risk. This equates to 0.87% nationally in 2020 when compared with 0.68% in 2019.

This increase in employee overexposure to excessive noise levels was notable in the diamond sector, which increased significantly from 0.87% in 2019 to 6.51% in 2020. The gold sector increased slightly from 1.34% to 1.92% in 2020, and an increase was also noted in the coal sector from 0.03% in 2019 to 0.27% in 2020.

A decrease in employee overexposure to excessive noise levels was noted in the following commodities: chrome from 0.12% in 2019 to 0.00% in 2020, PGMs from 0.75% in 2019 to 0.06% in 2020, and other mines from 0.44% in 2019 to 0.15% in 2020.

The copper, iron ore, and manganese commodities are commended for maintaining a zero-employee overexposure to excessive noise levels from 2018 to 2020.

Percentage exposure to noise



Source: Department of Mineral Resources and Energy

- HEG A - exposures ≥ 105 dB LAeq, 8h
- HEG B - exposures ≥ 85 dB LAeq, 8h and < 105 dB LAeq, 8h
- HEG C - exposures ≥ 82 dB LAeq, 8h and < 85 dB LAeq, 8h

Safety and health industry performance review

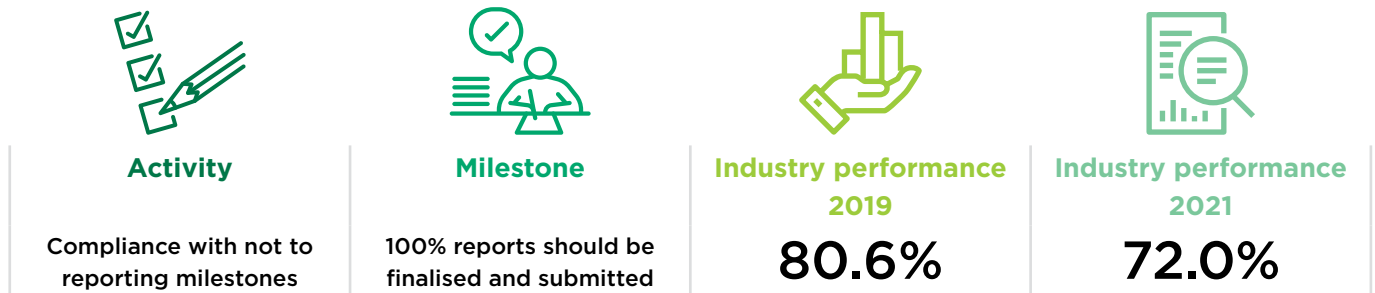
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Occupational medicine

Compliance with reporting requirements

The Minerals Council member companies committed to finalising and submitting 100% of health reports (quarterly and annually) on the Minerals Council Health Information Management System. As shown in the table below, reporting declined in 2020 to 72.0 % of reports finalised.

Compliance in reporting on milestones: 2019-2021



Source: Minerals Council South Africa

Pneumoconiosis

Milestone

Using present diagnostic techniques, no new cases of silicosis/coal worker's pneumoconiosis will occur among previously unexposed individuals (new people entering the mining industry since 2009).

Progress

No new cases of pneumoconiosis among novices have been reported on both the Minerals Council Health Information Management System and the DMRE Inspectorate's Annual Report for 2020. The DMRE, however, reported in March 2019 that three new cases of silicosis had been diagnosed. New cases were reported for the first time in 2018 and the DMRE undertook to investigate these, but no report has been submitted yet.

The DMRE statistics indicate the number of employees diagnosed with pneumoconiosis (excluding novices) has been reducing consistently, as shown in the table alongside.

Cases of non-milestones' pneumoconiosis as per the DMRE: 2019-2020

Diseases	2019	2020
Pneumoconiosis due to coal dust exposure	46	19
Pneumoconiosis due to silica dust exposure	374	271
Pneumoconiosis due to platinum dust exposure	N/A	N/A

Source: Department of Mineral Resources and Energy

Noise induced hearing loss (NIHL)

Milestone

By December 2016, no employee's standard threshold shift (STS) will exceed 25dB from the baseline when averaged at 2,000, 3,000 and 4,000 HZ in one or both ears.

Progress

Although a few people with an STS shift of more than 25dB were diagnosed in 2018 and 2019, none met the criteria for a NIHL diagnosis. Companies have been provided with a guidance note on how STS cases should be reported going forward.

In 2020 there were 1,900 employees reported on the Minerals Council system to have STS that exceeded 25dB from the baseline when averaged at 2,000, 3,000 and 4,000 HZ in one or both ears. These cases will be subjected to a verification process to validate authenticity thereof.

Safety and health industry performance review

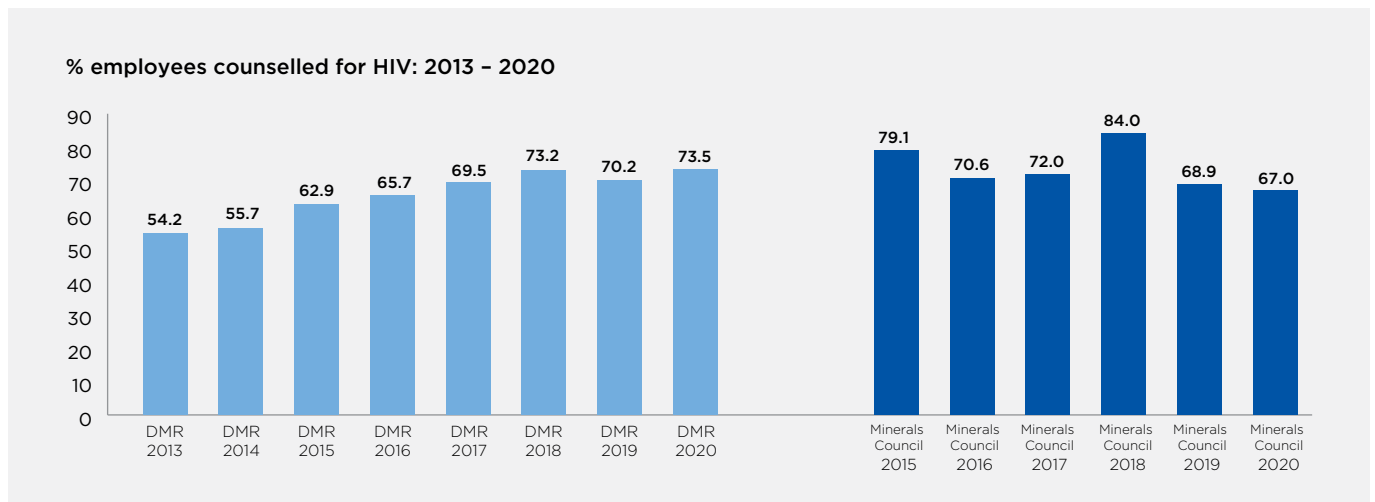
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Human immunodeficiency virus (HIV)/acquired immunodeficiency syndrome (AIDS) programme Milestone

100% of employees should be offered HIV counselling and testing annually with all eligible employees linked to an antiretroviral therapy programme as per the National Strategic Plan.

Progress

As shown in the graph, the performance of the industry on counselling for HIV declined in 2020 to 67.0% from 68.9% in 2019. This could be attributed to the COVID-19 pandemic as a factor.



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

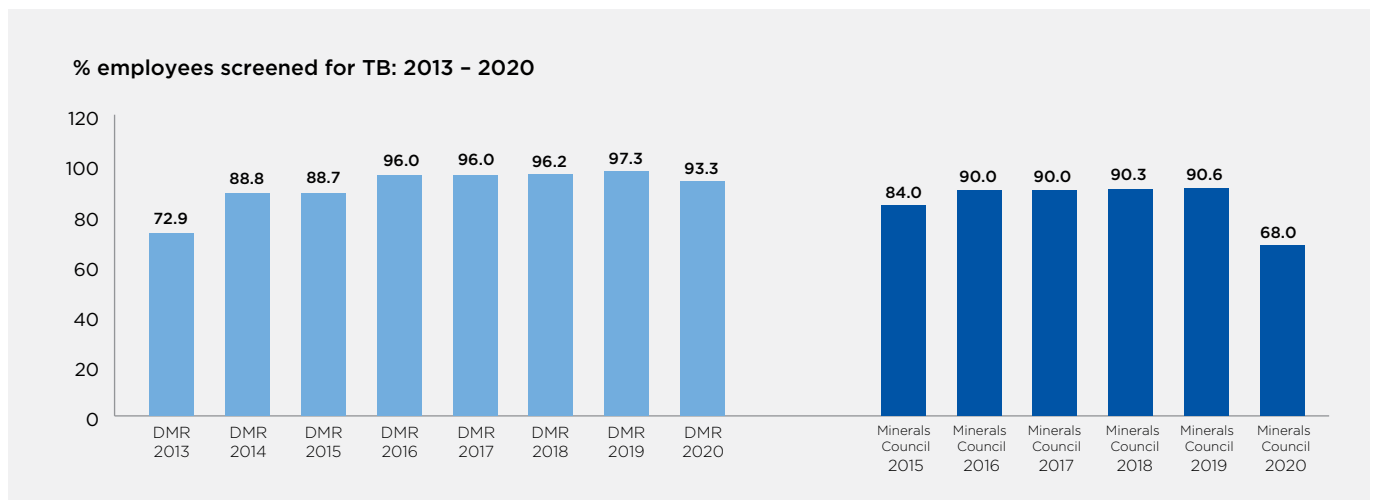
Tuberculosis (TB) programme

Milestone

The Masoyise Health Programme target is to screen 100% of employees in the industry for TB every year.

Progress

The graph shows a sharp drop in screenings from 90.6% in 2019 to 68% in 2020, possibly due to the COVID-19 pandemic.



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

Safety and health industry performance review

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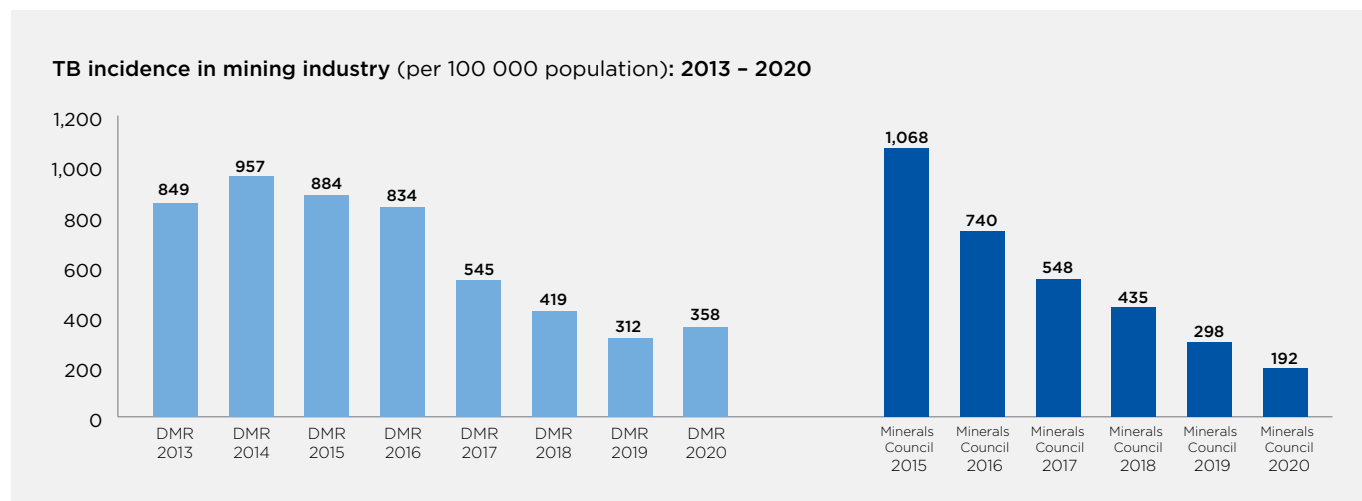
TB incidence

Milestone

By December 2024, the mining industry TB incidence rate should be at or below the national TB incidence rate.

Progress

Industry TB incidence in the figure below shows a consistent decline, which is encouraging. At the current rate, the industry might achieve the target of being at or below the South African TB incidence.



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

Non-communicable diseases (NCDs)

Target

The Masoyise Health Programme target is for companies to screen 100% of employees for hypertension and diabetes annually.

Progress

Reporting on NCDs only commenced in 2019 and, as shown in the table, the target was not met despite the slight improvement in 2020 performance.

Percentage employees screened for hypertension and diabetes

	Milestone	2019	2020
NCDs	Screen all employees for hypertension	63.2%	67.0%
	Screen all employees for diabetes	57.6%	59.0%

Sources: Minerals Council South Africa



Conclusion

A major concern in 2019 and 2020 regarding the monitoring of occupational health milestones was the decline in reporting by companies into the Minerals Council Health Information Management System. This decline in 2020 could be attributed to the COVID-19 pandemic.

Major efforts are also required to improve performance on TB, HIV/AIDS and NCD targets.

Safety and health industry performance review

continued

De Beers – Venetia Mine



Industry response to COVID-19

2021 was the second year of the global COVID-19 pandemic which is caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).

The pandemic was the largest that the world has experienced since the influenza pandemic (Spanish flu) of 1918/1919 which killed 50 million people worldwide. Over the last two years, the pandemic infected 278 million people worldwide, with 5.4 million deaths. In South Africa over the same period, 3.4 million cases and 96,788 deaths were reported, while in the mining industry this tally was 57,858 cases and 737 deaths. COVID-19 had an impact on the number of natural deaths reported in the industry, with the DMRE reporting a rise from 1,060 natural deaths reported in 2019, to 1,776 deaths in 2020.

By the end of 2021, South Africa and the mining industry had experienced four COVID-19 waves and new variants were major drivers of the waves. The first wave was in winter of 2020, driven by the original variant, the second, in December-January 2020 was driven by the Beta variant, the third, in winter 2020 was driven by the Delta variant, and the last one in December 2021 was largely due to the Omicron variant.

The Omicron variant has been significant in that, for the first time, there was a decoupling of the number of cases from the number of people hospitalised or dying from the disease. It is, however, still not clear what the future evolution of the disease will be, but vaccination will still play a very significant role in preventing serious disease and death from COVID-19.

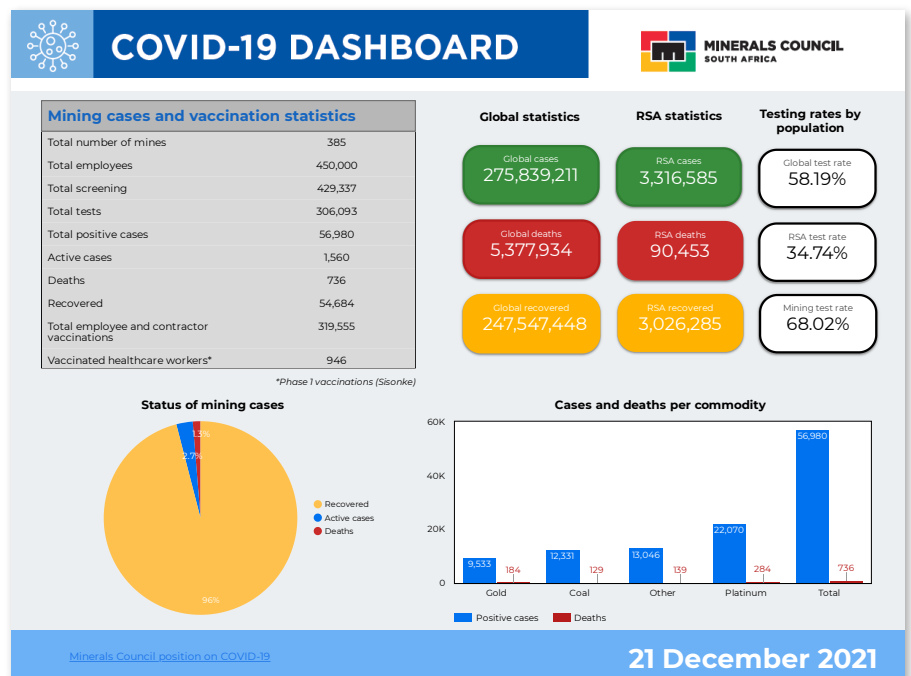
Vaccination was the key intervention and main activity undertaken by the Minerals Council and its members in 2021.

COVID-19 statistics for 2021

The industry continued to maintain a credible COVID-19 reporting system and added a vaccination field to the reporting system. Agreements were concluded with Department of Health (DOH) and with member companies to enable companies to report to the DOH on COVID-19 through the existing reporting system. This was to save companies from setting up new a reporting system with the DOH.

Initiatives to continue monitoring, screening, and testing in the industry have been undertaken in 2021 and when the holiday break began the mining sector had conducted 306,093 tests, had 1,560 active cases, 56,980 cumulative positive cases, 54,684 recoveries and, sadly 736 fatalities.

This is the dashboard published shortly before the industry's holiday break.



COVID-19 dashboard
<https://www.mineralscouncil.org.za/minerals-council-position-on-covid-19>

Gold Fields – South Deep



Industry response to COVID-19 continued



COVID-19 vaccination rollout for mining companies

In January 2021, the South African National Department of Health (NDOH) established the COVID-19 national vaccination programme with the private and public sector. From February 2021, the Minerals Council engaged consultants to facilitate accreditation of mining companies as vaccination sites in compliance with the guidelines provided by the NDOH. The project was undertaken in support of the B4SA initiative for the private sector service delivery of the national vaccination programme. The initiative involved:

- Assessing demand for vaccinations by engaging with the companies to validate numbers of health workers, employees, and contractors per site;
- Identification of occupational health sites that had the infrastructure to conduct vaccinations;
- Working with the NDOH and B4SA to determine applicable site criteria for vaccination sites, age prioritisation, and sector prioritisation (at a time of vaccine scarcity in mid- 2021);
- Facilitating training for all site administrators and facility representatives on the NDOH IT systems, and developing operational processes to manage the vaccination process at OH sites;
- Developing models for engagement; coordination with OH sites to set up processes and operationalise the vaccination programme with the right governance mechanisms; applications for practice numbers, permit applications, site layout, and implementation guidelines; registration on the Master Facility List (MFL), Electronic Vaccination Data System (EVDS) and Stock Verification System (SVS); ensuring policy implementation and supply chain coordination; supporting

with communication plan and communication material on the vaccine programme;

- Developing a network of mine OH sites through structured and regular engagement, monitoring vaccination progress, and sharing best practice, lessons learnt, implementation mechanisms, incentive schemes, and programmes to increase uptake through wellness counsellors and various interventions.

Through the facilitated support, the mining industry was the first sector to run a pilot programme for vaccinations in an employer site in May 2021 and is currently the sector with the highest number of employer-based vaccination sites managed and run by employers.

Overall, 32 mining employers hosted on-site vaccination programmes. There were six operational models for mine OH sites, these are significant because it has consequences for the process of reimbursement, funding, and claiming for the vaccines. By the end of December 2021, there were 87 mine OH sites that had administered vaccinations as follows:

- **34 sites** procuring their own vaccines and administering with their own on-site vaccinators;
- **20 sites** where vaccines and vaccinators were supplied by third party service providers and vaccinations conducted at the employer site;
- **3 companies** accessing services provided by another approved mine site in the same geographical region;
- **26 sites** where vaccines were provided by the provincial DOH and district clinics, vaccinators supplied by the OH site or the DOH, and vaccinations conducted at the employer site;
- **5 in geographically isolated areas**, clustered models with companies pooling resources to vaccinate

their employees and community members with support from provincial DOH was also achieved. In this model some vaccines were provided by companies while other vaccine stock was provided by the DOH or a combination.

Sites that could not support on-site vaccinations were encouraged to access services from other private service providers, including hospitals and pharmacy networks or medical scheme facilitated vaccination services or via public sites such as district clinics and outreach services facilitated by approved clinical operators.

The Minerals Council Board approved targets of 80% first dose by end October and 80% fully vaccinated by mid-December 2021. However, despite a considerable uptake in the early stage of the programme with a cumulative peak of 40,000 doses administered per week, this dropped down to 10,000 doses per week. Initiatives to drive demand were ongoing in line with the programmes to overcome hesitancy for the national vaccination programme.

By 31 December 2021, 52,271 (12%) employees were partially vaccinated while 268,139 (60%) employees have been fully vaccinated, a total of 320,410 (72%) employees had at least one vaccination dose.

Cross support to the NDOH

The project grew its focus and impact in July 2021, when the Minerals Council supported the NDOH by extending its programme to other BUSA sectors to ensure equity for access to workplace facilitated vaccinations and engagement with sector workstream leads. Four staff members were seconded to support the NDOH.

The support involved validation and screening of employers who had more than 10,000 employees in various provinces. Another support element in July and August was the

Industry response to COVID-19 continued

facilitation of document submission and process clarification for other sectors including automotive, manufacturing, security, agriculture, retail, logistics, SOEs, etcetera. This support by the Minerals Council contributed directly towards the NDOH and the overall national goal for provision of more vaccination sites for employers. Cross industry support enabled sharing best practice on operations and incentive schemes to address vaccine inertia and encourage vaccine adoption and uptake, monitoring of vaccination progress and providing input into the reimbursement and reconciliation process for funding of uninsured vaccines.

The overall impact of the programme has been to relieve pressure on the vaccination programmes managed and rolled out by the NDOH, reduce absenteeism, and ensure health and safety in workplaces. There have been excellent examples of cooperation between the outreach programme managed at provincial level and some employer sites, and support of community vaccination programmes.

To date the mine OH site vaccination programme has delivered over 520,000 vaccinations at mine sites. Feedback from companies and the stakeholders on the programme has indicated that the programme would not have had the level of success and engagement if the facilitated support provided by Minerals Council had not been available.

The vaccination rollout programme was also aligned to the COVID-19 regional initiative, which was a platform for COVID-19 mitigation for the mining industry, started by the Minerals Council in May 2020. This

initiative included weekly monitoring and dissemination of COVID-19 incidence in the mining sector and hosting monthly regional working group meetings. The platform includes COVID-19 communication, COVID-19 testing, updates on vaccinations and emergence of variants, engaging on all issues related to COVID-19 for the mining industry, and has been host to experts who provide relevant information to industry decision makers and programme implementers. This was specifically important in assisting mining companies to prepare for the four waves of the pandemic and specifically the emergence of the Delta and Omicron variants and their subsequent peaks in 2021.



Research on COVID-19

The Minerals Council commissioned research to fully understand the COVID-19 pandemic. One of the major pieces of research was a study on seroprevalence of COVID-19. This was conducted as a repeated cross-sectional study in three

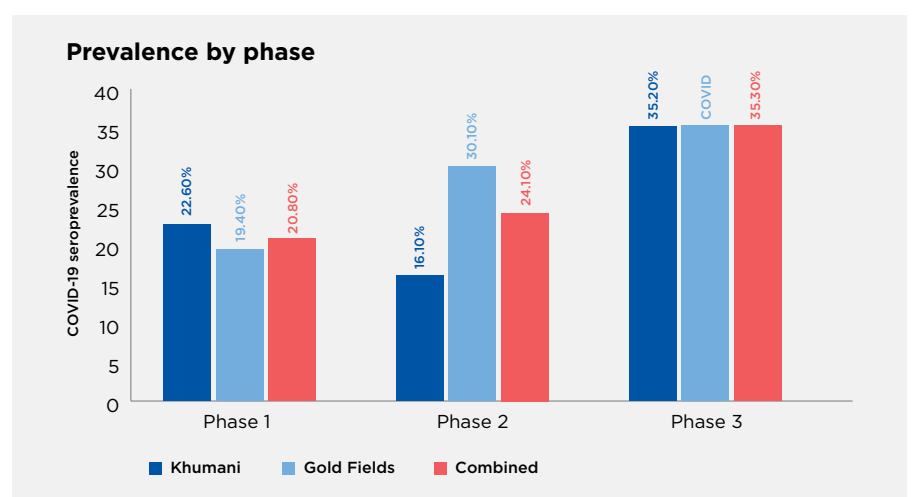
phases to determine the COVID-19 seroprevalence among mineworkers using serology testing.

The objectives of the seroprevalence survey were to determine;

- Prevalence of SARS-CoV-2 infection among key groups, measured by serology.
- Range of clinical presentation, that is symptoms, duration of symptoms, requirement for hospitalisation.
- Risk factors for COVID-19 infection, for example, ages, occupation, gender and past medical conditions among miners.
- Evaluate the effectiveness of infection prevention and control measures.

Two mines, Goldfields South Deep and Khumani Assmang, participated in the surveys and 400 individuals in each mine were targeted during each phase.

A graphical summary of the seroprevalence surveys is in graph below.



Industry response to COVID-19 continued

In the third wave, 35.3% of mineworkers in the study were infected with COVID-19. This was the highest seroprevalence compared with the previous two waves, 20.8% for Phase I and 24.1% for Phase II. There was no evidence of statistically significant differences by any of the risk factors except a previous positive COVID-19 infection. This meant that COVID-19 infected all sub-groups equally. The vaccination rate at the mines was high compared to the general population. The use of the spike-protein test also showed that 98% (276 out of 281) of the mineworkers who had taken the vaccine had a vaccine response. The mines continued with COVID-19 preventative measures and high behavioural motivation to prevent the disease.

The research was a significant contribution to the body of knowledge on a novel virus, COVID-19. All the results of the survey were shared with the Ministerial Advisory Committee on COVID-19 and the South African COVID-19 Modelling Consortium and were used for the COVID-19 modelling scenarios. From the results, employees that were vaccinated had a good vaccine response.

South Africa has been under a State of Disaster since 15 March 2020, with a total shutdown that was announced on 27 March 2020 and lifted in May 2020. For most of 2020 and 2021, the country changed its lockdown levels depending on the number of cases detected. By the end of 2021, the country was on adjusted Level 1. The key challenge is how the country will move out of the Disaster Regulations and what measures against COVID-19 will be implemented through normal legislation and regulations.

The mining industry continues to be guided by the *Guidelines for a Mandatory Code of Practice to Mitigate and Manage the Outbreak of COVID-19* published by the Chief Inspector of Mines in May 2020. The Guideline is reviewed by the MHSC annually.

Making COVID-19 vaccines mandatory was very topical worldwide, in South Africa, and in the mining industry. The Minerals Council developed *Guidelines on Ensuring Safe and Healthy Workplaces Through Vaccination* which were approved by the Health and Labour Policy Committees. These guide companies on how they can use a risk-based approach to require certain employees to be vaccinated and the processes to be followed in those circumstances.

COVID-19 communication and vaccine hesitancy

Working closely with its members and the NDOH, the Minerals Council developed and implemented strategies, programmes, and communications material to:

- Educate and inform employees and their families about vaccines and their availability.
- Promote vaccines and vaccinations, demonstrating efficacy, safety, and progress by members towards the vaccination targets.
- Identifying concerns and misinformation.

From the outset, even before vaccinations were freely available, the Minerals Council started its education and communication drive. Overall, this approach sought to provide a positive and strong industry voice in support of vaccination, and to be informative, collaborative, and supportive. In line with the Khumbul'ekhaya approach to safety and health, this included a strong focus on leading by example, with an intensive programme of CEOs and mining executive teams demonstrating their support for vaccination and being vaccinated.



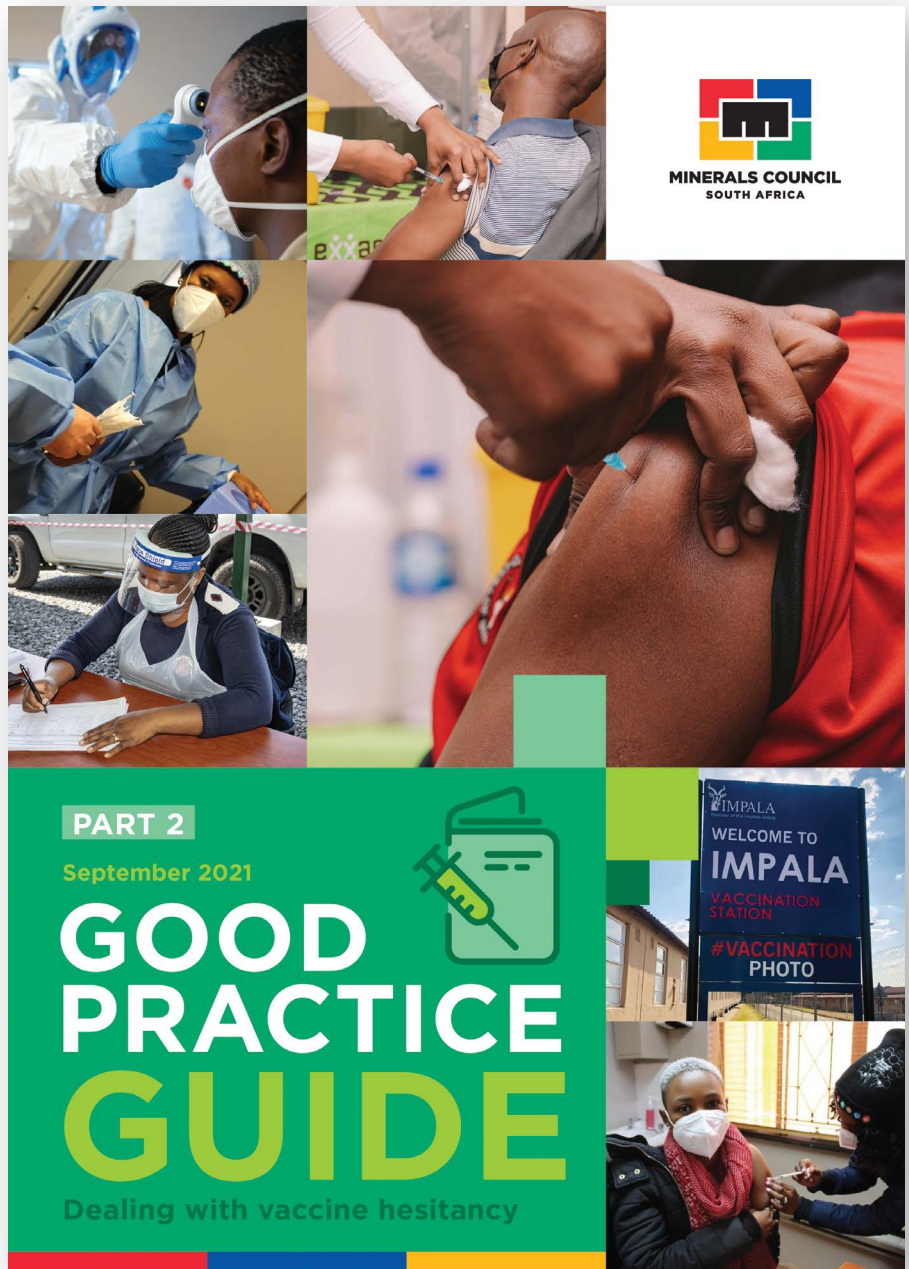
Policy environment for COVID-19

COVID-19 has posed serious policy challenges for the whole world, South Africa, and the mining industry. The number of countries that went into lockdown, suspending travel between countries and limiting the movement of people, was unprecedented. Some of the policies taken were not based on rationality or science, but were a normal reaction to what was uncharted territory.

Industry response to COVID-19 continued

The Minerals Council provided support to members in understanding vaccine hesitancy and developed strategies and tools to help overcome this. A **Good Practice Guide** to Overcome Vaccine Hesitancy was published, in partnership with the Good Practice Guide to Finding an Optimal Vaccination Solution for your Mine.

The Minerals Council's communication centred around the brand – **VacciNation**, which was adopted by members and supported by organised labour. The ongoing and specific campaigns undertaken through the year were developed in close collaboration with organised labour, and communications material was co-branded between the Minerals Council and the four main unions – AMCU, NUM, Solidarity and UASA.



“Science alone is not going to change the minds of those with strong beliefs”.

Dr Heidi Larson, author of Stuck, Director, The Vaccine Confidence Project, London School of Hygiene and Tropical Medicine



#WeChooseVacciNation

Participating unions



SOLIDARITEIT
SOLIDARITY



Industry response to COVID-19 continued

All material was made available to members for workplace use – ranging from posters and hand-outs to animations – in four different languages. A highlight of the programme was the Vooma Vaccination Week, which ran from 18 to 22 October 2021, and supported the NDOH's Vooma Vaccination Weekends.

MINERALS COUNCIL SOUTH AFRICA **Vooma Vaccination Week** 18 to 22 October

CALL TO ACTION

In early October 2021, the Department of Health launched the national Vooma Vaccination campaign to get 17 million more South Africans vaccinated by Christmas. If we can achieve this as a nation, we can save the lives of 20,000 South Africans by the end of the year.

The Minerals Council South Africa Board has agreed to set an ambitious target of getting **80%** of our workforce of 450,000 employees and contractors **partially vaccinated** by the end of October, and **fully vaccinated** by mid-December.

We are calling on member companies to drive an industry vaccination campaign in the week of 18 to 22 October.

Further details will be shared in the coming days.

"Vooma" is a South Africanism derived from the Afrikaans word "woema" meaning 'energy and speed'. It also resembles the Nguni word "vuma" meaning 'agree'.

V = Vooma = Victory

Vaccination will protect you and those you love

Vaccination against Covid-19 is thousands of times safer than catching Covid-19.

Even if you do get Covid-19, your chances of getting very sick or dying are much smaller.

Vaccination is **FREE** to everyone living in South Africa

Get vaccinated now!

#MakingMiningMatter

Calling on men

Men are at double the risk of dying from Covid than women

But more women than men are getting vaccinated

COVID-19 vaccines do not cause erectile dysfunction and male infertility, but Covid can!

Vaccinate now, and protect yourself and your loved ones

#MakingMiningMatter

Let's have a safe and healthy Christmas

We can save 20,000 lives in South Africa before the end of the year if we all get vaccinated

The 4th wave will be with us later this year

Let's give ourselves and our families the gift of life and love this Christmas.

Get vaccinated now to protect yourself and your family

#MakingMiningMatter

Vaccines work

Vaccination significantly reduces transmission of the virus

Vaccinated people are far less likely to become seriously ill as a result of Covid

Most importantly, the vaccination prevents hospitalisation and deaths

Together we can #BeatCovid

#MakingMiningMatter

The Minerals Council's website and social media platforms were an integral part of the campaigns, with the latter reaching hundreds of thousands of employees and community members alike.

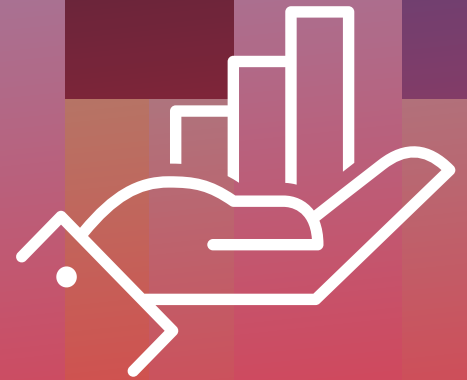


Conclusion

Overall, through the efforts at various levels of engagement, the mining industry has successfully navigated the COVID-19 pandemic to date, with an integrated risk management strategy implemented at all levels. This has ensured that health and safety and the business performance for the industry continued to be met.

SECTION 2

Our strategy, leadership, and structure



“A mining industry employers organisation, we exist to serve our members and promote their interests in South Africa.”

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Our strategy at a glance

Strategic plan

Creating an 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.



Strategic goal 1

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



Strategic goal 2

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



Strategic goal 3

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



Strategic goal 4

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



Strategic goal 5

Continually improve effectiveness and performance



STRATEGIC GOAL 1:

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 a 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 the organisation against a milestone plan that coordinates 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 a 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 and 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 is heard on the Board.

Our strategy at a glance continued



STRATEGIC GOAL 2:

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

Objectives

Create an enabling policy environment for the 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 3:

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 arrangements recognised under the social and labour plans (SLPs)). 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 MMP, and working 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).

Our strategy at a glance continued



STRATEGIC GOAL 4:

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

Objectives

Promote zero harm.

Play a 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 the Mining Occupational Safety and Health (MOSH) Learning Hub, TB and HIV/AIDS 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 the mining industry's environmental footprint.

Play a leadership role in managing the 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 5:

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 short- and long-term incentive plans). Effective implementation of the 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.

Our President's letter



“The mining industry has proved itself a catalyst for change and a vital partner in securing South Africa's post COVID-19 recovery.”

Nolitha Fakude

President - Minerals Council



2021 in brief

I am delighted to present the Minerals Council's 2021 Annual Report which illustrates how, through intensive engagements with key stakeholders, we were able to advance the delivery of our five strategic goals while traversing a challenging COVID-19 pandemic period, a complex geo-political climate, and stark socio-economic pressures at home.

In the backdrop of the myriad complex challenges, the mining industry has proved itself a catalyst for change and a vital partner in securing South Africa's post COVID-19 recovery - passing on the benefits of stable operations and higher commodity prices to community beneficiaries and to the fiscus and, in so doing, supporting the State to continue its aid programmes for millions of citizens.

Securing lives and livelihoods

The preservation of the lives and livelihoods of the 450,000 people working across South Africa's mines has remained a key focal point for the Minerals Council this year, more so as the country and indeed the world, recalibrate to find a new normal within the context of COVID-19. As an industry, we have mourned the loss of 749 colleagues to COVID-19 since 2020. Our heartfelt condolences go to the families and colleagues who have lost loved ones. But the mining sector fatality rate from employees catching COVID-19 at just 1.2% is less than half the national average.

Vaccinations have been fundamental in our approach to stemming infections and preventing severe illness and death. The Council is proud of its industry-leading vaccination programme - among the first within the private sector - which not only eased the burden on local health services conducting a challenging public vaccination programme, but also helped ensure

a safe and healthy environment for its people. By the end of 2021, the mining industry had fully and partially vaccinated 71% of its employees.

We are furthermore grateful to our member companies for extending their workplace vaccination programmes to include dependents of their employees and people in neighbouring communities, thereby deepening our collective impact in the fight against COVID-19.

Safety remains a concern

Despite the promising and positive strides made over the years, the industry's safety performance in 2021 is indeed a bitter blow for all of us. We collectively suffered the loss of 74 people (2020: 60) and, while we cannot discount the significant disruptions to operations caused by the pandemic, every loss of life is tragic and unacceptable. The Minerals Council and our members are redoubling our efforts to urgently halt and reverse this trend. We worked closely with Department of Mineral Resources and Energy (DMRE), organised labour and suppliers at the MineSafe 2021 conference in November to agree measures to address safety in earnest. This was augmented by the establishment of eight safety measures for member companies to implement immediately, following a special sitting of the Board in December. Our strategic goals in sharing leading practices are clear - a measure the Council is actively pursuing with our members to understand the events leading to fatalities, sharing learnings, and committing to lead by example in safety.

An enabling regulatory and legislative framework that supports growth and development

President Ramaphosa's decision in June allowing the development of embedded electricity generation

Our President's letter continued



Sedibelo Platinum Mines – Pilansberg Platinum Mine



projects up-to 100MW is, in my view, one of the most important structural reforms in more than two decades – helping to catalyse inclusive growth in the mining industry and the country at large. Since 2019, the Minerals Council has engaged the Presidency and government on expanding self-generation limitations. With a pipeline of 3.9GW of energy projects worth an estimated R60 billion, the mining industry is set to play a critical role in alleviating South Africa's electricity constraints. Equally, we are encouraged by our members' commitments to achieving net greenhouse gas neutrality by 2050, in line with our peers in the International Council on Mining and Metals. The Minerals Council will continue to work with key stakeholders in addressing bottlenecks in securing wheeling agreements as well as other necessary environmental permits and grid-tie authorisations. As we work to decarbonise our energy sources and move to renewable energy, we do so cognisant of our part in supporting a just energy transition (JET) for all South Africans. The centre of any just energy transition must be people and reducing the negative impact on employment while protecting the country's energy security. The Minerals Council will continue to provide guidance and steer in this regard.

Another important decision that addressed a major area of uncertainty within the mining regulatory and policy environment is the Gauteng High Court judgment confirming that the Mining Charter 2018 is a policy document rather than a regulatory one. While the outcome is viewed positively by the Minerals Council and its members, it must be reiterated that it in no way undermines the industry's continued commitment to transformation, inclusive economic growth, and sustainable positive social impact in South Africa, and that we will continue to work closely with the DMRE to achieve the joint objectives of a prosperous and thriving industry that benefits all citizens.

The Minerals Council furthermore continues to engage the DMRE on the draft Exploration strategy agreed in January 2021, recognising the urgent need for exploration to attract growth and investment within the industry. Similarly, we continue to collaborate with the Department of Public Enterprises to address the concerning issues at Transnet that impact our bulk minerals members, while working closely with government's security cluster to address concerns around mining operations and logistics corridors, and to find lasting solutions to the estimated R35 billion lost opportunity costs in forfeited export revenues in 2021 that our members suffered.

Looking to the future

In 2022, ensuring the inclusive growth of the mining sector will require ongoing constructive and honest discussion with government and other key stakeholders around the inhibitors to growth, including challenges around the country's energy generation capacity and ailing infrastructure.

Addressing growing community discontent around mining operations, which stems at least in part from municipal capacity challenges and rising unemployment, will also require greater stakeholder engagement to co-create workable solutions that are supportive of a progressive and economically viable society in the long run.

In this new normal the mining industry, with its wealth of engineering capacity and strong financial and project management skills, has the opportunity to play a key role in ensuring better lives for our neighbouring and labour-sending communities, but without allowing municipalities to abrogate their core responsibilities. Achieving this will take transparency, honesty, and accountability as we work closely with government, communities, and other key stakeholders.

We have come through two very difficult years as a mining industry and as a country. With promising structural reforms coming from the Government, we have the ability to shape our destiny. We must be active, engaged, caring citizens and stakeholders on this journey to kickstart the economy and to strive for higher investment and improved inclusive growth and employment creation.

Nolitha Fakude

President – Minerals Council
South Africa
12 May 2022

Our CEO's review



“The Minerals Council continued to play an active leadership role in addressing the challenges facing the mining industry and country”

Roger Baxter
CEO – Minerals Council



2021 was a standout year for the South African mining sector, especially in respect of bailing out the economy. What did the Minerals Council do with members to achieve this outcome?

There is little doubt that, despite the COVID-19 crisis shutting down most of South Africa's economy, the mining sector played a significant role in not only stabilising the economy, but also stabilising the fiscus. The collaborative approach adopted between the Minerals Council, Minister Gwede Mantashe and the DMRE to proactively manage the pandemic through preventative and mitigating controls enabled the sector to get back to work and to “save lives and save livelihoods”. The jointly developed guidelines for managing the pandemic, resulted in a much lower fatality rate from positive COVID-19 cases with mining's fatality rate being less than half the national average. Despite the decline in production volumes and exports (which we will get to later), higher prices led to a surge in export values. This enabled mining companies to sustain operations, provide record contributions to the fiscus in the form of taxes and royalties, and support general economic activity in the economy. Not only did mining's share of GDP rise to 8.7%, but mining was also one of the few sectors to actually create employment with more than 6,000 jobs created during the year. The Minerals Council was at the forefront of efforts to engage government across all spheres, including keeping the sector at work, rolling out a significant vaccination process, and working on all constraints holding back the sector.

At the same time, it is important to note that mining could have done so much more in terms of investment, growth, exports, and sustaining the South African economy. Various significant structural and institutional constraints like power supply, rail

and port capacity constraints and underperformance, red tape holding back exploration, policy uncertainty created in certain areas (such as environmental requirements), and the challenging security and crime situation, all held back the sector. The Minerals Council estimates that, if Transnet had been able to carry bulk exports to the nameplate capacity of the rail infrastructure, we would have exported at least R50 billion more in 2021. The opportunity cost of getting power and rail wrong is significant for the country.

Nevertheless, we have a commitment from Minister Mantashe that, through leadership collaboration, we can get our share of exploration expenditure back to 3 to 5% of global total and mining's share of GDP back to 12%. We know the constraints and solutions; the critical issue now is implementation.



2021 was another challenging year for the South African mining industry. What role did the Minerals Council play in trying to address those challenges?

As alluded to above, there are several structural and institutional constraints holding back investment and inclusive growth in the exploration and mining sectors. The Minerals Council continued to play an active leadership role in addressing the challenges facing the mining industry and country. We are involved in discussions at the highest levels of government and state-owned companies to understand and try to help resolve the challenges they have or inject a sense of urgency into recovery plans on behalf of our members. The challenges are across a broad front, ranging from security and crime problems faced by our members at their operations, community unrest, and water supply to electricity, regulations, unprocessed mineral rights applications, and failing

We can be proud



Not only did mining's share of GDP rise to 8.7%, but mining was also one of the few sectors to actually create employment with 8,000 jobs created during the year.

logistics. It is clear that government has skills and capacity challenges to address these challenges and the private sector must play a role to take control as a leader of reform and, in partnership with government, to get the economy back on track. The Minerals Council has taken an active strategic approach of "being the change that we want to see in the world" and working closely with government and other stakeholders to address the challenges.

We are seeing some of the structural reforms we have requested starting to filter through. The embedded energy generation cap was raised to 100MW from 1MW as announced by President Cyril Ramaphosa in June 2021. He has committed to bring private operators into select ports and onto select railways and there are green shoots in these areas. The structural reforms in the energy market, with splitting Eskom into its constituent parts and

the 100MW of private, licence-free energy generation are the most significant reforms by government in more than two decades. The creation of an independent state-owned transmission company will fundamentally alter the country's energy landscape, allowing private electricity generators access to the market, hopefully resulting in competitively priced, reliable energy to grow the economy. The creation of the Transnet Ports Authority will give private-sector investors access to participate in harbour operations. Some of the Transnet Port Terminal's (TPTs) harbours are nowhere near as productive or as globally cost competitive as they should be, which is detrimental to our economy. The participation of private operators at TPT ports and on Transnet's railways will be another welcome boost to improve productivity and efficiencies in port and rail logistics, which have markedly deteriorated and are of

serious concern, particularly for our bulk mineral exporting members.

However, while we have agreement on which structural reforms are important, the pace of execution of reforms remains too slow thus constraining the economy. We believe that the Government must far move more quickly and decisively in allowing the private sector access to key network industries. We can bring our leadership and business expertise in to open up sectors, remove constraints, and get the economy back to a 25% fixed investment rate as a percentage of GDP. We support the Government's Economic Reconstruction and Recovery Programme and the Government's commitment to investment in infrastructure. Making ministers and directors general accountable for meeting clearly defined targets will go a long way towards realising these plans.



71%

of all 450,000 mine employees were fully and partially vaccinated by the end of our 2021 financial year.

Our CEO's review continued

President Cyril Ramaphosa's appointment of former Chamber of Mines President, Sipho Nkosi, to head a team in his office to remove layers of bureaucratic red tape to improve the time and cost of doing business is vital. We have been working with the DMRE, Eskom, and other government departments to remove red-tape holding back investment in self generation projects. Our member companies have more than 3.9GW of energy projects worth more than R60 billion, which will take an enormous burden off Eskom and the country's severely constrained electricity supply. However, the red tape, lengthy administrative processes to secure environmental authorisations, change of land use approvals, and the long Eskom grid tie connection process before companies can even take a project to NERSA for registration or licensing means that it will be years before we see the benefits of these projects for the mining industry and the entire country. Taking pressure off Eskom's constrained and aged generation fleet is critical to allow the company to conduct thorough maintenance programmes.


Another example of bureaucracy delaying investment is the backlog in the Department of Mineral Resources and Energy of more than 4,000 mining and prospecting right applications and requests for mineral right transfers. There are projects worth more than R30 billion our members are unable to get started because of the stubborn backlog. We continue to encourage and place pressure on the DMRE to give priority attention to completely clearing the backlog. President Ramaphosa has set a target of attracting R1.2 trillion of investment in the economy. The mining industry has a big chunk of that ready to go, but we need action from the Government.

During 2021, I, along with the leadership of our member companies, and BUSA leadership and members,

met with President Ramaphosa to clearly identify the obstacles to investment in the economy and in mining in particular. We have held similar meetings with cabinet ministers to outline the extent of the challenges we are facing, particularly with logistics and deteriorating security, outlining the need for urgent intervention at the highest level, and offering potential solutions and assistance. The rapid deterioration in the country's security is evident on and around mining operations. Our members report procurement mafia stirring up communities disgruntled by the lack of municipal service delivery and job opportunities to extort contracts from them. Nico Swart, a senior manager at Richards Bay Minerals, was shot dead in May 2021 as community unrest over unhappiness with procurement contracts and employment opportunities for locals led to a suspension of mining there.

In the Burgersfort, Steelpoort and Lydenburg area of Limpopo where platinum group metals and chrome are mined and processed, companies lost R1.2 billion in revenue due to community unrest that disrupted mining operations. Combatting illegal mining and theft from mines costs our members R2.5 billion on security each year. We are working closely with the ministerial security cluster and senior police structures to address and halt these incidents. The widespread social unrest, lootings, and deaths of 350 people in KwaZulu-Natal and Gauteng in July, with muted, largely ineffectual police response was a wake-up call that the national security environment is tinder dry and open to exploitation by a few individuals. The State has yet to bring to account or prosecute those involved for stoking the July unrest which did so much damage to infrastructure, businesses, and investor sentiment in those few weeks. It speaks to a broader malaise in our society that needs a broad, proactive intervention by all stakeholders.

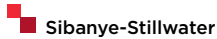
If President Ramaphosa's State of the Nation Address in February 2022 can be used as a barometer, it's clear our requests and inputs are being heard. Now we need action. President Ramaphosa's assertion in his speech that the private sector is responsible for 80% of economic activity and jobs is a significant confirmation that the partnership with the State must be enhanced to revive our economy and set it on a trajectory of inclusive growth and vital job creation. We are more than ready and willing to play our role. The multiplier effects of a successful, productive mining industry will benefit the broader economy and provide the Government with the financial capacity to improve lives and invest in infrastructure.

 **In 2021, the mining industry was a trailblazer in COVID vaccinations, how important was this for the country and the sector's image?**

This is 2021's biggest success story in the mining industry and one of which we are justifiably proud because it speaks to what can be achieved in a partnership with the private sector and the State. At the end of our 2021 financial year, we were comfortably above 71% of all 450,000 mine employees fully and partially vaccinated and close to our target of 80%. We have 67% of our workforce fully vaccinated. It is a remarkable achievement for an industry adapting to the new normal in the second year of the COVID-19 pandemic. The industry's ability to rapidly return to work safely after the March 2020 national lockdown and then, a year later, to quickly and efficiently vaccinate the majority of employees, has for the second year enabled the country to reap the economic benefits of mining.

The feat was achieved through a consecutive year of working closely with the Department of Health

Our CEO's review continued



to ensure an adequate supply of vaccines, staffing, and facilities, and ongoing engagement with the DMRE. The nature of cooperation, collaboration, and partnership mirrors that of 2020 when the pandemic struck, and we worked closely with our stakeholders in government and organised labour to return mine employees safely to work in a carefully managed and phased approach. The vaccination programme shows what can be done when the Government and private sector collaborate as partners to address challenges together for the social good. COVID is not only a health issue; the disruption it has caused in the past two years to mining operations has been one of the underlying reasons for the unacceptable second annual regression in mine safety statistics for 2021. While we are not blaming the pandemic, there is no doubt repeated changes to formerly close-knit mining teams, new working arrangements, lingering effects of COVID infections, the physical and mental stresses of the past two years, and concerns for families and loved ones, have played their part. Maintaining due care and vaccination campaigns to keep employees healthy will be important, not only to prevent unnecessary loss of life to the virus, but also as a platform in our unflagging efforts to halt

and reverse the regression in safety since 2020

Q A You mentioned the fiscus benefited for a second year from mining. How so?

Mining companies contributed significantly to stabilising the economy through a record level of taxes and royalties paid to the Government at a time when the economy was still struggling to recover from the restrictions placed on it in 2020. In terms of the Medium Term Budget Policy Statement, mining contributed R92 billion of the extra R120 billion extra taxes received in the 2021 fiscal year.

The direct contribution to GDP grew by nearly 12% to R480.9 billion, and the percentage contribution of mining to the economy improved to 8.7% from 7.1%.

Finance Minister Enoch Godongwana has repeatedly acknowledged the contribution of mining to the country's largely moribund economy. We were one of the few sectors able to grow employment, adding more than 6,000 jobs as mining companies realised profits and were able to invest in their operations. Mining's gross fixed capital formation expanded to R114 billion from R92 billion.

The State collected R1.55 trillion in tax revenue for its 2021/22 financial year, which was R182 billion more than it forecast at the end of the previous budget. The bulk of this surplus came from the mining industry.

Minister Godongwana was able to use the unexpected windfall towards stabilising the country's debt by reducing the borrowing requirement by more than R130 billion annually for three years, lowering interest payments of R300 billion a year. He promised "tough love" for state-owned enterprises, stopping the drain of funds out of the fiscus to prop them up.

Mineral exports increased by 46% to R841.6 billion. However, that improvement could have been so much better. Our bulk mineral members experienced an extraordinarily difficult year with Transnet's rail and port infrastructure. We estimate that the iron ore, coal, and chrome exporters lost an opportunity cost of R35 billion when we measure actual performance against what was targeted for 2021. The scale of lost opportunity for mining companies, their shareholders, the fiscus, and Transnet is actually much bigger. If Transnet had been able to achieve the nameplate capacity of the various rail lines, we would have exported R50 billion more.

Our CEO's review continued



How do we turn around the weak performance of Transnet and other SOEs?

To put the poor Transnet performance into context. In 2019, on the COALink railway line between Ermelo and Richards Bay, Transnet exported more than 70 million tonnes. In 2021, they managed only 58 million tonnes, costing the industry R16 billion in lost revenue and exports by not meeting their agreed targets. If Transnet had realised COALink's nameplate capacity of 78 million tonnes, South Africa would have exported R32 billion more coal. Looking at it like this, it's clear the opportunity cost of the poor rail performance is much larger than we thought.

The problems of crime on the rail network are felt by all bulk mineral exporters, but even if that issue is addressed, Transnet is dealing with the consequences and legacies of rampant corruption as outlined in the Judicial Commission of Inquiry into State Capture's reports, malfeasance, incompetence, poor planning, and weak strategy implementation. Transnet's purchases of 1,064 locomotives were marred by irregularities and are now embroiled in legal disputes. This has rendered Transnet unable to secure spares for the locomotives it has taken delivery of, with more than 200 locomotives currently inoperative.

Our members have offered engineering assistance, while our coal members, in particular, have provided sophisticated private security on the COALink line, achieving successes in reducing crime on that part of the network and creating a model that we plan to replicate on other key commodity rail corridors. The Minerals Council has set up commodity focused teams working with Transnet in iron ore, coal, manganese, and chrome to identify and resolve problems specific to each commodity.

We are also regularly engaging André de Ruyter, CEO of Eskom, and his leadership team about the difficulties they have in maintaining sufficient electricity supply for the country and the criticality of bringing on more private sector supplemental power supply.

The Minerals Council and member companies in the Northern Cape have worked hard this year to deal with the consequences of the failed Sedibeng Water, the country's third-largest water provider. We are working towards a private-public partnership on the Vaal Gamagara Water Supply Scheme that is the main source of water for communities and mines in the province. We are in close consultation with the Department of Water and Sanitation after Minister Senzo Mchunu dis-established Sedibeng Water. In the interim, engineers paid by mining companies are fixing pumps and filters to ensure a clean water supply for all users. We are keenly aware that thousands of vulnerable people are dependent on the pipeline, not only mines, so we are doing all we can to guarantee adequate supplies of potable water are sustainably supplied to the Northern Cape. Minister Mchunu has referred to our involvement with Vaal Gamagara as a pilot that could be rolled out to broaden private sector participation in the country's water delivery and sanitation.

There is little doubt that the current model of ownership and operations of various state-owned network industry service providers is not working. Unlocking these key network industries to allow private sector participation, as all our competitors have done, would result in much higher productivity, innovation, investment, economic growth, and employment. It has simply reached the point where only partnerships with the private sector will save the country from a full-blown economic and social crisis.



Has the regulatory environment improved during 2021 to create a more enabling and attractive investment and operating environment?

2021 did witness an important milestone in our efforts to promote policy and regulatory certainty in the mining sector. This is through the High Court ruling in the Minerals Council's favour in our application to review and set aside certain clauses in the 2018 Mining Charter. The judgement agreed with the Minerals Council's view that the Charter is a policy document rather than a regulatory one. A senior delegation from the Minerals Council met Minister Gwede Mantashe and his officials soon after the ruling and reiterated the mining industry's commitment to transformation, stressing that the judgement setting aside aspects of the Charter had not changed or derailed that commitment. In turn, Minister Mantashe told Parliament that the department would not appeal the judgement. While this is a positive development, there have been calls from various stakeholders for the Charter to be made a regulatory instrument. The Minerals Council has appeared before the Parliamentary Portfolio Committee on Mineral Resources and Energy to recommit to transformation and to highlight the myriad mechanisms available in the Mineral and Petroleum Resources Development Act to enforce transformation without the need to change the status of the Charter. We are looking at ways to go beyond what the Charter requires of us to truly transform the mining industry and ensure inclusive, sustainable growth. For all stakeholders to understand how transformed the industry is, the department must issue a scorecard template for our members to measure their progress in a uniform way. As an industry that has had these formal scorecards to

Our CEO's review continued

submit annually under the first two charters, we cannot measure our transformation progress without this template, which makes engagements with our stakeholders difficult. We need certainty.

More than a year after negotiations between the Minerals Council, the DMRE, and the Council for Geosciences to agree an exploration strategy to reignite exploration and junior mining in South Africa, the plan has recently been approved by Cabinet and hopefully will be published soon. We hope that this new exploration plan will materially swing the pendulum towards greater investment in South Africa's exploration pipeline. Associated with this is the critical need to develop a world-class, transparent, user-friendly online cadastral system. Despite our intensive lobbying of the DMRE to purchase an off-the-shelf, internationally proven mineral rights management system, it has opted to develop a bespoke system which we fear is likely to take years to build. Hopefully, it will not end up being as dysfunctional as the current SAMRAD system. We need a functional cadastral platform that will make it easy and quick to source exploration targets and to lodge exploration and mining rights in a tamper proof, transparent manner.

Any attempt to revitalise our exploration and mining sectors will need the backlog of more than 4,000 prospecting and mining right applications and mineral rights transfers to be speedily resolved. Our members have investments of R30 billion pending these approvals.



Was there a standout disappointment for the year?

Without a doubt, the second consecutive regression in the mining industry's safety performance was a bitter blow. We had 74 fatalities in 2021 compared to 60 the year before. The industry achieved a historic

low of 51 in 2019, which makes this regression difficult to accept. We have proved the industry can achieve so much more. We participated in the MineSafe 2021 conference in November with all stakeholders to discuss what went wrong and how to improve the industry's performance. The Minerals Council called a special Board meeting in December and adopted an 8-point plan to immediately halt the regression and reverse the trend. We have meetings within the Minerals Council after every fatality to establish lessons that can be passed on to all our members to avoid repeat events. We are taking our intervention to halt and reverse the regression extremely seriously.



What are the top three critical reforms or developments for the South African mining industry in 2022?

Three key areas require utmost attention and focus in 2022. These include:

- Making material further progress in improving safety in the mining sector. With the commitment of the industry's leadership and working closely with government, our trade union partners, and other key stakeholders, we are focused on making mining safer and substantially reducing the level of fatalities in the mining sector. To this end just under half of the Minerals Council team and budget are focused on addressing the critical challenges in falls of ground and accidents caused by transport and associated machinery. We are also investigating and adopting relevant leading practices from around the world through our MOSH team, which also helps in our journey towards zero harm.
- The second critical issue that we must make progress in is addressing the negative security and crime challenges plaguing

the mining sector. We are working closely with the security and criminal justice clusters of government, and we anticipate the establishment of a mining dedicated police task force that can focus on addressing illegal mining, product theft, the procurement mafia, and copper theft (which is plaguing Transnet).

- The third critical issue is for much faster progress to be made in resolving the constraints and challenges facing Transnet Freight Rail and Transnet Port Terminals, to facilitate greater investment and production in mining and greater exports of bulk commodities to the global marketplace. Already, through collaborative leadership teamwork between Transnet and the Minerals Council, the Government has started providing some exemptions on local procurement rules to Transnet to enable the urgent procurement of critically required spare parts. Through our commodity specific engagement platforms we are hoping that the relevant constraints can be reduced and exports start moving back to targeted and then nameplate level.

In the interim, the Minerals Council will continue to play a leading role in driving the national economic agenda focused on faster structural reforms and the mining specific agenda of reducing policy uncertainty, reducing red tape, expediting processes related to licences for mining and new self-generation, and enabling much greater investment in exploration in mining. But the key is speedy implementation of the reforms. In this regard the Minerals Council and members stand ready to assist government in this endeavour – as the opportunity cost of getting it wrong is just too high for the country.

Roger Baxter

CEO – Minerals Council South Africa
12 May 2022

Our structure



Nolitha Fakude



Paul Dunne



Themba Mkhwanazi



Peter Steenkamp

Themba Mkhwanazi

Vice President

B Eng (Hons) Chemical Engineering

Themba Mkhwanazi was the CEO of Kumba Iron Ore and a member of the Group Management Committee at Anglo American until 31 December 2021 when he was appointed CEO: Global Bulk Commodities at Anglo American PLC. Prior to joining Kumba, he held the position of CEO of Anglo American's coal business in South Africa from May 2014 to September 2016. He has extensive experience in the resources industry, including 20 years in his native South Africa, as well as in the USA and Australia.

Themba was Managing Director of Huntsman Tioxide in South Africa until 2007 when he was appointed COO of Richards Bay Minerals, a joint venture between Rio Tinto and BHP Billiton. In 2011, Themba was seconded to Rio Tinto's Australian coal business, before taking up the role of Regional General Manager for the Americas in 2012.

Peter Steenkamp

Vice President

B Eng (Mining), Mine Managers Certificate Metal Mines, Mine Managers Certificate Fiery Mines, CPIR, MDP, BLDP

Peter Steenkamp has been CEO of Harmony since January 2016. A highly experienced mining engineer by profession, Peter has some 42 years' experience in the industry. Prior to his role as Harmony CEO, Peter was Senior Vice President: Mining of Sasol Mining and held executive positions at Harmony, African Rainbow Minerals and Pamodzi Gold. He is a member and past president of AMMSA and a member of the Southern African Institute of Mining and Metallurgy (SAIMM).

OFFICE BEARERS



The Office Bearers, who provide leadership to the organisation, are elected each year at the Annual General Meeting

Nolitha Fakude

President

BA (Hons) Psychology, University of Fort Hare; Senior Executive Programme, Harvard Business School

Nolitha Fakude is the Chair of Anglo American's Management Board in South Africa as well as the Group Director responsible for South Africa on Anglo American's Group Management Committee. Nolitha previously served as a non-executive director of the Board of Anglo American from 2017 to 2019.

Paul Dunne

Vice President

BSc (Hons), MBA

Paul Dunne joined Northam in March 2014 as CEO. He is a non-executive director of Zambezi Platinum and the International Platinum Group Metals Association (IPA). He was formerly an executive director at Impala Platinum Holdings, responsible for all mining, concentrating and smelting operations at the group's Rustenburg and Marula mines.

Our structure continued



Roger Baxter



Tebello Chabana



Nikisi Lesufi



Harry Groenewald



Sietse van der Woude

EXECUTIVES

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 and safety, education, environment, policy, and regulations.



Roger Baxter

Chief Executive Officer

BCom (Hons)

Roger Baxter joined the Minerals Council in 1992 and was appointed CEO in 2015. He has 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 repositioning the Chamber of Mines of South Africa as the Minerals Council South Africa. He is a member of the Minerals Council Board, the BUSA Board, and the Board of the TEBA Trust. He chairs the WPIC and is Vice Chair of the International Associations Working Group within the ICMC. He is Chair of the MIASA.

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 Deneys Reitz Attorneys, then joined Anglo American South Africa as a legal advisor 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 advisor. 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) as Deputy Director: Water Quality, Director: Water Resources Management, and head of the regional office of the 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 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.

Our structure continued



“Our Board, leadership and senior management team perform a critical role in strategically guiding the work of the Minerals Council.”



Mustak Ally
Head: Skills Development



Thuthula Balfour
Head: Health



Ursula Brown
Head: Legal



Jeannette Hofsaer-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



Sizwe Phakathi
Head: Safety and Sustainable Development



Allan Seccombe
Head: Communications

Our structure continued

DISCIPLINES



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. It is also responsible for shaping industry responses to critical concerns affecting the sector



Employment Relations

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



Environment

The Environment 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 the development of position papers for policy formulation and implementation.



Health

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



Junior and Emerging Miners Desk

The Junior and Emerging Miners Desk provides advice and support,

and acts as a resource centre for 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. This includes addressing challenges that have arisen as a result of the increase in illegal mining.



Modernisation

The Modernisation discipline promotes research, development, and innovation as a critical enabler of modernisation. The discipline acts to facilitate a collaborative effort regarding innovation that will contribute to achieving zero harm, improving productivity and competitiveness, and creating sustainable and socially acceptable mining.



MOSH Learning Hub

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



Public Affairs and Transformation

The Public Affairs and Transformation discipline engages with social

partners on matters of public policy, supporting the aims of the MPRDA and associated Mining Charter.



Safety and Sustainability

The Safety and Sustainability discipline actively promotes mineworkers' safety and health in the workplace. It also provides high-level guidance on matters that affect the environmental, social, and governance (ESG) impacts of the industry.



Skills Development

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



Social Performance

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



Finance and Administration

The Finance and Administration discipline provides the financial, ICT, human resources and administrative structures, and facilities management of 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 external stakeholders are updated on mining industry events in South Africa.

Our structure continued

OUR BOARD

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

The Board is made up of representatives of Minerals Council member companies and representatives of the Junior and Emerging Miners Leadership Forum and the Associations Leadership Forum. Board members are nominated and elected annually in the Annual General Meeting.

Minerals Council Board at 31 December 2021 were:



Nolitha Fakude

**Minerals Council:
President**

Anglo American
South Africa: Chair of
Management Board



Paul Dunne

**Minerals Council:
Vice President**

Northam
Platinum: CEO
Board



**Themba
Mkhwanazi**

**Minerals Council:
Vice President**

Kumba Iron Ore:
CEO



Peter Steenkamp

**Minerals Council:
Vice President**

Harmony Gold:
CEO



Ayanda Bam

Kuyasa Mining:
Executive Chair



Roger Baxter

Minerals Council:
CEO



Werner Duvenhage

Richards Bay
Minerals:
Managing Director



Neal Froneman

Sibanye-Stillwater:
CEO



Japie Fullard

Glencore Alloys
South Africa: CEO



Jinghua Han

Palabora Mining
Company:
Executive
Director and CEO



Murray Houston

Glencore Coal South
Africa: CEO



Lucky Kgatle

Sasol Mining:
Senior Vice
President



Lerato Legong

Sibanye-Stillwater:
EVP Legal and
Compliance

Our structure continued

OUR BOARD continued



Amo Marengwa

South African
Diamond Producers'
Association: National
Executive Member
(representing
Associations)



Zanele Matlala

Merafe Resources:
CEO



Mxolisi Mgojo

Exxaro: CEO



Nico Muller

Impala Platinum:
CEO



July Ndlovu

Thungela: CEO



Sicelo Ntuli

AngloGold
Ashanti: COO



Barend Petersen

De Beers
Consolidated Mines:
Executive Chair



Steve Phiri

Royal Bafokeng
Platinum: CEO



Nico Pienaar

ASPASA: Director



Noel Pillay

South32:
COO – Africa and
Columbia



Martin Preece

Gold Fields:
Executive Vice
President: South
Africa



Niël Pretorius

DRDGOLD: CEO



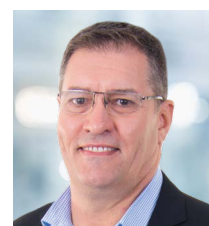
Mike Schmidt

African Rainbow
Minerals: CEO



Pushpender Singla

Vedanta Zinc
International: CFO



Errol Smart

Orion
Minerals: CEO
(representing
Junior and
Emerging Mines)



Richard Stewart

Sibanye-Stillwater:
Group COO



Mike Teke

Seriti Resources:
CEO



Nombasa Tsengwa

Exxaro: CEO
Designate



Natascha Viljoen

Anglo American
Platinum: CEO



Charles Walters

Assore: CEO

Our leadership forums

OUR LEADERSHIP FORUMS

There are ten leadership forums that meet on a regular basis during the year, and on which member companies may have representation. These forums streamline and promote collaboration and create 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.

1



CEO Zero Harm Forum

2



Chrome Leadership Forum

10
LEADERSHIP FORUMS

3



Coal Leadership Forum

4



Diamond Leadership Forum

5



Platinum Leadership Forum

6



Exploration Leadership Forum

7



Junior and Emerging Mines Leadership Forum

8



Northern Cape Mines Leadership Forum

9



Women in Mining Leadership Forum

10



Associations Leadership Forum

Our leadership forums continued



1. CEO Zero Harm Forum

The CEO Zero Harm Forum acknowledges that health and safety starts with CEOs. Through the forum's meetings, CEO-ship is promoted deliberately through presentations by CEOs on their role in safety.

As part of our Khumbul'ekhaya Strategy, CEOs in the forum continue to:

- Challenge each other, learn from each other.
- Deal decisively with inhibited sharing in our sector in order to share more and better.
- Move health and safety from a priority, which is variable, to a value, which is non-negotiable.

Meetings in 2021 were still largely focused on health actions to manage the COVID-19 pandemic, including those actions related to vaccine efficacy, accelerated vaccine roll out within the South African mining industry and vaccine acceptance.

The Minerals Council engaged with members on the impact of the COVID-19 pandemic on the 2020 performance. The members highlighted that COVID-19 did affect areas related to occupational safety, including in areas of supervision, safety coaching, crew allocation, absenteeism, high potential incidents, psychological well-being, compliance with work standards, training, and maintenance. The CEO Zero Harm Forum indicated that COVID-19 could

not be used as an excuse for lives lost and members, therefore, engaged on ways to eliminate safety fatalities despite the pandemic.

The Minerals Council's CEO Zero Harm Forum had an urgent, special meeting about 3rd Wave Risk Management around Easter informed by a presentation from Discovery to Nedlac on "Super spreader Easter, with Reinfections" scenario. Guidance related to travel and leave was urgently approved.

The CEO Zero Harm Forum was deeply concerned that falls of ground continued to be the key contributor to fatalities, with 21 of the 58 fatalities reported in 2020 resulting from falls of ground. Furthermore, in the last three years, fall of ground fatalities have plateaued with 22 fall of ground fatalities in 2018 and 20 in 2019. Relevant structures were tasked to jointly develop an Elimination of Fall of Ground Fatalities Action Plan focusing on adoption of leading practices, R&D, skills development, enabling safe behaviours through for example, shortening the mine cycles and various implementation measures. The CEO Zero Harm Forum approved the plan with a budget of R46 million over five years and the plan was launched during the National Day of Health and Safety on 8 July 2021.

In terms of readiness for the regulations on TMM, the CEO Zero Harm Forum continued to provide leadership on the dual strategy of advocacy combined with an investment of about R20 million to support members in their substantive investment in this complex innovation.

Culture transformation continues to be a cross-cutting challenge in health and safety. To support members in the shift from a blame culture to

a just culture, the CEO Zero Harm Forum approved a leading practice guide on a *Just Culture Accountability Framework* for effective control and management of non-compliance or violations at all levels. Members agreed to conduct a gap analysis during 2022 and develop an action plan to address the gaps identified.

As 2021 progressed and more fatalities occurred, a multi-stakeholder MineSafe 2022 conference was urgently arranged and all stakeholders committed to a renewed focus on safety in a reality of COVID-19, coupled with concrete actions.

Sadly, there were ten fatalities in the ten days after MineSafe 2022.

The Chair of the CEO Zero Harm Forum regarded the additional regression so seriously that he recommended that a Special Board meeting be held firstly to take actions to "stop the bleeding" and secondly to commit to those that could "heal the wounds".

The special Board meeting attended by CEOs special:

- Agreed that South African mining was in a 'catastrophic' situation with a mine safety situation that was unacceptable and hence business-unusual CEO-ship, culture transformation unusual, and action was needed.
- Debated and prioritised eight measures that CEOs would relentlessly focus on to "stop the bleeding"
- Approved the MineSafe 2021 commitments that prioritised getting everyone re-focused and re-energised, despite the pandemic, and enabled excellence in execution of the plans to deliver on those commitments.

Our leadership forums continued



2. 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 2021, chrome ore production is estimated to have grown by 27% to 18.4 million tonnes, from 14.5 million tonnes the year before. Exports and local sales volumes were also up by 14.2% to 10.2 million tonnes, and 12.7% to 5.2 million tonnes, respectively. The high commodity prices in 2020 boosted earnings. Compared to 2020, export earnings in 2021 grew by 10.4% to R11.2 billion while local sales earnings were up by 23% to R10.7 billion. Obviously comparing the industry's performance in 2021 against 2020 distorts the analysis because of the 'structural break' caused by the global pandemic in 2020.

If 2021 industry performance is compared to 2019, production volumes and local sales earnings are the only indicators that showed a positive improvement. Production was up by 4.4% while local sales earnings marginally increased by 2.8%. Volumes of exports and local sales decreased by 1% and 0.2%, respectively. In terms of earnings, exports and total sales were down by 5.3% and 1.5%, respectively.

Employment in the chrome industry was still lower in 2021 than 2019, the year before the pandemic. In fact, in 2021 employment in the industry was also lower than in 2020, having recorded 18,420 in the former

compared to 19,274 in the latter. In 2019 total employment numbers were 20,808. The decline in employment in the chrome industry is significant due to the fact that this was one of the industries in the mining sector that has consistently created jobs annually since 2016. Employee earnings for 2021 have also not recovered to the levels recorded in 2019. Comparing 2021 and 2020, earnings decreased by 15.6% to R5.3 billion compared to R6.3 billion. In 2019 employee earnings were R6.4 billion.

Members

Chrome Leadership Forum (CrLF) member companies include Anglo American Platinum, African Rainbow Minerals, Assore, Bauba Platinum, Chrometco, Glencore Alloys, Impala Platinum, Merafe Resources, Northam Platinum, Samancor, Sibanye-Stillwater, Siyanda Resources, and Tharisa Minerals.

Challenges and opportunities

2021 was one of the most difficult years for the industry, not least because of the perennial challenges presented by inadequate rail and port infrastructure, but also because this came at a time when commodity prices were buoyant and the industry could not take advantage of the situation.

Rail and port capacity

Security challenges relating to the theft of rail infrastructure is the biggest problem. Crime syndicates targeting the infrastructure were more active in 2021, hindering the export of greater volumes.

To assist Transnet deal with the challenges relating to the rail and port infrastructure, the industry commissioned a study in 2020 that identified the areas of inefficiencies and steps to be taken to deal with the issues. The study recognised 48 initiatives that, if attended to, could improve operational efficiencies and increase rail-delivered exports

by almost 50% to approximately 14 million tonnes a year from the current 7.6 million tonnes. The study identified the following specific challenges:

- Crew losses due to depots being understaffed
- Infrastructure losses due to 320 train cancellations in 2020/21. These were due to:
 - theft
 - component failure
 - sub-standard maintenance, and
 - vandalism
- Locomotive shortages resulting from shortages of parts
- Port loading losses emanating from under-supply of vessel berth capacity and vessel-loading downtime

Activities and focus

Through the Minerals Council, the chrome ore producers engaged Transnet with a view to contributing their own resources in securing the line. Analyses are under way to determine the viability of hiring private security contractors in an attempt to eradicate the crime problem. The Minerals Council CrLF is in constant engagements with Transnet to unlock restraints in the operating environment.



3. Coal Leadership Forum

Coal remains a critical resource in the global energy mix as well as in South Africa where it provides more than 75% of the country's electricity requirements. The Mpumalanga province relies on coal mining and most of the

Our leadership forums continued

coal power plants are located in that province.

Overview and approach

In 2021, coal production is estimated to have declined by 7.8% to 228.6 million tonnes, from 248.1 million tonnes in 2020. The international price of South African coal averaged \$119.84/million tonnes in 2021, compared to \$65.66/million tonnes the previous year. This could have boosted production and exports, but that was not the case. Export volumes were 21.5% lower in 2021, registering 46.8 million tonnes compared with the 59.7 million tonnes exported the year before. Most of the 12.8 million tonnes of coal that was not exported can be explained by constraints relating to rail, and port infrastructure and operations. At 2021 average coal prices, this translates to R22.7 billion in lost export revenue for the country. Government also lost billions in tax revenue.

Historically, South Africa exports approximately 70 million tonnes of coal annually. Local coal sales volumes registered 177.3 million tonnes in 2021 compared to 188.1 million tonnes in 2020, representing a 5.8% decline. Eskom is the country's largest consumer of coal, burning roughly 110 million tonnes annually.

Export earnings increased from R45.5 billion in 2020 to R63.7 billion in 2021, representing a 39.9% increase. Local sales earnings, which are dominated by Eskom pricing contracts, also increased, albeit marginally, by 1.6% to R86.4 billion in 2021. Generally local coal price per tonne is significantly lower than international prices – up to a third of the international Rand-converted prices.

Total employment in the industry increased slightly between 2020 and 2021 to 92 180 from 91 649,

a 0.6% increase. Employment earnings in the sector dropped from R30.5 billion to R27.7 billion, representing a 9.4% decrease.

Most key indicators in the industry have not recovered to 2019 levels, which is the year before the global pandemic. Comparing 2019 and 2021 industry performance in terms of volumes in production, exports, local sales, and total sales: production is still down by 11.5%; exports are down by 33.4%; local sales 9% lower; and total sales 15.5% lower. In terms of earnings, export sales increased by 15.1%; local sales up by 0.4%; and total sales have increased by 6.1%.

Members

The Coal Leadership Forum (CLF) member companies are Exxaro, Glencore Coal, Sasol Mining, Seriti Resources, South32, Thungela Resources, and Vaalburg Mining Company.

Challenges and opportunities

The coal mining industry is faced with two specific challenges. In the short-term, the major risk is inadequate capacity in rail and port services. Cable theft and vandalism on the rail line disrupted exports at a time when international prices were buoyant. In the medium- to long-term, demand for coal is set to decline. While in the past the reduction in local demand was thought to follow the Integrated Resource Plan (IRP), reality indicates that it is going to be faster than that because of lack of maintenance of the coal power fleet. The lack of maintenance takes a minimum of 5,000MW of power, mostly affecting coal purchases by the state-utility Eskom. In eight years – by 2030 – Eskom would have decommissioned six power plants, equivalent to 13,000MW. These are Camden, Hendrina, Komati, Grootvlei, Arnot, and Kriel. These power plants represent the equivalent of 40.4 million tonnes of coal, which

will have a massive impact on the economy of Mpumalanga.

The reduction in domestic coal consumption would have been assuaged by exports; however, the challenges in the network industries will likely render that opportunity obsolete.

Activities and focus

A number of initiatives were undertaken by the CLF, including the following:

- To mitigate the risks posed by rail and port services, the CLF initiated discussions with Transnet on how they could collaborate in addressing the rail line challenges relating to theft and vandalism. The CLF and other non-member coal companies have sourced the services of a local security contractor with the objective of securing the over 650km line. There have been positive developments with that initiative as incidents of criminality have declined significantly.
- Just Energy Transition (JET) Initiative. The objectives of the Future Coal Scenario included:
 - i) looking at the rapid changes in the relative costs of renewable energy vis-à-vis traditional technologies, changes in shareholder and public attitudes towards fossil-fuel related investments and businesses with significant environmental externalities; ii) examining the preferred technology pathways that the coal sector wishes to pursue regarding environmental, social, and governance-related matters; and iii) identifying and prioritising commercially ready, rapid-deployment technologies that will support the preferred scenarios. The JET Initiative scenarios were:
- Positive-sum game
- Rapid decline of coal with slow uptake of renewable energy
- Constrained adoption of clean coal technologies

Our leadership forums continued

- Low economic growth and moderate uptake of renewable energy

The “positive-sum scenario” was preferred by the CLF. This scenario identified five interventions, namely: emissions control, repurposing of farming mining land, reskilling of coal mining workers, institutional support and establishing a conducive legislative framework for the transition, and rethinking the future of coal.

- The Minerals Council is also in the process of developing a climate change position which will comprise recognition statements, commitments, and an overarching strategy. The nucleus of the Minerals Council’s Climate Change Position is the just energy transition and decarbonisation.



4. Diamond Leadership Forum

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

Overview and approach

In 2021, South Africa produced an estimated 9.7 million carats of diamonds, an increase of 14.8% compared to 2020. This is also higher than the 7.2 million carats recorded in 2019. Export volumes also increased by 40.4% to 8.3 million carats on the back of strong commodity demand as economies and consumer disposable income recovered from the COVID-19

pandemic. There was also a healthy increase in domestic diamond sales volumes, increasing by 61.8% to 2.1 million carats when compared to 2020. Total sales earnings for the diamond industry soared by 59.3% to R21.4 billion compared to what was recorded in 2020. This is also much higher than total earnings of R13.2 billion recorded in 2019. Local sales earnings were R7.9 billion in 2021, an increase of 54% when compared to the previous year.

2021 estimates indicate that employment in the diamond industry declined from 13,939 people in 2020 to 13,087 in 2021, representing a 6.1% reduction. Employee earnings are estimated to have declined by 5.6% to R5.3 billion. This was despite an improvement in real disposable income in the Organisation for Economic Co-operation and Development (OECD) countries including the USA, a major centre for diamonds demand.

Members

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

Challenges and opportunities

The biggest challenge to local beneficiation in the diamond industry include:

- Competition. In targeting cutting and polishing in the diamonds value chain, South Africa is competing against India, a low-cost producer.
- 15% VAT. A significant amount of the diamonds that are beneficiated by local players are imported and therefore attract 15% VAT which is refunded by the revenue authority after four to six months. For an industry where margins are very low, having cash reserves tied up with SARS negatively affects their

cash flow and viability. The Minerals Council has proposed that VAT be scrapped on all unpolished stones, which will serve as a boost to the beneficiation industry.

- Limited tax incentives. South African diamond beneficiators not only face a challenging regulatory environment but they also have limited tax incentives, access to cost competitive production technologies, etcetera. If the diamond cutting and polishing industry is to grow it needs a quantum leap in productivity and competitiveness.

Activities and focus

The DLF’s focus was on:

- Engaging the South African Diamond and Precious Metals Regulator (SADPMR) to remove some of the red tape that is hindering the industry from reaching its potential.
- Engaging the DMRE to speed up the processing of outstanding exploration licences.

The Minerals Council has approached the DMRE on the urgent need to complete a comprehensive review of the entire diamond value chain and to enhance the competitiveness and investment attractiveness of the entire value chain.



5. Platinum Leadership Forum

The 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

Our leadership forums continued

largely in the jewellery and automotive industries.

Overview and approach

In South Africa the PGM commodity basket includes five elements and, ranked in order of production volumes, these are: platinum (49.6%), palladium (29.4%), ruthenium (11%), rhodium (7.4%), and iridium (2.6%). In 2021 production of PGMs was 285.3 tonnes from 226.5 tonnes in 2020, representing a 26% increase. Export volumes for the entire basket registered 264.6 tonnes in 2021 from 177.5 tonnes the year before. This represented a 49% increase. Local sales volumes were 12.6 tonnes in 2021 a drop from 15.3 tonnes in 2020.

Export earnings jumped by 85% in 2021 to R321.3 billion in 2021, compared to the previous year with local sales registering R25.3 billion and representing a 47% increase. If the PGMs' basket is ranked in terms of 2021 total sales earnings, rhodium contributed R168.7 billion followed by palladium (R86 billion), platinum (R69.5 billion), iridium (R14 billion), and ruthenium (R8.4 billion).

The price of rhodium reached record highs in April 2021, averaging \$28,775/oz. However, in December of the same year the price had gone down to average around \$14,156/oz. Iridium prices were also high in 2021 peaking at \$6,300/oz in May while palladium prices averaged \$2,418/oz. The price of platinum averaged around \$1,200/oz while ruthenium averaged less than \$700/oz.

The PGMs industry is one of the few in the sector that added jobs when comparing 2021 with 2020, and 2021 with 2019, respectively increasing jobs by 2.8% and 0.8%. In 2021 total industry employment stood at 169,448. Labour earnings in the industry declined in 2021 to R58.5 billion from R61.1 billion the year before. If 2021 labour earnings

are compared to 2019, there was an increase of 4.1%.

Members

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

Challenges and opportunities

High electricity tariffs continue to be one of the largest cost items in the industry as it accounts for more than 20% of annual cash costs. It is also the industry that spends the most on electricity in the entire sector – spending R7.4 billion of a total sector bill of R30 billion in 2020. As an energy intensive industry, it is imperative that the challenges with electricity, which have characterised South Africa for more than 14 years (since 2008), be urgently addressed. Wholesale reforms are necessary.

Some members of the PLF are also members of the WPIC and the Platinum Guild International (PGI). The role of the WPIC is to stimulate physical demand for platinum by working with financial institutions and producers to develop products for investors. The PGI is tasked with developing the global platinum jewellery market and has thus far contributed to demand of over 80 million ounces since its formation in 1975. The year 2021 saw a steady recovery in the global platinum jewellery market with strong growth in three of the four majors, that is, India, Japan, and the USA.

The Chinese market had a difficult 2021 arising from intense product competition from gold jewellers. Gold retailers shifted traditional 23/24 carats gold products to weight-based pricing to drive

volumes. Chinese customers who would naturally include platinum in their portfolio were also offered around 20% discounts for gold purchases thus outcompeting platinum jewellers. The effect on platinum jewellery in China was dire as retailers were taken by surprise.

The establishment of the Hydrogen Leadership Forum (HLF) in the Minerals Council will bring into focus the role platinum will play in the hydrogen economy in the country. The HLF will interface with the Hydrogen Society Roadmap process (an initiative that has gained solid ground at the Department of Science and Innovation), and the Industrial Development Corporation (IDC), which is working on a Hydrogen Strategy. The role of the HLF is to fully understand the opportunity and to champion enabling policies and government actions to facilitate the realisation of the opportunity for the industry and the South African economy.

Minerals Council member companies such as Sasol and Anglo Platinum are already players in the hydrogen space. Sasol is producing grey hydrogen to various applications and end markets globally while Anglo Platinum is making progress in delivering South Africa's first hydrogen freight corridor. The company is also working to fit a 300-ton truck with a hydrogen fuel cell. The objective is to convert the entire fleet from liquid fuels to using hydrogen fuel cells. These initiatives underline the critical role that will be played by mining companies in facilitating a successful hydrogen economy.

There continues to be an opportunity for the sector to play a role in vehicle emission standards globally, especially as global auto sales recovered by some 4% in 2021 from sales of 63.8 million units the year before.

Our leadership forums continued



6. Exploration Leadership Forum

There is an urgent need to re-ignite a greenfields exploration boom in South Africa.

Overview and approach

The objective of the Exploration Leadership Forum (ELF) is to ensure that South Africa becomes a globally attractive jurisdiction for mineral exploration. To that end the Minerals Council, working with the DMRE and the Council for Geoscience, has made substantive inputs on what an exploration plan for the country should look like. It is an open secret that over the last two decades South Africa has fallen out of favour in attracting exploration capital and also decline in global rankings of “ease of doing business”.

For instance, in 2009 the country was ranked 32 of 190 countries, and in 2020 it was ranked 84 of 190 jurisdictions. The Exploration Plan, which is expected to be promulgated in the first half of 2022, is but one area that will make South Africa a destination for global capital and will also serve to make the mining sector a catalyst for economic growth and job creation.

The ELF seeks to identify bottlenecks in the exploration component of the mining value chain and, in collaboration with other stakeholders, develop a plan to address these constraints.

Members

The ELF was formed in 2020 and its members include: Anglo American Platinum, De Beers, Exxaro, Harmony Gold, Ivanhoe Mines, Kumba Iron Ore, Orion Minerals,

Petra Diamonds, SADPO, Sasol Mining, and Siyanda Resources.

Challenges and opportunities

In 2020, the Minerals Council’s annual review highlighted the following key challenges:

- Developing a new, more accessible and transparent online mining cadastre to replace the current, dysfunctional South African Mineral Resources Administration System (SAMRAD) with urgency.
- Quick turnaround times for prospecting and exploration licence applications.
- Security of tenure: it is critical that a 5-5-3-year initial approval renewal type tenure be implemented to match South Africa’s mineral deposits.
- Access to funding and incentives for exploration and related activities.
- Establishing a junior miners’ fund to drive the exploration agenda.

Unlocking the above will boost exploration and create a stable, predictable, and competitive regulatory environment.

Activities and focus

• Efforts to improve the regulatory framework and resolve outstanding licences/authorisations

- A working group was set up with the Director-General (DG) of the DMRE to look at outstanding authorisations. The DMRE had serious backlogs (including 518 mining rights, 2,485 prospecting rights, 1,644 mining permits, 238 cessions, and 724 renewal applications), with Mpumalanga accounting for a substantial portion of the outstanding authorisations (inter alia 317 mining right applications and 1,000 prospecting right applications). The Minerals Council focused on persuading the DMRE to get issues resolved in Mpumalanga. The DMRE

was engaging with individual companies and identifying generic problems with applications. In March 2021 the DMRE made an undertaking in Parliament to resolve the backlogs within six months with a report back to Parliament within three months. In a subsequent report-back in August 2021, the DMRE still had thousands of outstanding applications.

- In collaboration with the Operation Vulindlela team, progress was being made on water use licences.
 - There was a discussion regarding the cadastral system and implementing a more automated system, as the SAMRAD was archaic and dysfunctional.
- **Developing an online mining cadastre**
 - The Minerals Council made inputs on the requirements for a new cadastral system and highlighted the major flaws with the current SAMRAD system.

• The Geoscience Act 100 of 1993 Draft Regulations

- The draft regulations were promulgated for comment early in 2021. The Minerals Council raised two areas of concern:
 - Protection of confidentiality and intellectual property: for example, public sharing of sensitive information such as reserve estimates would deter investors who spent millions on such information.
 - Practical issues around the ability of the DMRE to facilitate the collection and storage of data it was requesting: providing historical data regarding mining companies that had been in operation for over 100 years would be a mammoth task and the DMRE did not have the capacity to store information.

Our leadership forums continued



7. Junior and Emerging Mines Leadership Forum

South Africa's junior and emerging miners' sector is growing significantly.

The sector employs between 33,500 and 40,300 people directly and had an annual turnover of R69.3 billion in 2020 (R66.9 billion in 2019 - the previously quoted estimate of R48 billion was based on 2018 figures and proved to be very conservative). The sector's continuing growth and development requires a considered and differentiated regulatory regime to be administered by the authorities.

Overview and approach

The Junior and Emerging Mines Desk (JEMD) was established in 2014 to service the interests and needs of the smaller Minerals Council member companies. The JEMD currently has 36 member companies including three associations which collectively represent a further 250 smaller entities. Juniors now represent over 40% of the total Minerals Council membership base.

The members are generally smaller producers in commodities that include chrome, coal, diamonds, industrial minerals, iron ore, manganese, and PGMs. Mining contractors, explorers, and developers are also part of the JEMD.

The JEMD runs a comprehensive programme of work which includes, inter alia:

- Running webinars for a broader audience – examples in 2021 being how to list a junior company on the Johannesburg Stock Exchange (JSE) and the role modernisation can play in junior mining;
- Maintaining a presence with key stakeholders such as the DMRE and BUSA; and
- Providing one-on-one support to junior members as need arises and participating and collaborating in broader Minerals Council research efforts, such as establishing the economic impacts of the mining licensing process on investment.

Members

Formed in 2018, the Junior and Emerging Mines Leadership Forum (JEMLF) is made up of CEOs of member companies, and the JEMLF chair is on the Minerals Council Board. The JEMLF member companies include Artika Resources, Barplats, BG Global, the Clay Brick Association, Kolobe Nala Investments, Ledjadja Coal, Lethabo Exploration, MC Mining, New Venture Mining, Opal Mining, Orion Minerals, SADPO, Sedibelo Platinum, Theta Gold Mines, Vanadium Resources, Vaalburg Mining Company, and White River Exploration.

Challenges and opportunities

The junior and emerging mining sector is underdeveloped in South Africa in comparison with countries such as Australia and Canada, where it plays a big part in driving the overall industry. Despite this, the sector is still significant in South Africa. Importantly, it is the key driver of the future mining industry, as explorers and geologists identify new deposits for future development.

Without this input the industry would slowly decline. During 2021, there was renewed interest in this sector, particularly in exploration, indicating 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 broad-based black economic empowerment (B-BBEE) companies wishing to enter the industry. The growth in B-BBEE companies, particularly in the junior coal sector, bears testimony to this.

Activities and Focus

In 2021, the key focus of the JEMLF and the JEMD was twofold: providing strategic information to the membership, and initiating research into specific areas in order to gain a better understanding of the sector. The latter is to provide a better lobbying capacity for the junior and emerging mining sector. In this regard the JEMD continued its lobbying efforts initiated in 2020 into the exploration revival process and motivating a modern mining cadastre system.

Strategic information included regular updates on occupational health and safety statistics, issues around security and illegal mining affecting the junior sector and legal opinions on areas such as the implications of the court judgement on the Mining Charter 2018, and the implications of the proposed new regulations under the National Environmental Management Act (NEMA).

Research initiated by the JEMLF included investigating safety statistics as it applies to junior mining companies.

Our leadership forums continued



8. Northern Cape Mines Leadership Forum

Miners in the Northern Cape produce primarily manganese, iron ore, diamonds, and zinc.

Overview and approach

The Northern Cape Mines Leadership Forum (NCMLF) 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 JTG, Namakwa, and ZF Mgcawu districts of the Northern Cape.

Members

Members of the NCMLF include African Rainbow Minerals, Afrimat, Artika Resources, Assore, Glencore Alloys, Kalagadi Manganese, Kolobe Nala Investments, Kudumane Manganese Resources, Kumba Iron Ore, Orion Minerals, Petra Diamonds, SADPO, South32, Tshipi é Ntle Manganese Mining, United Manganese of Kalahari, and Vedanta Zinc International.

Challenges and opportunities

The NCMLF brought in an implementation partner, The Impact Catalyst, to continue the work of the Northern Cape Shared Value project initiated in 2017. An initial list of 135 potential projects were narrowed down to eight prioritised programmes. Subsequent workshops were held with stakeholder representatives to focus on each programme, in turn, to reach agreement on how to proceed. The eight programmes of focus are:

- Schools and community ICT: providing communities with the required broadband infrastructure and ICT services.

- Health: implementing community orientated primary healthcare services and health infrastructure support, which can include support for the COVID-19 vaccination drive.
- Economic development: creating and implementing a Northern Cape supplier and enterprise development (SED) programme to identify supplier and enterprise opportunities.
- Agricultural sector development: creating enabling environments to support emerging and industrial farms to be more competitive.
- Tourism sector development: creating an enabling environment to assist the tourism sector to attract tourists.
- Municipal capacity development and infrastructure support: supporting the municipalities to develop the required capabilities to enable service delivery.
- Early childhood development: construction and operationalising best practice early childhood development centres in communities.

Each programme has several associated projects, some of which were started and launched in 2021. The industry also continued supporting education with educational infrastructure and learning aids. In the health sector, collaboration on the rollout of the vaccination programme continued.

Challenges relating to the Vaal Gamagara Water Supply Scheme (VGGWSS) continued to confront all stakeholders. Due to a lack of effective management and operation, and maintenance practices on the part of Sedibeng Water, continuous water supply disruptions were experienced impacting on the health and well-being of local communities, the regional economy, and sustainability of commercial users supplied by the VGGWSS. In addition to issues pertaining to the operation and maintenance of the existing pipeline, the VGGWSS refurbishment project

experienced significant delays in its implementation due in part to funding and capability constraints of Sedibeng Water as the implementing agent. The project incurred an immense amount of wasteful expenditure and more stoppages due to non-payment of contractors. In September 2021 a joint project steering committee was established at the behest of the Minister of Water and Sanitation. The committee took several resolutions aimed at stabilising the situation.



9. Women in Mining Leadership Forum

The Women in Mining Leadership Forum (WiMLF) was established by the Board in 2020 and is chaired by the President of the Minerals Council, Nolitha Fakude. The WiMLF oversees the implementation of the WiM Strategy, which is based on seven foundational measures.

Overview

In 2021, the focus was on further embedding the objectives of the Women in Mining strategy detailed in the Action Plan. This also included rolling out of a more robust communication strategy to publicise the achievements and work of the initiative, and entrenching the values and objectives of WiM in the industry and the public arena. A key objective of reaching out to industry partners and stakeholders was also realised during 2021.

Activities

Progress on foundational measures

Significant progress has been made in carrying out the WiM strategy in 2021.

Our leadership forums continued

The following foundational measures drove the focus and outputs:

- Reaffirm Zero Tolerance for gender-based violence through the Stop Abuse of Women campaign, and to ensure that reporting and other mechanisms are in place to deal with this issue
- Ensure that gender diversity and inclusion policies have been developed and are being implemented
- Provide a reporting system for gender diversity issues
- Initiate unconscious bias training to transform the cultures of organisations
- Develop and deploy ongoing companywide pulse check surveys
- Build an inclusive physical environment
- Ensure that personal protective equipment (PPE) for women is widely available

The following are the key outputs achieved during 2021:

A survey was conducted in April 2021 to establish companies' provision of gender appropriate PPE at their various operations. The survey provided the necessary baseline data required to establish the work necessary to ensure member companies complied with MHSC and DMRE requirements on the provision of PPE and to ensure the correct built environment, such as ablution facilities, to foster the safety of women at the mines.

The "dipstick" survey found that more work needs to be done for the industry to satisfy the objectives of providing appropriate physical working environments and PPE for women. The findings were presented to the Board for all companies to ensure improvements in these areas.

A second survey was conducted in June 2021 to establish the drivers of gender-based violence and femicide

(GBVF) in the industry, particularly among member companies. The survey questions were derived from research that had been conducted to determine the key drivers of GBVF. Key insights from the survey indicated that there was a lack of awareness of the systems and mechanisms in place at companies to report GBVF incidences and that there was a lack of trust of the reporting processes. The survey gave the task team members great insights into men and women's perspectives on GBVF and provided information that has informed a detailed strategy that will be executed over the next three years. The outcomes were also submitted to the Board, and companies committed to improve reporting mechanisms.

A key output was the development and launch of a WiM reporting dashboard. Key performance indicators were identified against which members would be measured to drive Diversity and Inclusion at mines. The dashboard was officially launched in August 2021 and members began uploading their company data in September 2021. In 2022 quarterly reports will be submitted to the WIMLF and Board.

It has been recognised that unconscious bias is a pervasive challenge in the historically male dominated mining sector, and this has precluded women from progressing professionally at the respective mines. To tackle this, a framework to address this issue at an industry level was developed. Some of the planned outcomes include developing a generic video under the Minerals Council banner that speaks to unconscious bias, while also being a call to action for the elimination thereof. The video will be used in 2022 as part of induction sessions and training at the mines, and to facilitate culture moments and conversations. A booklet will also be developed with the same objectives as the video.

A pulse check survey was conducted in November 2021 with a targeted end date of January 2022. The survey was an industry-wide "dipstick" test which would also provide comprehensive baseline data to be used to inform further initiatives and programmes to be carried out in the future in an endeavour to meet the WiM strategic goals.

Stakeholder engagements

The inaugural WiM Stakeholder Forum was held in April 2021. Key industry partners active in WiM initiatives were invited to participate. The objective of the forum was to establish working relationships with stakeholders that participate in furthering the women in mining agenda in varying degrees, establish areas of commonality with Minerals Council WiM, and find areas of collaboration and shared ideation, and to reduce duplication in activities. Working relationships were established with the following stakeholders who also presented their respective WiM strategies and outputs:

- DMRE
- Mine Professional Associations' Secretariat (MPAS)
- Women in Mining South Africa (WiMSA)
- SAIMM
- Mine Health and Safety Council (MHSC)

Areas of potential collaboration, and shared insights and learnings were established and discussed during presentations by representatives of the above organisations. It was concluded and agreed by all parties present that the Stakeholder Forum should meet regularly.

Minerals Council WiM also participated in the WiMSA National Women's Day Conference in August 2021 and gave an address on the WiM strategy at the conference. The WiM programme of action was also shared

Our leadership forums continued

at an ASPASA workshop held during August 2021.

Communication on WiM

The strategy and plan will continuously reiterate the challenges faced by women in mining and openly communicate and celebrate the successes of the WiM Initiative to the public and industry stakeholders. The following campaigns were leveraged as part of the communication plan for 2021:

National Day of Women in Mining (major event that coincided with South African Women's Month in August 2021)

The campaign included a media statement which was published in print media in which the Minerals Council's commitment to women in mining was reaffirmed by the President of the Minerals Council, Nolitha Fakude, the Deputy President, Paul Dunne and the CEO, Roger Baxter. The three Office Bearers and members of the WiMLF also recorded videos in which they reaffirmed their support for women in mining and highlighted the importance of the initiative.

Women in Mining Modernisation Heroes

Following the success of the 2020 Women in Mining COVID-19 heroes, this initiative sought to celebrate women in positions that further the modernisation of mining operations, while also highlighting that a more modernised sector is a catalyst to breaking barriers to participation of women in the mining sector.

In response to the call for nominations for 2021 Modernisation Heroes, 184 nominations were received from Minerals Council member companies. Of the 184, ten women were chosen as the final 2021 Modernisation Heroes. The ten women exhibited innovation and ingenuity at their respective mines by coming up with modern technical

processes that improved output and the health and safety of staff, while some came up with processes that resulted in a marked improvement in financial systems at their respective mines. The ten women were celebrated in 2022.

16 Days of Activism for No Violence Against Women and Children Campaign

The national South African theme for the 16 Days of Activism for No Violence Against Women and Children Campaign in 2021 was – "16 Days of Activism – Moving from awareness to accountability". Following from this theme, the WiM campaign focused on messaging that:

- Demonstrated the consciousness, care and leadership of the Minerals Council
- Informed and educated
- Was assertive and incisive

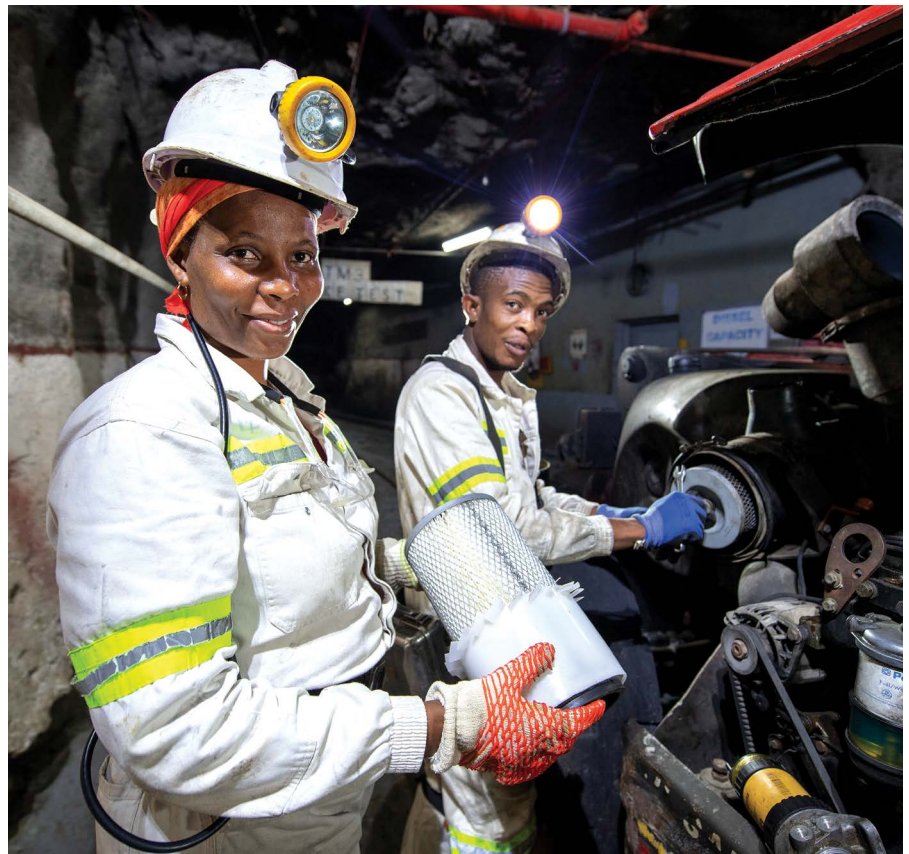
- Tackled the issue of GBVF and harassment head-on
- Encouraged accountability and took a firm stand against GBVF and harassment
- Placed a focus on men

The campaign included social media posts on the following platforms: LinkedIn, Twitter and Facebook.

Looking ahead

The Women in Mining programme is well embedded and growing from strength to strength. The past two years were spent putting systems in place and conducting situational analyses on a number of areas. The focus going forward will shift to monitoring the performance of companies on improving gender and inclusion. The WiM dashboard will be at the centre of this and a major assessment of the status quo in the industry will be conducted in 2022.

■ Implants – Impala 11C Shaft



Our leadership forums continued

DRDGOLD – Mine reclamation



10. Associations Leadership Forum

The Associations Leadership Forum enhances collaboration among association members, amplifying the voice of this distinct member grouping.

Overview and approach

In January 2020, the Minerals Council established the Associations Leadership Forum (ALF) to serve the needs of its association members, including ASPASA, the Clay Brick Association, and SADPO, which in turn collectively represent hundreds of small miners.

The purpose of this forum is to enhance collaboration among association members, harnessing

internal synergies and amplifying the voice of this group of members within the mining industry. It created, for the first time, an official voice specifically for smaller surface miners, including artisanal miners, within the ambit of the Minerals Council. Small miners operate under unique circumstances, vastly different from those of the rest of the industry. The current mining legislative and regulatory environment is not conducive to the economic viability and sustainability of small miners.

Activities and focus

Most of the year was preoccupied with the provision of information relating to the spread and management of COVID-19. The meetings ensured that the association members were in sync with the support for the vaccine rollout programme in the mining industry under the coordination of BUSA. The mining industry was in a strong position to support the rollout and administration of vaccines, but it

was a government-led process and the registration process for sites was complex and very bureaucratic. This made it particularly difficult for smaller mining companies.

The options of having secondary facilities and access to private/public registered sites were investigated. The challenge lay with the vaccinations of miners and communities in remote, not easily accessible places with poor connectivity such as Baken and Sanddrift. The Minerals Council, in consultation with the DOH, ensured that some of these areas, such as in the Northern Cape, were assisted accordingly.

Amo Marengwa, the Chair of the ALF, was appointed to the Board of the Minerals Council at the 131st Annual General Meeting on 26 May 2021 as a representative of the ALF, thereby strengthening the voice of the associations and smaller mines in the highest decision-making body of the Minerals Council.

SECTION 3

Strategic goal

01



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

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Repositioning the industry

With the advent of the COVID-19 pandemic, the Board decided on 28 April 2020 to refocus this project to deal with the country's national efforts to combat the pandemic.


The initial phase of work focused on rapidly increasing the country's capacity to conduct COVID-19 testing and the provision of suitable medical and other facilities to manage patients. The project leveraged additional access to 30,000 RT-PCR (reverse transcription polymerase chain reaction) tests per day via private laboratories through structured engagement and consultation with laboratories, regulatory authorities and experts, and linking laboratories to companies to access services. A due diligence exercise was undertaken to determine the viability of constructing mobile laboratories for the mining industry via two bespoke models. These were not taken further as it was evident that sufficient capacity was available from the private laboratories.

The project galvanised the industry's collaborative effort to manage the novel and devastating impact that the pandemic was having on the industry and country. We adopted a regional cluster approach across the eight provinces of Free State, Gauteng, KwaZulu-Natal, Limpopo,

Mpumalanga, North West, Northern Cape, and Western Cape. The regionalised approach facilitated and encouraged coordination among mining companies at a sub-national level, and provided updates on mine company testing strategies, shared information on secured testing from laboratories and the availability of beds in quarantine and isolation facilities, shared up to date trends and statistics regarding COVID-19 cases and potential hotspot areas using the geographic information system (GIS) platform, and the use of a modelling application to provide projections so that companies could prepare adequately.

In terms of supporting a national response to the health crisis that COVID-19 had exposed in an already severely pressurised national health system, the project initiated the "Oxygen is Life" initiative to support the DOH in the Eastern Cape with oxygen equipment. This initiative was funded by thirteen member companies who contributed R4.7 million.

In February 2021, the project then included support for the vaccine rollout programme in the mining industry in respect of coordination with the private sector initiatives run by BUSA. This included the coordination and communication to mining companies in respect of registration of vaccine sites, registration of vaccinators and curators, training requirements and suggested workflow processes to be administered at vaccine sites to ensure proper governance and controls for the vaccination rollout. The approach adopted by the Minerals Council made it possible to address the pandemic and still resume operations in a safe and sustainable manner. The Minerals Council engaged with the industry right at the start of the pandemic. The work included assisting companies working on risk and mitigation plans, putting in place appropriate strategies to ensure health and safety, effective communication with employees and other stakeholders, coordinating with each other and various private and public entities especially with the DOH, and mobilising support from within the industry. The project was instrumental in being able to address and support the initiatives driven by the industry in order to ensure a collective, managed and coordinated response that was endorsed by all members.

 Sedibelo Platinum Mines – Pilansberg Platinum Mines





Resolving legacy issues

The Medical Bureau for Occupational diseases (MBOD) and the Compensation Commissioner for Occupational Diseases (CCOD) at the NDOH provide medical assessments in terms of the Occupational Diseases in Mines and Works Act (ODMWA) for eligible workers and ex-workers in mines and works, certify the medical assessments, and pay compensable claims for occupational lung diseases (OLDs).

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The lack of resources (personnel and funding) and poor administration systems and infrastructure led to a build-up of significant backlogs and very slow payment rates. Mineworkers were not able to access post-employment medical services due to the dysfunctionality of the CCOD and the MBOD. Ex-mineworkers (from far flung areas and beyond the South African borders) travel to the Minerals Council offices in Johannesburg to enquire about their unclaimed benefits (medical and retirement). Ex-mineworkers (or their families) are also not able to access their unclaimed retirement benefits due to a variety of reasons. The situation also undermines the progress that the mining industry is making in areas of ESG, while former mineworkers are destitute suffering from compensable diseases.

The Minerals Council Board approved a three-pronged strategic approach to deal with legacies pertaining to

the compensation framework for occupational diseases, namely:

- Settlement of the litigation class action against mining companies (some gold companies have settled, and other commodities may need to deal with similar challenges)
- Mitigate the risk of future litigation by advocating legislative changes that allow for employer indemnity
- Enhance the operational and business efficiencies at the MBOD/CCOD to minimise the risk of “the last man standing” having to assume all the liabilities (of unclaimed past and current employees)

Furthermore, the Board of the Minerals Council approved an amount of R120 million to fund a project for the enhancement and optimisation of business efficiencies at the MBOD/CCOD over a three-year period (2019 – 2021).

The highlights of the impact of the Minerals Council funding over the three-year period are summarised as follows:

- Benefits to members of the Minerals Council:
- Reduced ODMWA levy payments of over R800 million across all commodities using the 2018 levy as the base year:
- Overall cumulative saving to gold sector since 2019 ~ R400 million

- Overall cumulative saving to all commodities since 2019 – R416 million
- Fraud prevention of downstream costs of an estimated R45 million
- Governance and regulatory requirements
 - Provision of Annual Reports and Financial Statements of the CCOD to the Auditor-General of South Africa (AGSA) and Parliament (reduced the backlog of outstanding reports)
 - Acknowledgment by Minister of Finance and Portfolio Committee on Health on submission of Annual Reports
 - Qualification by AGSA on revenue owing to no closure certificates and accuracy of payments of levies by mines and works especially for contractors
- Benefits to the current and ex-miners over three years to December 2021:
 - R556 million paid to 20,279 claimants, of which a third went to claimants in neighbouring countries
 - Waiting periods for MBOD certifications reduced by more than 50%
- Implementation of a claims management system at the MBOD which is currently transitioning from a paper-based to an end-to-end online process.
- The Compensation Fund has a cash balance of R4.7 billion despite the increase in the number of claims paid and decreased revenue from levies and interest, offsetting the increase in benefits payable to a beneficiary.



Local economic development and human rights

Promoting local economic and community development

Mining companies make significant contributions to local economic development, and contribute to the creation of critical skills and to the promotion and support of enterprise development.

Having been a key cog in the economic development of the country, mining continues to play a significant role in the South African economy and makes a valuable contribution to GDP, direct and indirect employment opportunities, the national fiscus and balance of payments, and supports upstream and downstream industrialisation efforts. A detailed description of how the industry contributes to South Africa can be found on page 9. In line with their mining right conditions, mining companies, in consultation with relevant stakeholders, develop and implement SLPs and through these make significant contributions to local economic development (LED) initiatives at host community level. The mining industry also contributes to the creation of critical skills and to the promotion and support of enterprise development. In 2021, it is estimated that the industry contributed almost R3 billion towards development-focused activities, including infrastructure

development, support for health initiatives (including combating the COVID-19 pandemic), educational interventions, and enterprise development.

The extent of positive socio-economic impacts of mining on host communities remains difficult to quantify, and the industry is conscious of the fact that the current expenditure on SLPs and LED has not necessarily resulted in developmental outcomes that are perceived as being optimal or sustainable. To turn the tide, it is critical that the notion of socio-economic inclusion be made a cornerstone of developmental interventions in order to enhance the prospects of improving the livelihoods of communities in mining towns. Furthermore, mining is a finite economic activity, and it is critical that sustainable livelihoods are co-created during the initiation and peak of mining activities rather than at the mine's end of life. In 2021, the mining industry continued proactively to engage key stakeholders on skills, enterprise development (including agribusiness), and infrastructure development. Engagements with OEMs and major players in the mining value chain continued, and several collaboration initiatives were identified. Furthermore, it is envisaged that the potential pooling of enterprise and supplier development resources and resultant collaboration would enhance economic development outcomes in mine host communities.

Implementing the Human Rights Framework

We regard respect for human rights as an integral part of all mining operations.

The Minerals Council has adopted an approach of running workshops and dialogues on identified human rights issues and topics, and facilitating the implementation of systems to ensure respect for human rights at member companies. In the reporting year we received requests to assist members companies with putting in place systems to ensure respect for human rights at their workplaces. In this regard the UN Global Compact Network South Africa was partnered with to enable such support. Engagements are underway to assist and, as the Minerals Council, we are happy with the progress that has been made thus far. We intend to use our human rights dialogue platforms to encourage our members to prioritise the respect for human rights and we believe by putting systems in place that are human rights friendly, our members will be able to avoid practices that undermine human rights and to detect potential human rights violations and apply corrective measures.

Our partnership with the UN Global Compact Network South Africa is critical in ensuring that we give members quality support and conform to international best practices and standards in furthering respect for human rights in the mining industry.

All our activities in this work are guided by the Human Rights Framework. We have identified our junior and emerging miners as a sector that needs more support with human rights work. We encouraged them to participate in our planned activities around the subject of human rights, in particular the training seminars by the UN Global Compact.



Fostering collaboration and partnerships

The severe scarcity of socio-economic opportunities in the wider local economy, high expectations by host communities from mining companies, and the inadequate provision of basic services by local authorities persists.

The promulgation of the MPRDA and the contributions towards socio-economic development by mining companies in their host communities became a critical aspect of the industry's legal licence to operate. Contributions towards community development increased significantly, but socio-economic difficulties facing host communities remained a challenge for all stakeholders within and outside the mining industry. In 2021, the negative impact of the COVID-19 pandemic exacerbated poor socio-economic conditions that already prevailed in most mining regions

Under the banner of the Minerals Council, the mining industry continued to address some of these challenges. National lockdowns that were imposed to help combat the spread of COVID-19 limited engagements with key stakeholders, including local and provincial governments, development agencies, and affected communities. As a result, collaboration on SLPs and other social, economic, and enterprise development initiatives were also limited. The Minerals Council remains of the view that, 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.

Regional collaborative efforts will continue to focus on sharing best practices and joint community development efforts over and above legislated compliance

requirements (as detailed in each mining company's SLP). In Mpumalanga and the Northern Cape, for instance, the industry's collaboration with The Impact Catalyst resulted in the extension of collaborative efforts from being solely driven by the mining sector to including several stakeholders from academic, business, community, and public sector domains. To achieve the best possible socio-economic developmental outcomes, inclusive participation by all key stakeholders is a prerequisite.

Going forward, collaboration will require multi-stakeholder participation that includes communities, all spheres of government, the mining industry, and other industrial sectors, resulting in the joint ownership of each and every initiative that is co-created and implemented. Institutional alignment is therefore a necessary pre-condition for successful development and implementation of value-adding and sustainable community development initiatives.

By virtue of the Minerals Council's regional presence, dialogue with municipalities, mayors' advisors, and municipal heads of local economic development focused on a range of socio-economic development issues, including municipal integrated development plans and the District Development Model. Included in these critical consultations are mine representatives responsible for SLPs, stakeholder engagement, and enterprise and supplier development. In the case of Mpumalanga, where coal mining is dominant, engagements

in 2021 included greater focus on the topic of the "just energy transition" and security-related matters to combat illicit activities.

Mining Industry Association of Southern Africa (MIASA)

The Minerals Council continued to play a key role at MIASA, a regional body of the various chambers of mines within the Southern African Development Community (SADC) region, including Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe.

The Minerals Council remains the custodian of the MIASA Secretariat, ensuring that 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 engages the African Union and African heads of state. The MIASA Executive Secretary, who is the Secretary General of ACMMAA, 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 sharing leading practices on strategies for combating the spread of the COVID-19 pandemic for employees and surrounding communities. MIASA members were referred to the Minerals Council website from which they could download leading practices. Minerals Council staff also ran virtual workshops for MIASA members on health and safety, with a specific focus on dealing with COVID-19.

MIASA continued to assist members on challenges with cross border movements due to lockdown restrictions imposed by various governments in the region.



Fostering collaboration and partnerships

continued

As a founding member of the SADC Business Council (SADC BC), MIASA was involved in the finalisation of the inaugural constitution of the SADC BC. The SADC BC is the key regional apex business body that facilitates engagements with the SADC Secretariat and its member states on critical issues affecting business in the region.

MIASA kept its members busy by arranging two successful virtual workshops on Women in Mining and Local Content in the SADC Region. The Women in Mining Workshop was attended by the President of the Minerals Council and other women leaders in mining in the SADC region. The Local Content workshop dealt with a number of policy challenges affecting chambers of mines in

the region, and members shared their learning and experiences on how to address policy challenges experienced by members in the SADC region.

The MIASA Secretariat was invited to participate in the Europe-Africa Business Forum to draft position papers that would be presented at the Europe-Africa Heads of State Summit that was held in Brussels. The contributions by mining at the summit were well received and the MIASA Secretariat will be following up with other regional bodies and the African Union Commission.

MIASA continued to raise its concerns about the draft Regional Mining Vision (RMV) that was adopted by the SADC Council until

the SADC Secretariat agreed to review the RMV to make it more realistic and implementable at country level.

The MIASA Executive Secretary chairs the Global Fund-financed Regional Coordination Mechanism (RCM) on TB in the Mining Sector (TIMS). In 2020, the RCM drafted a funding request of \$10.5 million for the period 2021 to 2023 for consideration by the Global Fund. The funding request was approved and the MIASA Secretary, as the Chair of the RCM, is now leading the implementation of the 2021 – 2023 RCM TIMS project. Chambers of mines in the SADC region will be requested to play a key role in the successful implementation of the TIMS project.

 Petra Diamonds – Finsch





Fostering collaboration and partnerships

continued

The establishment in 2014 of the JEMD 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 the JEMLF in 2018 has intensified the growth trend. In 2021, the junior and emerging mining members comprised 36 junior producing and exploration companies, a few contracting companies and two associations. Junior and emerging miners now represent over 40% of total Minerals Council membership. These junior and emerging mining companies are diverse in terms of commodity and size, and are active across various sectors.

The JEMD, 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 JEMD holds a number of public workshops on policy issues for all junior and emerging miners, not just members. In 2021 the JEMD held two workshops – the first one on, “How to list a junior mining company on the JSE” and the second on “Modernisation and technological innovation for junior and emerging mining companies”. These webinars are now attracting over one hundred delegates per session.

During 2020, the JEMD engaged in three major initiatives to support the exploration revival process in South Africa. It participated in the Exploration Revival Strategy hosted by the Council for Geoscience and the DMRE. It also was actively involved in developing a tax incentive package based on the “flow through share” model used successfully in Canada, which was presented to National Treasury by

the Minerals Council in late 2020. It continued to actively lobby in favour of “flow through shares” and to actively promote the Exploration Implementation Plan released in draft form in 2021, largely by giving media interviews to various mining publications. Junior mining members also participated in webinars on the need to revitalise exploration activity in South Africa.

The JEMD provides one-on-one counselling to its members that require special assistance in issues ranging from interpretation of regulations and statutes through to unnecessarily long delays in the granting of mining and prospecting rights and transfers. In this regard the JEMD refers many of these queries to specialists in the Minerals Council. It also keeps a constant information flow to its membership on new policy challenges through email and the Junior WhatsApp group, which is very active and is a platform for our member companies to raise important issues impacting on the sector.

The JEMD also 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 JEMD’s efforts.

The JEMD also implements research requests emanating from the JEMLF as well as initiating its own investigations. These are often short

exercises aimed at increasing our understanding of the sector.

During 2021, the JEMD joined the sub-committee on small, medium and micro enterprises at BUSA and contributed to the debate, particularly as it pertains to reducing red tape in government in order to improve the investment climate.

Lastly, but by no means least, the JEMD 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. It also funded a number of junior and emerging members to attend the Junior Mining Indaba held during the course of 2021.



“Our junior and emerging mining membership has grown to 36 and includes junior producing and exploration companies, a few contracting companies and two associations.”



Communications activities

The Minerals Council's communications activities in 2021 were focused on supporting and representing the industry on numerous issues; responding to issues pertinent to mining and the economy in the public realm; and providing valuable insight and resources to the industry and beyond.

It was a busy year for the Minerals Council and its members, with a myriad of issues commanding attention across a wide spectrum of events.

The most pressing matter was, for the second consecutive year, the COVID-19 pandemic. The 2021 focus was the industry's role in vaccinating its 450,000 employees, as well as, in some cases, their dependants and community members. Communications around these initiatives were part of a broader national drive by the Government to vaccinate as many people as quickly as possible. By the end of 2021, the industry had fully or partially vaccinated 71% of its employees, which was well ahead of the national average. Minerals Council communications included social media, freely available posters and pamphlets on its website and distributed to member companies, and media communications.

There was an intense communications focus around safety with the industry's second successive regression in annual fatalities. On 8 July 2021, communications were developed around the annual Day of Health and Safety in Mining. The Minerals Council published a series of fact sheets on safety in mining and issued the twice-yearly Khumbul'ekhaya newsletter and a series of media statements in support of the Minerals Council's focus on safety.

The Minerals Council was heavily engaged with the senior leadership of SOEs, particularly Eskom and Transnet, and provided extensive commentary on losses to the industry due to power outages and deficiencies in rail and port services.

The Minerals Council took a firm position on the civil disruption in KwaZulu-Natal and Gauteng in July 2021. The Minerals Council received thanks from the Consumer Goods Council of South Africa's (CGCSA) Board and management for the R8.4 million donation by its members towards restoring food security in the two provinces after the civil disruption.

One of the biggest developments for the Minerals Council was in September 2021 when a High Court judgement ruled in favour of the Minerals Council in its contestation of certain provisions within the 2018 Mining Charter and the Court's declaration that the document was a policy instrument. The media campaign around the judgement and the communication to member companies, in line with the Board's request, was that the mining industry remained fully committed to transformation and that the judgement provided much-needed regulatory certainty.

The Minerals Council issued a statement that it was in support of the climate change target of

net zero Scope 1 and 2 emissions by the global mining industry by 2050, aligning itself with the ICMM. The Minerals Council stressed the need for a carefully considered and pragmatic just transition towards renewable energy.

The number of media statements issued in 2021 declined to 50 from 73 in 2020 when South Africa was in the throes of the COVID-19 pandemic. The Minerals Council wrote op-eds, hosted media briefings, and generated presentations and speeches for a variety of public and private events.

Discounting the anomaly of the COVID-focused 2020, the number of statements for 2021 increased to 50 from the 37 issued in 2019. The advertising value equivalency (AVE) of coverage achieved in 2021 was R134.5 million, a 6% decline from R143.4 million the year before. Clip count, a measure of mentions the Minerals Council had in online, print, and broadcast media, increased to 5,562 from 5,349, a 4% improvement.

Social media was a success story on Facebook, LinkedIn, and Twitter for 2021 compared to the previous year. The highlights include a 27.5% increase in LinkedIn impressions to 427,967. Video views on the platform grew by 167% to 54,820. Similarly, on Facebook and Twitter, video views grew by 264% and 60% respectively. Facebook impressions grew by 77% to just shy of one million, while Twitter impressions decreased by 7% to 1.3 million.

In 2021, there were 148,000 visits to the Minerals Council website by 101,000 unique visitors, with around 317,000 page views. There were 169,000 visits in 2020 by 114,000 unique visitors, with around 364,000 page views.

SECTION 4

Strategic goal

02



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 stakeholders on all policies that impact the sector to ensure that they are stable, competitive, and predictable. 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

The supply and tariff setting of electricity and energy had high priority. After the High Court finding against the National Energy Regulator of South Africa's (NERSA) price determination and liquidation of the regulating clearing accounts going back many years, it was clear that future tariff increases could amount to double digits. A detailed submission was made to NERSA on its (belated) consultation paper proposing adjustments to the multi-year price determination methodology. The objective was to motivate changes that could result in more stable and cost-efficient electricity tariffs in future, but a High Court decision yet again intervened and postponed its implementation by two years. The team also contributed to the NERSA consultation paper on the methodology for calculating the cost of unserved energy (COUE), essentially determining the opportunity cost of energy shortfalls and need for investment into electricity infrastructure. A well-motivated submission was made to NERSA not to allow Eskom's 20% tariff application for 2022/23, which, together with numerous similar submissions, resulted in an approved increase of just over a 9%.

A great deal of work focused on support for arguments in favour, and expedition, of self-generation of electricity. After the DMRE released the proposed Schedule 2 Amendment which proposed raising the cap for not licensing generation units from 1MW to 10MW, the Minerals Council argued for the removal of the cap and showed that mining companies were prepared to build projects that were as large as 400MW. The cap was lifted to 100MW. Detailed research was done to understand the stages and problems encountered during the application process and suggest solutions. This was put at the disposal of Project Vulindlela and the Presidency and resulted in three private sector secondments to the latter to expedite the resolution of bottlenecks, one of whom is Christian Teffo of the Economics Team.

Although Minister Pravin Gordhan announced that private sector access to rail infrastructure would be prioritised, which was confirmed by the President in his State of the Nation Address, this process has been slow to materialise.

The Minerals Council submitted its position on the Draft National Infrastructure Plan (NIP) 2050. The inputs made will be instrumental in guiding the work of Infrastructure South Africa (ISA) in the execution of the NIP's ambition. The provision

of efficient and cost-effective infrastructure is an important input to unlocking the potential of the mining sector.

The Minerals Council responded to the draft guidelines from the Competition Commission on the rules for competitors to collaborate in initiatives to encourage localisation by pooling local demand for products and in so doing create viable domestic size markets. Notable in the Minerals Council submission was the fact that the guidelines should not only be developed for horizontal collaboration, but also for vertical collaboration. This will be key in enabling the mining companies to collaborate with suppliers on initiatives.

The Minerals Council responded to the proposed Beneficiation Masterplan. The plan, as originally proposed, would likely have serious adverse effects for mining and the country, and the response pointed out these fundamental flaws.

The Minerals Council responded to the import tariff application by Bell Equipment for off-road heavy-duty vehicles above 50 tonnes. The report highlighted the likely cost implications for the mining sector and the structural flaws of the application.



Skills development

Despite the continued challenges of the COVID-19 pandemic through the year, in the skills development policy environment, the Skills Development department continued actively to engage with institutions and structures in this area.

We actively participated in this policy environment through our role as the convenor of employers on the Board of the MQA and representing



Policy environment continued

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). In addition, we participated on the National Artisan Development Advisory Body (NADAB) and Nedlac engagements related to skills development, and we are current Chair of the BUSA sub-committee on education and training. Our participation in these platforms places us in a favourable position to engage on any developments that could affect members' operations.

Some of the areas in which we were instrumentally involved were:

- As part of the Nedlac team (six-a-side) that engaged on the Skills Strategy to support the Economic Reconstruction and Recovery Plan (SS-ERRP). The SS-ERRP will be a major strategy that will inform overall skills development in the short-term.
- Through the NSA, we have provided substantive input into the ministerial task team that has been set up to investigate the operations of the National Skills Fund and how it can become more effective in the role it should be carrying out.
- Providing input into the proposed governance frameworks for sector education training authorities (SETAs)
- Developing a "business friendly" social compact for human resource development through the NSA and HRDC



Environmental sustainability

The Minerals Council's Environment department seeks to be a thought leader on the environmental sustainability in 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, general environmental management, climate change, water resource management, waste management, air quality, biodiversity, and sustainable development in the mining industry.

The Environment department provides 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.

The department actively engages in various stakeholder dialogues facilitated by structures such as government, the mining industry, other business sectors, NGOs, etcetera. In these engagements the Minerals Council engages to influence policy formulation and implementation amongst other things. Other platforms the Minerals Council engages with to advocate sustainable environmental legislation for the mining sector include BUSA, the National Committee on Climate Change, the South African Bureau of Standards, the Mine Water Coordinating Body, the Water Institute of Southern Africa: Mine Water Division, the ICM, and the Land Rehabilitation Society of Southern Africa.

The following are key policy developments during 2021:

South African Atmospheric Emission Licence and Inventory Portal Management Policy

During the period under review, the South African Atmospheric Emission Licence and Inventory Portal Data Management Policy was developed to specify the protocols for data management and levels of accessibility for all users and stakeholders. To support the reporting of atmospheric emissions

and the processing and management of Atmospheric Emission Licences (AELs), the System for National Atmospheric Licensing (SNAEL) has been put in place.

The Minerals Council took a position that, because mining AELs are issued at national department level, consistent with the policy prescript that mining is a national competency, the policy should ensure that this consistency is maintained within this air quality policy development as provinces and municipalities tend to duplicate policy implementation, creating operational dilemmas for industry.

National Climate Change Response Policy

The Minerals Council actively engaged in the development of various measures and policies on climate change. These engagements included the updating of the nationally determined contribution (NDC). The NDCs are developed in compliance with Article 4.9 of the Paris Agreement, which requires parties to the Paris Agreement to communicate its activities to reduce greenhouse gases and address climate change every five years. This must include plans on how each country intends to adapt to and mitigate the impacts of climate change. During April/May 2021, the Minerals Council participated in the stakeholder consultation process managed by the Department of Forestry, Fisheries and Environment (DFFE) aimed at soliciting inputs on the updated NDC.

In these engagements at BUSA, the Minerals Council raised a concern on the stricter target citing the following reasons:

- the stricter trajectory necessitates a harsher mitigation policy intervention given the unintended consequences of the carbon budget in terms of limiting expansion prospects for mining;



Policy environment continued

- the increased level of ambition requires augmentation of the IRP and increased renewables, which has dire implications in terms of fast-tracking the phasing out of coal. While there is an understanding that ultimately coal as an energy source will be phased out in the near future, unduly fast-tracking coal phase out would entail premature closure of some of the coal mines thus, posing existential threat for the coal mining industry.

Other issues emphasised during the engagement include the following:

- the need for better policy coordination and alignment among relevant government departments;
- DFFE, DMRE, and National Treasury incentives and fiscal support are required for industries on their mitigation efforts and initiatives, especially the hard to abate sectors namely, energy intensive mining operations.

Climate change mitigation potential analysis

During the period under review the Minerals Council engaged in a bilateral discussion with the DFFE on the updating of the mitigation potential analysis (MPA) and in discussions through BUSA. The MPA is one of the policy instruments developed by the department in consultation with various stakeholders and it is periodically reviewed and updated through research of appropriate technologies that business/industry can deploy to mitigate their greenhouse gas emissions. These technology options contained in the MPA are important as they form a major part of the company carbon budgets and so they need to be as appropriate and relevant as possible.

The Minerals Council played a pivotal role in ensuring that its members become part of the consultation

process through the bilateral discussions and also that the mining industry inputs are well considered and incorporated into the latest MPA.

Policy certainty on managing mine residue deposit and stockpiles

Parliament resumed internal consultations on the NEMLA IV Bill during the second half of the period under review. The Minerals Council followed the parliamentary engagements with keen interest hoping that the Bill would be finalised with the amendment to remove mine residue deposit and stockpile (MRDS) under the definition of waste in the NEM: Waste Act. This is essential to provide policy certainty on an adequate policy framework to manage MRDS. These engagements were unfortunately never concluded in 2021. It is hoped that this will be done early in 2022.

Draft National Mine Closure Strategy

Minerals Council engaged the DMRE extensively on the draft National Mine Closure Strategy (NMCS) gazetted for public comments on 21 May 2021. The key tenets of the draft strategy entail the adoption of a regional approach to mine closure planning and consideration of socio-economic diversification. The strategy is proposing the integration of the existing environmental management programmes /environmental management plans with the SLPs and corporate social investment projects towards a regional mine closure approach that supports both the environmental and the socioeconomic imperatives in closure planning.

In the ongoing discussions with the DMRE on the draft NMCS, the mining industry welcomed the move by the department to embrace the principle of looking at mine closure from a regional perspective as well as economic succession. However, the industry highlighted the need for the adoption of enabling

environment namely, conducive legislative and policy framework; due consideration of unique, specific circumstances of individual mining companies/operations; institutional arrangements; collaboration opportunities; etcetera.

Interface between mining and agriculture

In pursuance of the memorandum of understanding (MOU) that exists between the Minerals Council and AgriSA, the Minerals Council concluded phase 1 of the project investigating the co-existence of mining and agriculture and rehabilitation practices to support both sectors during the period under review. Subsequent phases of the project will be resumed in 2022.

Water policy development

In the period under review, the Minerals Council had a bilateral discussion with the Department of Water and Sanitation (DWS) to discuss policies such as review of Government Notice (GN) 704, a 90-day time frame for processing water use licence applications, a water use licence template for generic conditions, regulations on procedural requirements for water use licence applications and appeals, amendments to the National Water Act (NWA) and Water Service Act (WSA), general effluent standard, including Mine Water Management Policy, etcetera, all of which have an impact on mining.

The Minerals Council arranged a bilateral engagement of its members with the DWS to have industry specific discussions on policy developments and to gain further understanding on regulatory review by the DWS. This included updates on the Mine Water Management Policy, the Waste Discharge Charge System (WDCS), the National Raw Water Pricing Strategy, the review of GN 704, the review of the Regulations on



Policy environment continued

Procedural Requirements for Water Licence Applications and Appeals, and of the NWA and the WSA.

Of strategic importance during the meeting was that the DWS mentioned that the Mine Water Management Policy had been finalised and submitted to Cabinet for consideration and possible publication.

The department also indicated that stakeholders would be consulted on the DWS processes to amend both the NWA and the WSA and regulations, and this was largely informed by the new developments in the water management space and policy changes such as the 90-day turnaround time frame for water use licences.

National Eutrophication Management Strategy

The Minerals Council continued to actively participate in the DWS consultation process to develop the strategy aimed at providing guidance to the mining industry and the water sector at large on strategies to avoid, reduce, mitigate, and manage our water resources. On 27 July 2021, the Minerals Council attended the second project steering committee meeting to report on the progress of the study and to present and discuss the draft National Eutrophication Management Strategy report.

At that time of engagement there was still significant work outstanding for the strategy document to be completed and only after crucial outstanding work has been completed and the first draft strategy has been revised will the department engage with the wider stakeholders on the second draft strategy document prior to finalisation.

Determination of raw water use charges

The Minerals Council participated in the middle Olifants water management area, sector specific, and the national consultation meetings on raw water charges convened by the DWS in July and August. The purpose of the meetings was to provide stakeholders with the responses and progress on issues raised during the previous year's consultations and to present the proposed raw water use charges for the 2022/23 financial year.

The review process for the approved 2007 National Pricing Strategy to address new policy proposals is still not completed. There are still ongoing discussions between the DWS and National Treasury on the revised pricing strategy before it can be recommended for approval by the Minister. The Minerals Council was instrumental in providing inputs during the consultations and making recommendations on behalf of its members.

The WDCS will again be piloted in the three Water Management Areas (WMAs) of Limpopo, Vaal, and Olifants during the 2021/22 financial year. The aim is to fully implement the system by the 2023/24 financial year. Water users in the three WMAs will be thoroughly engaged on the piloting process.

Minamata Convention

The Minerals Council continued to play an active role in engagements with the DFFE on the finalisation of both the Minamata Initial Assessment (MIA) and the development of a National Implementation Plan (NIP) under the Minamata Convention on mercury.

A milestone achieved through these engagements is the finalisation and approval of the NIP by Cabinet as well as the finalisation of the MIA which was submitted to the UN Environmental Programme Secretariat during the year under review.



“The Minerals Council actively engaged in the development of various measures and policies on climate change. These engagements included the updating of the nationally determined contribution.”



Legislative and regulatory environment

The 2018 Mining Charter – judicial review application

Once various additional parties were joined to the matter following a 2020 court order, the Minerals Council's judicial review application relating to certain provisions of the 2018 Mining Charter was held on 3 to 5 May 2021. The arguments presented to the Court on behalf of the Minerals Council included a belated approach, focusing both on the overarching argument of whether section 100(2) of the MPRDA confers upon the Minister the power to make law or a power to make policies, as well as a challenge of certain specific clauses of the 2018 Mining Charter. These included the non-recognition of the continuing consequences of previous transactions in respect of mining right renewals and transfers, the impracticality of the inclusive procurement provisions relating to local content targets for mining goods and services, as well as the application of the 2018 Mining Charter in relation to the Diamonds Act and Precious Metals Act. The North Gauteng High Court released the judgement on 21 September 2021 confirming, among other things, that the Mining Charter 2018 is a policy document, that the continuing consequences of previous black economic empowerment deals should be recognised, and that the specific challenged provisions in the document should be set aside.

Reform: review of Section 25 of the Constitution

The Constitution Eighteenth Amendment Bill, seeking to amend section 25 of the Constitution was extensively debated in Parliament, but was ultimately voted down.

Electricity regulation and pricing

The Minerals Council acts to increase the mining sector's cost competitiveness and expand its

infrastructure base. This role includes active participation in electricity amendments and pricing.

• The Electricity Regulation Act amendments – Schedule 2 (published by NERSA)

The Minerals Council submitted comments on the amendments Schedule 2 in which the Minister of Minerals and Energy proposed to increase the threshold for embedded generation from 1MW to 10MW. As a sector, mining is energy intensive with electricity demand of up to 100MW or more per operation. For over a decade, South Africa has faced inadequate electricity supply and double-digit annual inflation in electricity tariffs, and this made it imperative for these operations to build their own or contract electricity self-generation plants that are above the proposed 10MW.

In the submission the Minerals Council proposed the following:

- That there is no cap for off-grid and on-grid self-generation plants.
- If the DMRE was not amenable to this proposal, lifting the cap to 50MW would have been a more reasonable approach, due to the type of top customers that Eskom has on the grid.

The President eventually lifted the cap to 100MW.

• Minerals Council's submission on Eskom's third Multi-Year Price Determination (MYPD3) and the Regulatory Clearing Accounts (RCAs) (published by NERSA)

The Minerals Council commented on Eskom's supplementary application; and the RCA liquidation published by NERSA for public comment arguing that Eskom's applications will increase the operating costs for the mining sector and reduce the sector's competitiveness. It will also result in job losses. Tariffs have increased by more than 635% since 2007.

• Minerals Council's submission on the electricity division strategic planning key challenges facing the electricity supply industry (published by NERSA)

Our submission to NERSA was anchored on the following:

- Steep electricity tariff increases were destroying jobs and killing investment appetite in the mining sector. Eskom's tariff increases for 2021/2022 were 15.63% – more than double the average consumer price inflation – and therefore dealing the industry, which is a price taker on the international market, a serious blow when it comes to global competitiveness.
 - Electricity supply challenges/ electricity generation plant unavailability: increased load shedding due to the deterioration caused by the ageing of the coal generation plants and the poor maintenance.
 - Eskom's huge debt would affect its build programme resulting in inadequate electricity in future. Eskom's debt stock of just under R500 billion was a threat to economic growth.
 - There was an urgent need to split Eskom into three companies being Transmission, Distribution and Generation as envisaged in the White Paper on Energy.
 - Poor maintenance of coal power fleet resulted in increased load shedding.
- Minerals Council's comments on the interim long-term Negotiated Price Agreements (NPAs) (published by NERSA)
- The NPAs were a critical relief instrument, offering lower electricity tariffs for struggling industries, especially in the ferro-alloys sector. Our submission contained, among others, the following:
- Priority in approving NPA applications should be given to



Legislative and regulatory environment continued

companies that are about to close because it is harder to restart a closed operation.

- The NPAs should be considered or designated an industrial policy instrument.

Diesel rebate reform system

The second drafts of diesel refund rules, forms, and notes to the Customs and Excise Act, 1964 were published for public comment in February 2021. A further round of industry specific stakeholder engagements was conducted in October/November 2021. The changes represent major improvements on the current requirements and provide for more certainty on what qualifies and what the requirements are.

Positive changes worth noting include:

- Users now include the mine and wet contractors that can claim diesel refunds. This should benefit junior miners.
- The user is required to register a profile with SARS.
- The note allows for apportionment in cases where the user undertakes qualifying and non-qualifying activities.
- Storage and usage logbooks are still required, but provision is made for simplified usage logbooks.
- Usage logbooks are not required in respect of equipment within underground mines.
- Qualifying mining activities are now specified and clearly exclude any “secondary activities”, for example crushing. The activities have been defined.

The diesel rebate administration is to move to a standalone system, separate from VAT administration. The date for implementation of the revised diesel rebate system still needs to be proclaimed.

Environmental legislation

To thrive economically, a country requires a substantial degree of regulatory certainty. Therefore, a stable regulatory environment for the mining industry is an imperative. To this end, 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. This is done to ensure that there is continuous development of regulations and legislation that facilitate the mining industry to mine responsibly and in an environmentally sustainable manner. The following are some of the legislation and regulations that the Minerals Council has actively engaged on behalf of its members.

National Environmental Management Laws Amendment Bill IV

During the period under review, the Minerals Council participated in the parliamentary processes that were undertaken by the Select Committee on Land Reform Environment on the National Environmental Management Laws Amendment Bill IV (NEMLA IV Bill). These engagements were held virtually in June and with the final meeting on 7 December 2021 leading to the adoption and finalisation of the NEMLA IV Bill by the select committee. Of interest to the Minerals Council was that issues raised in written submissions to the DFFE and Parliament on the NEMLA IV Bill, especially with regard to the amendment of the National Environmental Management Act: Waste Act to exclude Mine Residue Deposit and Stockpile (MPRDS) from the Waste Act and NEMA, were intact. It was expected that soon thereafter the NEMLA IV Bill would be assented into law.

Carbon Tax Act - Taxation Laws Amendment Bill

The Minerals Council engaged on the Draft Taxation Laws Amendment Bill published by National Treasury on 28 July 2021 for comments. Among other things, this bill proposed to amend Carbon tax through the 2021 Draft Tax Administration Laws Amendment Bill.

Amendments of, inter alia, section 6 of the Carbon Tax Act, 2019 which involved the extension of period for calculation of renewable energy premium to 2022 and the scope to include the renewable energy purchased under a power purchase agreement.

It was proposed that, to address any ambiguity due to the extension of the voluntary carbon budget system, a specific time frame when the voluntary carbon budget tax free allowance will apply for taxpayers be included in the Carbon Tax Act, namely, 1 January 2021 to 31 December 2022.

Furthermore, in order to align the Carbon Tax Act and the emissions reporting regulations, it was proposed that Schedule 2 of the Carbon Tax Act be amended to reflect the changes set out in the amended reporting regulations. This includes changes to the thresholds for certain activities and the inclusion of new activities.

These proposals covered some of the inputs that the Minerals Council had made in its previous submissions on the Carbon Tax Act.

Draft Climate Change Bill

Subsequent to the adoption at Nedlac, which the Minerals Council participated in as part of the business constituency, the Minister of Forestry, Fisheries and Environment introduced the Climate Change Bill to the National Assembly on 11 October 2021.



Legislative and regulatory environment continued

The Climate Change Bill will provide legislation for development of an effective climate change response and a long term, just transition to a climate resilient and low carbon economy and society for South Africa in the context of sustainable development; and will provide for matters connected therewith. The key aspects to be regulated through this legislation include carbon budget, sectoral emissions target, presidential climate commission, national greenhouse gases trajectory etcetera.

National Environmental Management: Air Quality Act

The Minerals Council actively participated in the various stakeholder consultations that were conducted by the DFFE regarding measures that were introduced under various provisions of the NEMA: Air Quality Act. Of strategic importance to the publication of the gazette was notifying companies that they should submit their subsequent pollution prevention plans (PPP) on 31 May 2021 for the period 1 January 2021 to 31 December 2025. On the other hand, the DFFE initiated a review of the voluntary carbon budgets during phase 1, namely, 2016 to 2020, and also the mandatory 2017 PPPs. During the period under review, to obtain an industry-wide perspective of these two instruments, the Minerals Council with its members participated in and provided a mining industry perspective at the BUSA and DFFE bilateral engagement to discuss inter alia:

- Feedback on voluntary phase 1 carbon budgets and lessons learnt.
- Extension by a further five years from 1 January 2021 to 31 December 2025 of the voluntary carbon budget, including for those companies wanting to participate in the voluntary phase for the first time.
- Initiating discussions on developing a methodology for allocation of

mandatory carbon budgets in phase 2, namely 2023 to 2027.

Subsequent to the latter discussions, the DFFE is continuing discussions with various stakeholders, including the Minerals Council and its members, on the development of the preferred methodology for carbon budget allocations.

National Environmental Management Act: Financial Provision Regulations

During the year under review, the Minerals Council made a proposal to the Minister of the DFFE that the implementation date of the NEMA: Financial Provision (NEMA: FP) Regulations be extended. This proposal was made on the basis that the finalisation of the revised regulations might not be achievable prior to the June 2021 deadline. Moreover, continued delay in the finalisation of the revised draft NEMA: FP Regulations without gazetting of the extension presented the industry with further policy uncertainty.

The Minister acceded to the Minerals Council's request and gazetted the extension of the transitional arrangement under the financial provision regulations for comment on 22 April 2021. This was followed by the publication of the extension for a period of 12 months up to 19 June 2022. This extension is necessary to allow sufficient time for the finalisation of revised regulations that took due consideration of the mining industry concerns.

It is important to note the publication of the NEMA: FP Regulations in August 2021, which signifies positive outcomes in terms of most of the issues and concerns that the Minerals Council had engaged with DFFE on before. Some of the positive outcomes that are presented in the draft regulations in which the Head: Environment

played a pivotal role during the engagements, include the following:

- Approach to determining of financial provision being forward looking on a one or two-year basis rather than the 10 years envisaged in the 2015 version
- Inclusion of a methodology for calculating provision for new and existing operations
- Allowing for a differentiated approach for low-risk enterprises
- Removal of CPI + 2% from the financial provision calculation methodology
- The deletion of the provisions dealing with care and maintenance which was misplaced in the context of the Financial Provisioning Regulations
- The ability to fund the annual rehabilitation costs through the operating budget of the company

Despite the positive outcomes, the Minerals Council raised further concerns in its submission on the publication of the NEMA: FP Regulations gazetted for public comments in August 2021.

National Environment Management Act: Environmental Impact Assessment Regulations

In the period under review, the Minerals Council engaged with the Minister of the DFFE on the dire negative consequences of the amendment Notice 517 of 11 June 2021 which included the amendment to delete Regulation 39(2)(b) of the NEMA Environmental Impact Assessment (EIA) Regulations of 2014. This regulation exempted the applicant who intended to undertake activities related to prospecting or exploration of a mineral and petroleum resource or extraction and primary processing of a mineral resource from obtaining the written consent of the landowner or person in control



Legislative and regulatory environment continued

of the land, prior to submitting the environmental authorisation application to undertake such activity on that land. This regulation was not amended by the publication of a notice for consultation on proposed amendments to the EIA Regulations, 2014 by the Minister of the DFFE on 13 November 2020.

The deletion of Regulation 39(2)(b) effectively gives a “veto right” to landowners and persons in control of land to prevent the granting of prospecting rights or mining rights or permits in respect of such land. The amendment to Regulation 39(2)(b) accordingly purports to interfere, in a very material way, with the rights of the Minerals Council’s members who have applied or intend to apply for prospecting rights, mining rights or mining permits. Furthermore, this amendment also undermines the mandate of the Minister of the DMRE with respect to the MPRDA.

Noting the dire implication that this amendment has on the mining industry, the Minerals Council embarked on a two-pronged parallel process to try to remedy the situation during the period under review. The Minerals Council engaged the Minister of the DFFE to draw her attention to the adverse impacts of the amendments on the mining industry; in parallel the Minerals Council also filed a judicial review application against the actions of the Minister on 8 of December 2021. These engagements are aimed at persuading the Minister of the DFFE to acknowledge and concede the non-procedural process to affect the amendments and the irrationality of the amendments. It might not be necessary to pursue a legal challenge.

National Environmental Management Waste Act: Extended Producer Responsibility Regulations

In November 2020, the DFFE Minister published the final

regulations regarding Extended Producer Responsibility (EPR) for implementation. The Minerals Council has noted the following implementation concerns:

- Regulations will further increase the cost of mining since most of the products highlighted in the regulations are inputs to mining
- The EPR fees must be appropriately apportioned so as not to impact negatively on consumers
- The capacity and ability of the department to handle the required administrative functions is not guaranteed
- Considering the current economic situation, it will be challenging to comply with all the requirements of the law

The Minerals Council made a written submission for consideration in this regard. As a result, the Minister issued a notice in 2020 to extend the date of commencement of the EPR regulations by six months and the registration by producers has also been extended by six months to allow for discussion and agreement on the required amendments prior to publication for implementation. The Minerals Council actively participated in the engagements through a BUSA-led process which culminated in the amendments to the EPR regulations being published for public comment before the final revised regulations were published and the regulations came into effect on 5 May 2021.

National Implementation Plan – Minamata Convention

The Minerals Council continued to play an active role in engagements with the DFFE on the development of a NIP under the Convention. The Minerals Council kept echoing its assertion that the coal and gold commodities will undertake their own research to correct the mining sector specific data in the finalised national inventory and insisting that this narrative should be included in the NIP.

The NIP was concluded during the period under review and presented to various Cluster Committees of Cabinet for adoption before it could be implemented.

Labour legislation

Nedlac Section 77 Standing Committee

Legal service providers were appointed and assisted the Standing Committee to develop a draft Code of Good Practice: Protest Action to Promote or Defend the Socio-Economic Interests of Workers. The Standing Committee finalised the draft Code in 2020 – managing to reach agreement on all of the issues, including the timing of protest action. Unfortunately, when the Code was discussed at the Nedlac Management Committee where it was supposed to be signed off, labour tabled new proposals. This meant that the Code had to be referred back to the Standing Committee for the new proposals to be considered by that structure. The Code was referred back to the Standing Committee and is expected to be finalised in 2022.

Labour law reforms

Organised labour has submitted a document to Nedlac titled *Labour Law Reform Proposals*. The document postulated that the COVID-19 pandemic had exposed gaps within the labour legislation framework. Organised labour was of the view that these gaps ought to be addressed through amendments to the current laws and consequently proposed far-reaching amendments to various pieces of legislation. The proposals will have negative consequences for the economy and for business.

Business’ response was that it is neither appropriate nor opportune to engage on labour law amendments in the midst of a challenging COVID-19 climate and the associated economic challenges posed by the pandemic. Business expressed the view that all efforts should be placed on ensuring



Legislative and regulatory environment continued

the recovery of the economy and assisting businesses that have been adversely impacted by the pandemic. Business opposed the tabling of the amendments, but government indicated that it was amenable to engage on the proposals by organised labour.

The amendments were tabled and both government and business responded and tabled their own proposals.

Business tabled the following proposals:

- Dismissals with notice (as per the Basic Conditions of Employment Act (BCEA)) to be permitted for employees earning below the BCEA Earnings Threshold without having to comply with the test of substantive and procedural fairness in the first 12 months of new employment.
- The three months deeming proviso in the entire section 198(A, B and C) (fixed term contract, temporary employment services (TES), part time and equal treatment) to move to 12 months before the extra obligations become effective.
- The automatic termination of senior employees (i.e., employees earning above R1.5 million total remuneration per annum) with notice (as per the BCEA) without having to meet the test of procedural and substantive fairness.
- The introduction of an expedited exemption process to the Minister of Employment and Labour from the minimum retrenchment pay obligations in the BCEA in order to avoid business closures and liquidation.
- The proposed amendment to Section 32 A of the Labour Relations Act (LRA) to include “agreements covering terms and conditions of employment”.
- A stricter screening process when it comes to accepting alleged disputes declared by employees,

employers and/or their respective representatives, the issuing of a ‘proceed at your peril’ order in the event that an applying party decides to proceed with a dispute when advised against this, with the penalty being an automatic cost award against the applying party.

- The deletion of Section 77 of the LRA. The section promotes uncertainty and is unnecessary. Employees with concerns against their employers can embark on a legitimate strike under other LRA provisions. Where concerns are against a government policy, which is almost exclusively the case with Section 77 Notices, employers are unduly caught in the middle when they have no influence or control over government policy. Besides, protests against government policies can be undertaken legitimately outside the LRA, which makes Section 77 superfluous.
- Relief for small businesses: employers with less than ten employees should be freed from most of the exacting dismissal procedures under the LRA, which often deter employment as small employers lack the capacity to meticulously follow them.

A Nedlac task team was established to engage on the proposals and the engagements will continue in 2022. The Minerals Council has a representative on the task team.

Skills development legislation

National Artisan Development Advisory Board (NADAB) Regulations

The Department of Higher Education and Training (DHET) published the NADAB regulations, which apart from establishing an artisan development advisory body, seek to: -


- a) Develop a consultation platform for artisan development
- b) Influence policy on artisan development

- c) Provide sound advice on legislation, regulation, curricula for artisan development
- d) Create a “social partner” platform that will advance artisan development and employment

The Minerals Council was part of the initial research study group that drafted the regulations and many of the views and opinions of the mining sector were incorporated into the regulations.

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

The MQA was originally established under the MHSA in 1996 and, as from 2000, was recognised as a SETA under the SDA. These two pieces of, sometimes conflicting, legislation have created challenges for the MQA in respect of its strategy, structure, and primary role. As of 1 April 2021, the Minister of the DHET appointed the Board in line with the SDA and appointed the Chief Inspector of Mines as the Chair of the MQA. The MQA also adopted the SETA Standard Constitution regulations as the constitution MQA, which is a deviation from the initial MHSA.

 Sedibelo Platinum - Pilansberg Platinum Mine





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.

Wage negotiations

Following the successful decentralisation of collective bargaining, the gold companies conducted wage negotiations at company or group level. The Minerals Council provided central coordination for the processes by convening and chairing caucus meetings and conducting research on key demands and issues. All the companies bar one concluded wage agreements without strike action.

Immigration issues

The Minerals Council spearheaded a project to ensure the smooth and seamless cross-border transit of foreign mineworkers during the festive season. This project involved engaging and lobbying different government departments, port authorities, and other key stakeholders. The Minerals Council also visited various ports of entry and engaged with officials and service providers to ensure the availability of sufficient COVID-19 testing facilities for mineworkers when they went to their countries of origin and when they returned back to South Africa to resume their duties after the festive season. The engagements resulted in a multi-stakeholder agreement and plan that facilitated the smooth transit of mineworkers through ports of entry.

Infrastructure challenges

To increase the mining sector's cost competitiveness and expand its infrastructure base, the Minerals Council facilitates discussions on new capacity in rail, ports, water, and electricity.

Transnet's inconsistent service delivery and lack of infrastructure on the bulk export rail corridors were quite clear when performances during 2021 were compared to the 'nameplate' capacities, or to previous peak performances. As a result, the following opportunity costs in lost exports were recorded:

- Coal exports: lost R38 billion since 2017 (at 2021 prices R45 billion)
- Iron ore exports: lost R6 billion (at 2021 prices R14 billion)
- Chrome ore exports: exports were increasingly diverted to Maputo away from Richards Bay with all the added road transport costs; the potential lost to Richards Bay is estimated at R4.5 billion in exports.
- Ferrochrome exports were also diverted to Maputo and Durban; Richards Bay lost R1.6 billion in exports as a result, and all the growth went to the other two harbours.

In order to support Transnet to recover its efficiencies, the mining sector offered cooperation in the following areas;

- Interventions to strengthen security and surveillance in the corridors to counter vandalism and theft, with the coal sector most advanced.
- The chrome sector launched an in-depth study into the chrome

corridor's inefficiencies, with acknowledgement of the issues from Transnet but very little action to resolve or improve services

- Offers of help with the procurement of spare parts for locomotives were made, and support from the Minister of Finance was gained for the Department of Trade, Industry and Competition to relax restrictions on localisation rules for Transnet for this purpose.
- Offers were also made in support of the maintenance and improvement efforts on rail lines and at harbours.
- Regular communications between the industry and Transnet, as well as the Ministry of Public Enterprises have improved, and further developments are expected.

Seeking solutions to the obstacles experienced by mining companies when applying for self-generation licences has occupied a great deal of time. The fact that no documented process for the licensing of generation plants exists is a big impediment. Interactions took place with members (to understand the situation regarding each project), with the DMRE (as regulator to streamline the regulatory requirements), with Eskom (to expedite approvals), and with the Presidency (to act as coordinator of efforts towards the expedition of approvals).

The need for streamlining and simplifying the processes for self-generation became more urgent as the value of proposed projects jumped from about 2,400MW one year ago, to over 4,000MW at the end of 2021, yet the value of successful outcomes was as low as 50MW. The issues holding up the applications process, were grouped as:

- environmental approvals, (needing consent from a plethora of departments, occurring in sequence instead of in parallel);
- transmission line capacity constraints;



Operating environment continued

- the lack of a nationally applicable wheeling framework;
- the whole issue of access to and re-zoning of land (including land claims discovery);
- delays in the assessment of new supply connectivity and the quality of the electricity to be generated by Eskom; and
- the need to be able to sell electricity to third parties, to solve the dilemma of optimum scale of generation plants, often not being in line with mine demand/usage or the life of mine.

contracts and/or community employment at the mines. When companies refuse to deal with these unlawful business forums, unlawful protest actions ensue resulting in the stoppage of mine production which is accompanied by threats of intimidation, violence, or even death. These issues are similar to the 'construction mafia' issues experienced by the building and construction industry. These issues are now being dealt with by specialised units of the South African Police Service and the National Prosecuting Authority.

“Seeking solutions to the obstacles experienced by mining companies when applying for self-generation licences has occupied a great deal of time.”

Illegal mining and organised crime

The challenges of illegal mining and other organised crime linked to the mining sector requires a collaborative, multi-stakeholder approach. The Minerals Council remains committed to working with the various law enforcement agencies 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 with 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 lead to production stoppages, losses, and adverse environmental impacts. The impact of these activities continues to remain wide-ranging and substantial, including social instability, loss of revenue and employment opportunities, and high levels of secondary crime.

During 2021, a vast number of mining companies also experienced incidents of violence and extortion essentially driven under the pretext of demands for tenders/procurement

De Beers – Venetia



SECTION 5

Strategic goal

03



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

IN THIS SECTION

- 95 Modernisation as a catalyst for social and business
model change



Modernisation as a catalyst for social and business model change

Mining companies make significant contributions to local economic development, contribute to the creation of critical skills and to the promotion and support of enterprise development.

Modernisation is intended to bring, among other things, improved competitiveness, efficiency, and investment attractiveness, which in turn encourages economic growth, expands employment, increases exports, improves tax contributions, and facilitates the continued and more responsible use of South Africa's mineral resources.



Modernisation is more than the adoption of technology; it is a transition to a way of thinking that will change the way the mining industry operates and how it is perceived.

As a key strategic priority for the Minerals Council, modernisation aims to create an enabling environment for industry-wide change by continuously looking to advance the position of and make improvements in South African mining.

The mining industry recognises that a just transition to a more dynamic and innovative industry is critical for mining's continued relevance and long-term success, but what is different about our approach is that we have put people, and not technology, at the centre of this transition.

The Minerals Council is looking at innovation and modernisation not just from a technology perspective, but importantly also to support social and business model change – moving from purely engineering-led innovation to people-centred innovation.

Technology is an enabler in that it augments and enhances what people do best – make complex decisions, apply judgement, develop creative solutions to problems, and provide leadership and support to others.

Unable to replace these human abilities, technology can assist us by creating virtual training spaces, providing better information about the mining environment, by making mining safer through simulation, and by reducing environmental impact through cleaner technologies.

Technology and people are, therefore, both key to a just transition to a 4IR-enabled mining industry, and it is only by harnessing the power of both technological and human potential that we can ensure a sustainable future.

This has been evidenced in the past two years as the mining industry responded and adapted to the global pandemic with resilience and ingenuity. Accelerating the adoption of 4IR, the pandemic triggered a change that has gathered momentum in the past year.

Mining has always been a pioneering industry its ability to embrace change rapidly has proven that the sector is ready to carry this momentum forward.

Together with our strategic partners at the MMP and the Research Institute

for Innovation and Sustainability (RIIS), the Minerals Council spent the last year looking at ways to prepare people, especially employees, for a modernised workplace.

Realising that there is an opportunity to align the skills profiles of the future mining workforce more closely with the future needs of society, we have taken time to understand the skills available to the sector and consider ways we can assist the workforce as it moves from the current 'traditional' skills to ones that are in demand in future.

Highlights of the past year have included the inclusion of organised labour in our research programmes, reimagining training in mining and studies into the research, development and innovation (RDI) skills available to the mining industry. RDI, another critical enabler of modernisation, acts to facilitate a collaborative effort on innovation that will contribute to achieving zero harm, and at the same time improve productivity and competitiveness, and create sustainable and socially acceptable mining.

There is little doubt that South Africa is well positioned for the transition to 4IR, but the industry does have some catching up to do, particularly when it comes to upskilling. While the MMP, in collaboration with manufacturers and OEMs, has made a number of technological breakthroughs in geological and drilling technology, we are working to strengthen partnerships with universities that will "adopt" modernisation programmes and hopefully over time start teaching the principles of 4IR and digital literacy as part of their syllabi.

Integrating modernised thinking into learning opens numerous opportunities for employment within the mining sector, as well as in other related industries that include the mining supply chain. But any progress we make as an industry moving forward must be matched




Modernisation as a catalyst for social and business model change continued

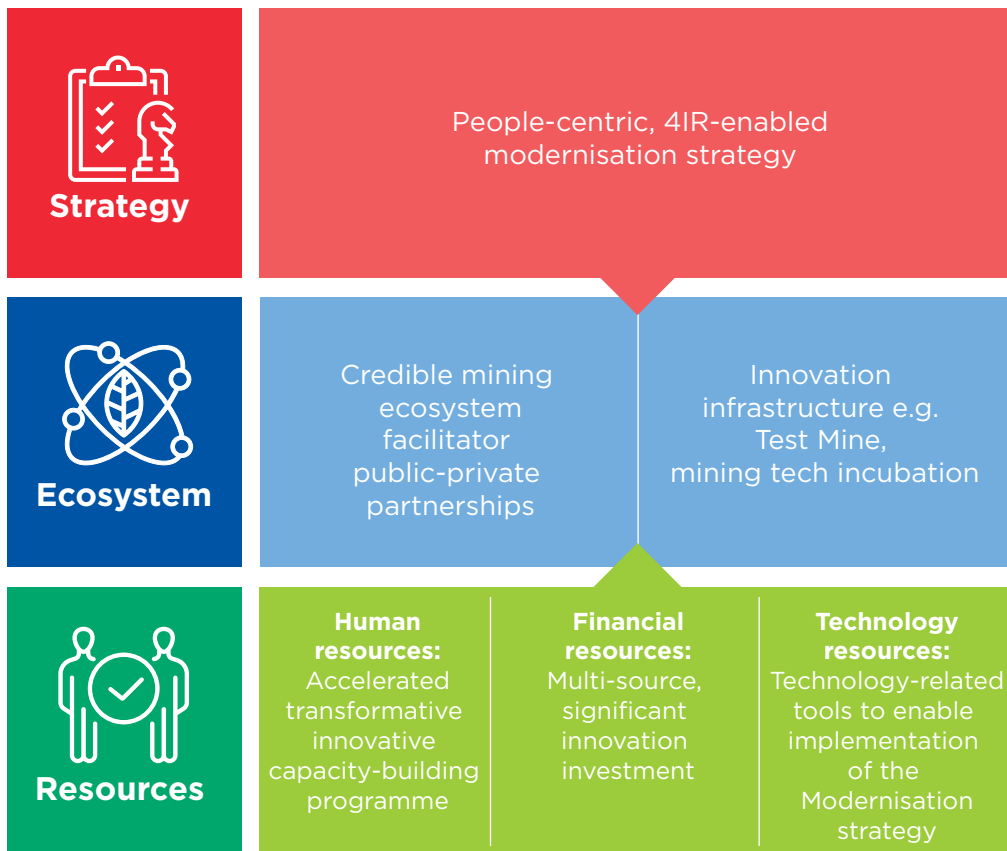
by safer and more sustainable operations that create more value for all stakeholders. In the context of South Africa's challenges, particularly around high unemployment levels and inequality, the country's innovation must remove barriers and improve the relationship between people, equipment, materials and data as well. That every individual and every community benefits from modernisation practices is the ambition of the Minerals Council.

South Africa faces two primary challenges with regard to technology adoption – the need to innovate further and the need to ensure a socially just, inclusive, and ecologically sustainable industry.



To embrace the 4IR revolution, the South African mining industry needs:

 Sibanye-Stillwater – SA PGM operations



“Modernisation is a strategic priority for the Minerals Council, as it is an imperative for the mining industry’s growth and ability to contribute positively to society.”



Modernisation as a catalyst for social and business model change continued

Strategic partnerships that share our vision

With our strategic partners, the MMP and RIIS, we have furthered our objective of removing barriers to innovation by making our research programmes more inclusive, broadening training beyond traditional classrooms to virtual and augmented reality, and celebrating modernisation's role in diversifying the industry.

Our strategic partnership with the MMP was established to progress the South African Mining Extraction Research, Development, and Innovation (SAMERDI) strategy. Now the largest public-private partnership of its kind, the MMP shares our vision of "shared prosperity through innovation" and aims to maximise the returns of South Africa's mineral wealth for all stakeholders while equipping mines with the necessary skills and technology for the next generation of modern mining.

In the year under review, the MMP expanded the R&D service provider pool, contracted universities for the establishment of SAMERDI research centres, and progressed with the global sourcing of technology and solutions for South African application.

Importantly, it formalised a strategic relationship with five trade unions through the establishment of the Organised Labour Consultative Forum. This marks the first time that organised labour, as a critical stakeholder in the modernisation journey, will have inputs at a strategic and policy level.

In the coming year, the MMP will discuss the review and update of the SAMERDI strategy with relevant stakeholders, deepen the mining R&D capacity and capability study, formalise a partnership with the Mining Equipment Manufacturers of South Africa, and progress development of South Africa's first test mine.

Through our strategic partnership with RIIS, we focused on implementable medium-term modernisation programmes such as diversifying the application of the GIS platform that was used for COVID-19 data mapping in 2020 for the mapping of illegal mining activities; strengthening collaboration with member companies; and reinforcing the RDI ecosystem for the mining cluster. This is vital if South Africa is to catch up with the rate of global RDI performance, investment, and outputs – all of which enhance South Africa's global competitiveness.

Advanced Orebody Knowledge (AOK)

The AOK research programme aims to create the ultimate "glass rock" environment. This includes improving geological confidence ahead of the face, reduction or identification of risk associated with geology, and ultimately the timeous reporting of information on what is observed

underground from the surface. The end goal is optimal extraction with zero harm.

In 2021, AOK's ground penetrating radar (GPR) project demonstrated the integration of GPR outputs in a 3D visualisation environment that incorporates mining information such as mine plans. Further testing is now being conducted to test the multi-use of this application. Several instantaneous and geometric seismic attributes were also evaluated and tested on real GPR data, and it was found that some of these attributes were able to enhance subtle structural features in the data.

Underground trials showed light detection and ranging (LiDAR) could be a feasible alternative to conventional geological mapping, while the first small-scale trial survey of an in-mine electrical resistance tomography (ERT) application showed its potential as a routine in-mine reconnaissance tool. Active-

Anglo American Platinum - Impala Modikwa





Modernisation as a catalyst for social and business model change continued

source and passive seismic surveys conducted at Maseve mine resulted in the modelling of platinum deposits, and testing commenced at an experimental laboratory designed and built at the University of Pretoria to facilitate research and development around smart diamond drills.

Immediately implementable solutions include the publishing of a Gold and Platinum Group Metal Resource Atlas, which is now publicly available for immediate uptake and use by researchers, students, and industry.

In 2022, there will be a strong focus on identifying leading practices within other disciplines and industries that could be assimilated into the AOK programme. Data management, interpretation and automation are key drivers within all the projects and collaboration with the Real-Time Information Management Systems (RTIMS) programme on creation of data management, and interpretation capacity is a priority.

Integration of geological/geophysical technologies remains a focus with the emphasis on ultimately creating an enhanced geological risk model that uses a holistic approach and alternative technologies within the AOK programme.

Longevity of current mines (LOCM)

LOCM focuses on increasing the efficiencies of extraction, improving occupational health and safety, and reducing the costs of current conventional mining operations.

During 2021, the Isidingo Drill Challenge was completed with HPE and Novatek drill prototypes meeting industry criteria. An energy optimisation study was also completed and the application of mini-hydropower systems as a replacement for low efficiency pneumatic drills is already showing benefits by improved penetration rates.

■ Implats – Impala Rustenburg operations



Similarly, synthetic pipe-sticks showed positive test results as replacements for timber elongates, and three data capturing and reporting systems were tested as a replacement for the current manual reporting systems.

An immediate implementable solution included the development of blueprints for production and shift cycle optimisation with several costed scenarios indicating high potential improvements.

In 2022, the LOCM programme consists of resource extraction optimisation projects to test remote control functioning prototypes and fully integrated planning systems. Regarding technology optimisation, two projects are focused on cleaning and sweeping systems for a safer and healthier mining environment.

Mechanised Mining Systems

The Mechanised Mining Systems programme aims to develop fully mechanised mining systems that will allow for remotely operated extraction of narrow hard rock ore deposits, including non-explosive rock breaking.

During the year, diamond wire cutting showed potential as a mining method that can reduce dilution and improve safe extraction by removing people from the extracting block areas while local manufacturers, who have shown a high interest in the application for autonomous mining, sought international exposure for new technological applications. Design and implementation guidelines for optimising ventilation arrangements, Equipment and Communication Utilisation and Energy Utilisation were also completed.



Modernisation as a catalyst for social and business model change continued

In the year ahead, the programme will focus on resource extraction optimisation where an effective pillar design and implementation strategy will be developed for deeper gold and PGM mining. Technological business improvement will concentrate on ultra-low-profile mechanised equipment application in narrow reef hard rock mines.

An implementation strategy and guidelines will be developed for load/haul and drilling equipment. This will include alternative powered systems and a mechanical rock breaking study for effective tunnelling and testing of existing equipment. Collaboration with the RTIMS programme on data recording, transmission, and control is also a priority.

Real-Time Information Management Systems (RTIMS)

RTIMS aims to improve data sourcing, transmission, storage, dissemination and information management tools, practices, and procedures for mines. The RTIMS blueprint is currently hosted on one of the MMP's cloud servers and serves as an integration engine for all the RTIMS component systems.

During 2021, the RTIMS Knowledge Portal (RTIMS wiki) was migrated to the MMP systems platform and is now publicly accessible. The system, which is being updated, can be used to view existing, and to add new knowledge to, industry-wide technical specifications and standards.

An open-source data platform for real-time data acquisition, streaming, presentation/visualisation, and modelling (machine learning), in a cloud-based system was also demonstrated as viable for localised development, as was coded orthogonal frequency-division multiplexing (COFDM), as an underground communications technology, and a Visual Positioning and Tracking system.

The focus for 2022 is primarily to implement baseline 4IR technologies for mining, to support operational key performance indicators such as efficiency gains, zero-harm safety and health, and big data platforms whereby the value of data and information optimisation can be realised.

In the programme's context of operating in exponentially growing and emerging technology development markets, RTIMS aims not only to intensify collaboration efforts but also to co-create solutions and contribute towards technical and technology capabilities development and management. The programme hopes to achieve this by leveraging the global and local market partners and expertise to a greater extent, for smart-connected systems, capabilities, and technologies, to the South African mining industry's benefit.

Successful Application of Technologies Centred Around People (SATCAP)

The SATCAP programme aims to understand how challenges relating to people in the mining modernisation process can be understood from all perspectives. Its research seeks to

gain an understanding of how mining modernisation systems, processes, and technologies could impact on skills needs, job impacts, and stakeholder inclusion.

In 2021, the MMP signed a groundbreaking agreement with five unions representing the majority of 450,000 mineworkers to ensure all direct stakeholders can participate at a strategic and policy level in its research and development planning for a modernised mining industry. Three guidelines including engagement of workers in equipment design and development, and the inclusion of stakeholders were developed and are now available to the industry.

The SATCAP programme continues to pursue a people-centred approach in supporting mining modernisation. Its focus remains on the impact modernisation will have on jobs, skills, and communities. In the coming years, SATCAP will adapt and transfer people-related, scientific or technical solutions to mines. These solutions will support safety and productivity while looking to reduce costs and extend the life of mines for the betterment of all stakeholders, including local communities.

■ Mining Innovation Showcase winners WinWin International's Tebogo Matsaung and Stuart Woolmington are congratulated by Harmony CEO, Peter Steenkamp and Minerals Council Senior Executive of Modernisation and Safety, Sietse van der Woude.





Modernisation as a catalyst for social and business model change continued

■ **Seated from the left:** DSI Chief Director: Technology Localisation, Beneficiation and Manufacturing, Beeuwen Gerrits; Minerals Council President Nolitha Fakude; National Union of Metalworkers of South Africa Economic Research & Policy Institute Research Manager, Melanie Roy; CSIR Group Executive: Business Excellence and Integration, Khungeka Njobe.

Back from left: UASA Divisional Manager Mineral Resources, Franz Stehring; AMCU National Health and Safety Co-Ordinator, Gabriel Nkosi; CSIR CEO, Thulani Dlamini; Minerals Council Senior Executive of Modernisation and Safety, Sietse van der Woude; NUM Research and Policy Development Officer, Mike Fafuli; and Mandela Mining Precinct Director, Johan Le Roux.



development. A key enabler and anchor pillar is the strengthening of partnerships to build trust and improve collaboration.

During 2021, the programme continued its efforts in intra-industry collaboration and public-private cooperation, through ongoing engagements and dialogues.

A significant focus was placed on planning for, and understanding, the pathways of socio-economic change through targeted initiatives and mapping. Leading practices were identified in development interventions for consideration in the coal context and finally a set of Energy Transition scenarios were developed. These scenarios, which were informed by coal industry trends and predictions, informed the priorities the sector needed to consider in mapping out its next steps while ensuring the preparedness and resilience of the industry and related economies. Emerging and maturing technologies that relate to coal mining were explored for future technology innovation planning.

Data 4.0

Data 4.0 was born out of the need for smart data to inform socio-economic planning and decision-making in the coalfields region of Mpumalanga. This initiative evolved between 2019 and 2021 into an all-encompassing data intelligence programme that cut across Zero Harm, social performance, and the COVID-19 response, among others.

The solutions developed and piloted over 2021 included COVID-19 tracking where GIS solutions were leveraged to continue case tracking and track vaccine rollout in the mining industry and its host communities. As part of its link to the Mpumalanga Coalfields 2030+ programme, the Data 4.0 team provided support to the Mpumalanga Provincial DOH in its COVID-19

Mining Skills 4.0

Mining Skills 4.0 was a multi-year programme aimed at developing a reskilling and upskilling framework and strategy to assist mining companies in achieving a just transition of their workforce into the 4IR, which was run from 2019 to 2021.

The Mining Skills 4.0 programme provided some valuable foundational understanding of the complexities within the occupational and skills landscape of the mining industry, identified key pathways for the future of mining, and singled out technological innovations to future-proof training in mining.

In 2021, the Mining Skills 4.0 programme focused on Reimagining Training in Mining, an initiative exploring the benefits of EdTech (Educational Technology) in the mining context. Through this initiative, we sought to identify innovative approaches to training that could have a dramatic effect on knowledge and skills retention, in-depth

understanding, and speed of skills uptake. We also recognised that these approaches, which leverage cognitive and behavioural sciences, have great potential to improve healthy and safe production outcomes.

A call for proposals resulted in the submission of solutions that feature virtual, augmented and mixed reality solutions as well as components of gamification that could be used to revolutionise skills training in mining. Six finalists were chosen to demonstrate their solutions at an Open Innovation Challenge and Showcase, which culminated in the selection of a winner whose solution will be piloted at Harmony Gold.

Mpumalanga Coalfields 2030+

Initiated in 2018 and running from 2019 the Mpumalanga Coalfields 2030+ programme aims to drive innovation in the areas of social performance in the Mpumalanga coalfields region through local economic development, economic diversification, and entrepreneurship



Modernisation as a catalyst for social and business model change continued

response. This included GIS mapping of COVID-19 incidence data for the province, GIS skills transfer, and the development of a pilot “Find My Nearest Vaccination Site” app. The app was intended to provide low-data, mobile-based information to anyone residing in Mpumalanga seeking their nearest vaccination site.

A beta version of a GIS database of mining operations in South Africa, enriched with supplementary data, was also developed. This demo mine atlas has the potential to be a one-stop-shop for information related to mining operations, and its evolution is being explored for future improvement.

In collaboration with MOSH, the Data 4.0 team was also involved in a cross-departmental collaborative effort to apply GIS to track the rate of adoption of occupational health and safety leading practices. This considered measures already implemented and the set of criteria that needed to be met to qualify as having met occupational health and safety standards. It focused on the areas of transport and machinery, fall of ground, noise and dust.

Through the first cycle of the Strategic Modernisation Partnership programme, the Minerals Council began to effect changes in how the industry modernises over time. Its strategic partnership with RIIS initially focused on establishing major workstreams, building relationships, and developing strategic plans for implementation.

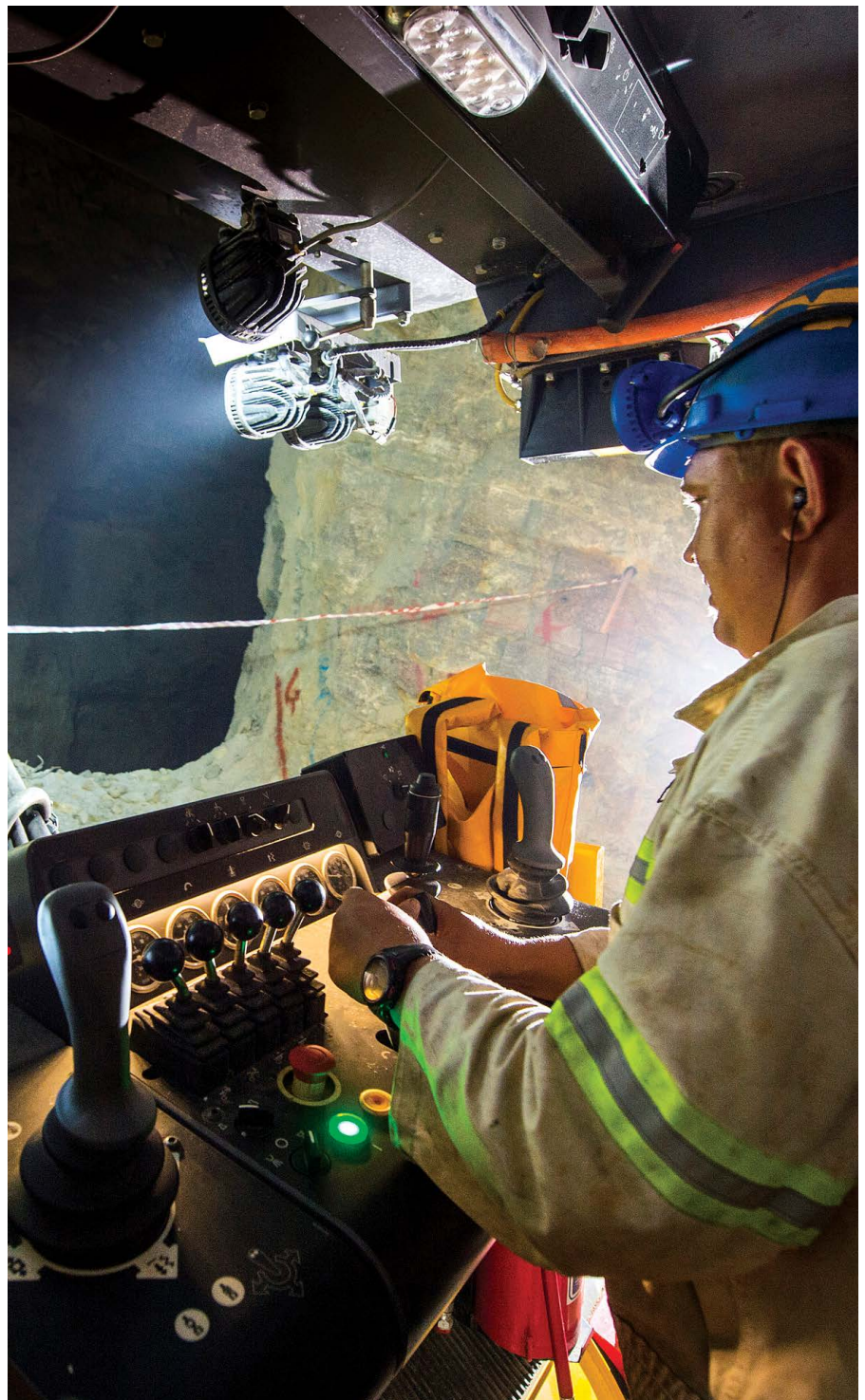
This was followed in 2020 with the adaption of workstreams to critical COVID-19 response needs and in 2021 it focused on delivering on-the-ground solutions.

Looking ahead, the partnership will use the period between 2022 and 2026 to build a more effective delivery ecosystem, without losing the versatility needed to adapt to

sudden changes in the industry or economy. Bearing in mind the evolving context of the South African mining industry, the next five years will be critical if the sector is to

implement RDI strategies that will enhance its global competitiveness both as an economic and a social measure. This can only be done with the mining industry's buy in and through greater collaboration.

 Gold Fields – South Deep



SECTION 6

Strategic goal

04



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

IN THIS SECTION

- 103** Promoting zero harm
- 116** Promoting and enabling effective transformation
- 118** Reducing the mining industry's environmental footprint



Promoting zero harm

The Minerals Council plays a leadership role in guiding and supporting the industry's journey towards zero harm, working in close collaboration with unions and the DMRE.

Given that mining is a complex, technical, and often labour-intensive industry, the risks and hazards it presents – if not countered – may cause harm or threaten lives. Mining requires rigorous training, absolute vigilance, and unfailing adherence to health and safety standards and procedures.

Understanding that safety is about people is a fundamental driver of the industry's approach. Efforts to reduce miners' exposures to risks and hazards, to prevent and treat occupational diseases, and, above all, to eliminate fatalities, is an abiding priority. In its commitment to the industry goal of zero harm, the industry aims to ensure that every mineworker returns home unharmed at the end of every workday.



Mining, as with many other industrial activities, brings with it associated risks and hazards, which require unrelenting commitment and adherence to safety and health standards and procedures.

We and our member companies remain committed to the industry's goal of zero harm and, as the Minerals Council, we continue to be actively involved in initiatives

and partnerships aimed at eliminating fatalities and injuries in the mining industry.

We achieve this through the Minerals Council's Occupational Health and Safety Policy Committee, the MOSH Learning Hub, the RETC, and the CEO Zero Harm Forum. We also engage with regional associations, including the regional tripartite forums, AMMSA and SACMA; the DMRE and organised labour, through the MHSC; and with international industry bodies through the Minerals Council's membership of the ICMM.

Much has been achieved in recent years and we are encouraged to see employers, labour, and government working together to protect the safety and health of all mine employees.

Culture Transformation Framework (CTF)

Organisational culture has a significant impact on health and safety protocol adherence and success. The CTF, developed by the MHSC and approved at the 2011 Health and Safety Summit,

seeks to transform health and safety in mining workplaces.

As stated earlier, in 2021, the *Just Culture Accountability Framework Leading Practice Guide* was developed and approved by the CEO Zero Harm Forum. In 2022, the focus will be on the dissemination and adoption of this leading practice guide for effective management and control of health and safety non-compliances, and the improvement of occupational health and safety culture performance in the industry. The Minerals Council will also assist companies to conduct a gap analysis on the Just Culture Accountability Framework to reinforce a culture of sharing and learning and develop an action plan to address the gaps. The *Just Culture Framework Leading Practice Guide* complements the implementation of the minimum standards of Pillar 2 of the CTF focusing on risk management.

At the 2021 MineSafe Conference, industry stakeholders agreed on the urgent implementation of an independent assessment study of the CTF priority pillars by the MHSC. The aim of the assessment is to identify leading practices that could be promoted, identify the gaps that still need to be addressed and to finalise a revised CTF implementation plan during 2022.

Rio Tinto – Richards Bay Minerals





Promoting zero harm continued

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

CTF's 11 PILLARS

The first six pillars were prioritised for implementation in 2020:

1 Bonus and performance incentive pillar To prioritise safety ahead of production	2 Risk management pillar Aimed at reducing risk at its source and investigating root causes	3 Leadership pillar Encouraging leaders to lead by example and walk the talk of zero harm	4 Leading practice pillar Providing a unified approach to identifying and facilitating the adoption of leading occupational health and safety practices and research outcomes	5 Diversity management pillar Aimed at eliminating racism, genderism, and any other forms of discrimination	6 Data management pillar To monitor and evaluate progress of CTF implementation and mine health and safety performance
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The five remaining pillars of the CTF will be implemented after December 2020:

7 Integrated mining activity pillar	8 Technology pillar	9 Inspectorate pillar	10 Tripartism pillar	11 Regulatory framework pillar
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Leadership

The CEO Zero Harm Forum has been leading by example in addressing the key health and safety risks since its establishment in 2012. In 2019, the Minerals Council facilitated a CEO Heartfelt Conversation on Health and Safety, which led to the CEO-led Khumbul'ekhaya strategy focusing on the elimination of fatalities from safety and health incidents. Since 2017, the Minerals Council's CEOs and Board have led the annual National Day of Health and Safety in Mining, with key health and safety messages and actions for implementation in mining operations.

Risk management – accident investigation systems

A variety of initiatives have been introduced to address the minimum standards of this pillar, with an emphasis on eliminating blame in accident investigations. In 2015, the Minerals Council collaborated with the ICMM to launch the *Critical Control Management (CCM) Good Practice Guide*. This was followed by the establishment of the CCM Working Group that reported to the CEO Zero Harm Forum. The CMM Working Group reviewed the ICMM good practice guide to contextualise it with the health and safety risk realities of South African mining companies. A South Africanised CCM

Good Practice Guide was developed considering the different levels of organisational maturity. Many of the South African mining operations have since adopted the principles of the ICMM and Minerals Council CCM guidance documents in the management and prevention of key health and safety risks. Critical control management also forms part of the MHSC's 2024 milestones.

A Minerals Council review of the 2019 fatality-free safety performance at Anglo American Platinum, Sibanye-Stillwater gold operations, and Harmony Gold revealed that the application of CCM was instrumental in the improvement of occupational safety performance in these



Promoting zero harm continued

companies. The CCM of materially unwanted events, such as falls of ground and transport-related incidents, has been applied by the three mining companies. Critical learnings have also been gained from the identification of key risks to be controlled.

With the support of the CEO Zero Harm Forum, the Minerals Council established the Learning from Incidents Working Group. The working group's focus has been on helping mining companies to share and effectively learn from incidents to prevent repeats and is an important component of the Khumbul'ekhaya strategy – ensuring that mining companies learn better from one another and from other industries. Peer review incident investigation and analysis systems, as well as the development of the accountability framework guide, are some of the Khumbul'ekhaya projects focusing on the Risk Management Pillar of the CTF approved by the Minerals Council CEO Zero Harm Forum and Board in 2020. The Minerals Council special project on industry alignment on the implementation of the TMM Regulations focuses on a holistic, risk-based approach towards the development of CAS technologies. This initiative supports the objectives of the Risk Management Pillar of the CTF.

Bonus and performance incentives

Many of the mining companies had reviewed and incorporated health and safety leading indicators into the company bonus and incentive schemes. This has ensured that the structure of bonuses systems incentivise safer and healthier practices. The MHSC conducted research on existing safe production bonus systems leading practices. The outcomes of the research project led to the development of the OHS Bonus Scheme Toolkit, which was

reviewed by the Minerals Council Occupational Health and Safety Policy Committee and approved by the CEO Zero Harm Forum.

Leading practices

The establishment of the MOSH Leading Practice Adoption System contributed immensely to the improvement of health and safety performance in the industry over the past years. The MOSH Leading Practice Adoption System is underpinned by the principles of people-centred adoption, which is an important component of successful change management. Recent observations made and experience gained from the collision management system technologies have revealed that change management was one of the most critical success factors in the adoption of technology. The Minerals Council facilitated the development of the MHSC Common Approach to Identification of Leading Practices and Research Outcomes. This approach should be applied to the identification and certification of any technology to be a leading practice.

Diversity management

There has been an increase in the representation of women in the mining industry in recent years. Gender discriminatory challenges are evident in an industry that remains male-dominated. Occupational health and safety performance statistics have also indicated an increasing trend in fatalities and injuries among women. To address the challenges of overt and covert forms of discrimination against and challenges of women in mining, the MHSC conducted research and developed the following:

- MHSC Diversity Management Assessment Tool
- A programme to deal with PPE for women, and the safety and security of women in mining
- Guidance on the selection of PPE for women

- Guidance on the establishment of sexual harassment policies and procedures
- Establishment of a Women in Mining Committee

The Minerals Council's Labour Policy Committee and Occupational Health and Safety Policy Committee established a task team that developed a list of strategies through which mining companies can promote the health, safety, and security of women miners. In 2019, the Minerals Council Board approved the establishment of the Women in Mining Leadership Forum. In addition to the National Day of Women in Mining, the National Day of Health and Safety in Mining 2020 included a focus on gender-based violence.

Data management

Collation and production of accurate and reliable occupational health and safety performance data is crucial for effective monitoring and evaluation of the MHSC Summit milestones on occupational health and safety. The MHSC developed a web-based milestone reporting system. One of the Khumbul'ekhaya projects focuses on the digitisation of safety data.

“The Minerals Council is committed to the aspiration of zero harm and supports its members as they seek to ensure that every mine employee returns from work unharmed at the end of every day.”



Promoting zero harm continued



Health

The Health department is responsible for promoting good health outcomes in the mining industry. Priorities in 2021 included:

Management of COVID-19

Management of significant occupational health hazards

Development of a strategy for the Group Environmental Engineers Committee

Scoping of a study on the development of a toxicity Index

Improvement of overall HIV, TB, and other disease management

Below are short summaries of these priorities, the industry's response to COVID-19 is in a special section on page 38.

Management of significant occupational health hazards

At the Leadership Tripartite Summit held in 2014, the mining industry stakeholders agreed on the milestone targets that needed to be achieved by 2024 to improve the performance of OHS management to achieve Zero Harm. During 2020, the Minerals Council CEO Zero Harm Forum discussed the industry progress towards the 2024 occupational health milestones, and it was agreed that there was a need to raise the bar on the elimination of workplace exposures, as occupational diseases and fatalities may result from these exposures.

The Group Environmental Engineers (GEE) Committee established mining commodity specific task teams (gold, coal, platinum and other commodities) to identify mechanisms that would assist the South African mining industry towards the achievement of the occupational hygiene milestones. The task teams workshopped the significant occupational health hazards and also considered Section 11 of the MSHA, which requires the employer to assess and respond to the risk, and determine all measures, including changing the organisation of work and the design of a safe system of work necessary to eliminate the risk.

The working groups identified the application of continuous real-time monitoring (CRTM), with the aim of serving as an early indicator of potential exposures and performance of the installed control measures. The GEE Committee members agreed to prioritise CRTM for the control measures installed for the control of the occupational health hazards associated with the occupational hygiene milestones of the industry.

Development of a strategy for the GEE

During 2021, the GEE Committee considered the current state of occupational hygiene and environmental engineering and identified the need for the committee to jointly develop a clear and concise strategy for the mine environmental and occupational hygiene engineering discipline.

The Minerals Council convened a GEE strategy session during the second half of 2021, which considered the following key thrusts:

- Workplace environmental conditions
- Occupational health and hygiene exposures, and associated diseases
- Emergency preparedness and response with respect to mine fires
- Compliance with regulatory requirements

The strategy will be finalised during the first quarter of 2022.

Scoping of a study on the development of a toxic index:

Based on the history of underground fires in underground South African mines, knowledge gaps have been identified that affect adequate safeguarding of workers' safety when exposed to gaseous combustion products. A need has been recognised for the introduction of industry-specific methodology, based on sound scientific and technical principles, to supersede the previously developed small-scale tests methods on the assessment of aspects such as surface flame spread, combustibility, and specific heat of combustion that are currently in use. The increasing introduction of light-weight polymer piping, diesel-powered equipment and vehicles, and the use of conveyor belts for ore transport to meet increasing production targets, have altered the character of fire risks and highlights



Promoting zero harm continued

the need for larger scale testing aimed at determining the behaviour of combustible materials during fires.

The GEE Committee subsequently drafted terms of reference for a project titled: *A Methodology to Determine Feasible Acceptability Criteria for the Safe Selection and Use of Bulk Use of Combustible Materials in South African Underground Mines.*

The principal objective of this project is to select an existing, or devise a new, methodology that is scientifically and technically viable to determine:

- The Toxicity Index
- Flame Propagation Rates (flame retardancy properties)
- Combustion Heat Energy Contribution

This will be done through (full-scale and large-scale) material sample tests conducted under conditions representative of underground environments to assess the realistic behaviour of the combustible material for quantitative comparative and verification purposes.

The project is planned for commencement during 2022.

Masoyise Health Programme

The Masoyise Health Programme (Masoyise) continues to be the flagship programme for reducing incidences of HIV, TB, OLDs, and NCDs in mining. Its key activities are monitoring performance on disease reduction, TB contact tracing, support to small mines, and communication. The second term of the programme, 2019-2021 was extended to the third term of 2022-2024.

In 2021, there was a slight improvement in performance monitoring compared with 2020, which was seriously impacted by COVID-19. Companies have found their footing and are refocusing their attention on traditional programmes

in addition to COVID-19 activities that included vaccination. The industry embarked on the Vooma Vaccination campaign to encourage employees to vaccinate against COVID-19.

The programme continues to be the database for HIV, TB, NCD, and OLD data, reporting on the Minerals Council Occupational Health Reporting System, hosted by theHealthSource. To achieve all its goals and targets, the programme has a steering committee chaired by Zanele Matlala, a Board member. The steering committee is supported by a working committee with several task teams on various aspects such as data, TB contact tracing, communications, and junior and emerging miners.

TB contact tracing

Contact tracing is a primary means of controlling TB. This process was implemented to stop the spread of TB in the mining industry and in the

communities. It involves finding and informing people that they have been in contact with an infected person so that they can get screened, tested, and be enrolled into care and treatment, if necessary.

TB contact tracing activities and meetings were held in the West Rand, Bojanala, and Nkangala districts, leading to improved awareness and reporting. Companies reported a noticeable downward trend, reduced flu cases, and improved hygiene measures since the advent of COVID-19. The DOH reported that there were a few challenges in the mining companies pertaining to the installation of Tier. Net, which is the latest electronic national TB reporting system. Most challenges are linked to software installation and the signing of the memorandum of understanding. However, they are working with companies to resolve them.

Harmony – Tshepong





Promoting zero harm continued

Table 1 below shows the selected outcomes derived from the Minerals Council Occupational Health Reporting System, which has a full complement of indicators.

TB contact tracing outcomes

Indicator	Bojanala	Mpumalanga	West Rand	TOTAL 2020	TOTAL 2021
Number of index pulmonary TB cases identified	237	172	487	878	896
Number of contacts identified	1,504	267	1,143	2,880	2,914
Number of contacts identified successfully traced and screened	1,311	267	1,137	2,559	2,715
Percentage of contacts traced and screened (%)	87.17	100	99.48	88.8	93.17
Number of TB cases detected	0	0	0	4	0
Yield (% TB positive from those screened)	0	0	0	0.2	0
Percentage of TB positive put on treatment	0	0	0	100	0

Some of the data still needs verification as some companies have not reported any cases for Q2, Q3 and Q4 in 2021. Some of the companies reported index cases found but no contacts identified. No contacts were found to be TB positive in 2021. The verified data will be included in the 2021 Masoyise Annual Report.

The South African Business Coalition on Health and Aids (SABCOHA), a Masoyise stakeholder, is responsible for the support of junior and emerging miners. The organisation received a three-year grant from the Global Fund. This is a programme for male sexual partners of adolescent girls and young women, and seeks to increase the uptake of HIV services among these male sexual partners.

Research

Masoyise commissioned three studies in 2021. The first was a study into the collation of case studies on managing health programmes amid the COVID-19 pandemic in industry. The study identified different critical success factors that played an important role in managing health programmes amid the COVID-19 pandemic. The five critical success factors identified were leadership, stakeholder engagement, electronic health information management system, integration of primary health care into occupational medical

surveillance, and financial and human resourcing. A framework for implementing these critical success factors was developed. The outcomes of the study were presented to the CEO Zero Harm Forum and companies were advised to adopt and implement the recommended framework.

The second piece of research was a COVID-19 seroprevalence survey that was commissioned late in 2020 and was completed in 2021. The study was conducted in three phases. Two mines, Gold Fields South Deep, and Khumani Assmang were part of the surveys and four hundred individuals at each mine were selected during each phase.

In the third wave, 35.3% of the mineworkers were infected with

COVID-19. This was the highest seroprevalence compared with the previous two waves, 20.8% for Phase I and 24.1% for Phase II. There was no evidence of statistically significant differences by any of the risk factors except a previous positive COVID-19 infection.

“The Masoyise programme aims to protect and maximise the health and wellness of its employees.”

 Petra Diamonds – Ekapa Mining JV





Promoting zero harm continued

The last study, on Long COVID-19 is still ongoing and is expected to be concluded at the end of March 2022.

Webinars

Masoyise was involved in several seminars where it collaborated with different stakeholders. There was a collaboration with the MHSC on the South African mining industry's World TB Day Commemoration in March 2021. The theme of the event was "The clock is ticking, Defeat TB now and forever in the South African Mining Industry (SAMI)".

The Mental Health and COVID-19 webinar was held in collaboration with the Mine Medical Professionals Association on 17 April 2021.

In June 2021 Masoyise hosted a satellite session during the South African TB Conference on the theme "Putting the brakes on TB and HIV infections in the South Africa mining Industry amid COVID -19 pandemic".

The OLD webinar, themed "Putting the brakes on Occupational Lung disease through prevention" was held in collaboration with the MHSC, in the MHSC's 5th Occupational Health dialogue held on 11 November 2021. The focus of the webinar was on occupational hygiene, which is critical for prevention. Resolutions adopted were fed into the GEE Strategic Session held in November 2021.

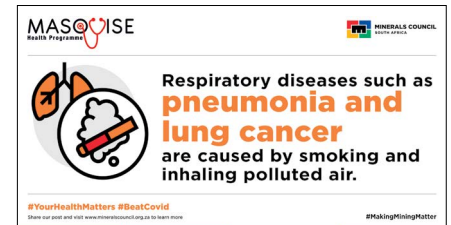
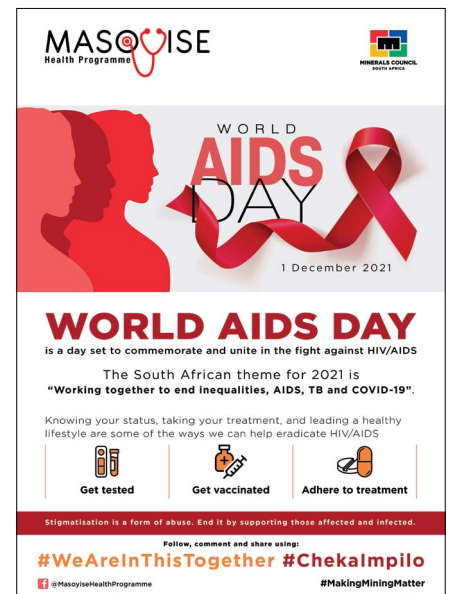
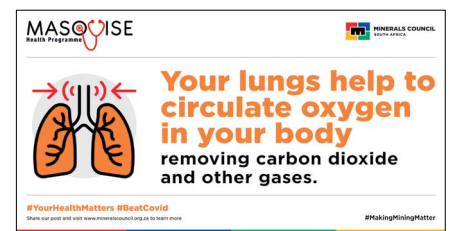
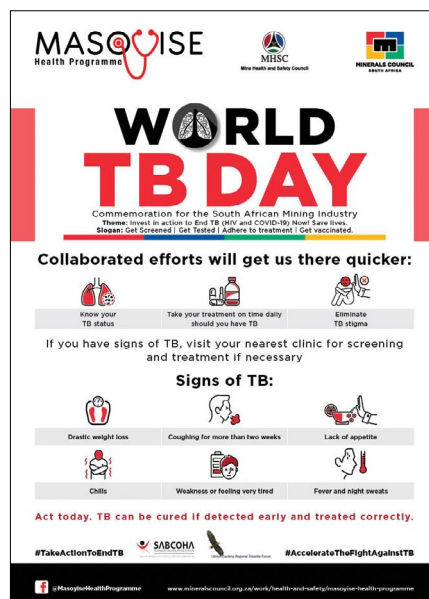
The last collaboration with MHSC was the SAMI World AIDS Day commemoration in December and the theme was "Working together to end HIV and AIDS, TB, and COVID-19 in the SAMI". All events were held virtually due to COVID-19 protocols and regulations.

Communications

The communications strategy ensures that the Masoyise Health Programme information is disseminated and is widely available to all members and stakeholders. Communication material focused mainly on social media and posters. There were 6 Facebook messages, 4 posts, and 4

video clips that were circulated to members and posted on our social platform. The health calendar was developed, but it was difficult to distribute hard copies as members were working from home.

Below are some of the materials that were developed and disseminated in 2021.



"Continuous collaboration and alignment between the tripartite stakeholders are critically important to the improvement of the industry's occupational health and safety."



Promoting zero harm continued

Masoyise had a fruitful 2021 and is working towards sharing lessons on the programme with other sectors.

Mosh learning hub

The MOSH Learning Hub encourages mining companies to learn from each other to address health and safety incidents and risks related to falls of ground, noise, dust, and transport and machinery. This is achieved through facilitating 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” and underpinned by a holistic approach and principles of industry ownership, eager and early involvement, engagement and collaboration, people-centricity, and non-competitiveness. Its strategic direction is evidenced as follows:

Dust

The focus during the year continued on improved adoption of dust leading practices, facilitating access to information through health and safety knowledge platforms, strengthening relations with mining operations across commodity sectors, documentation and launching new leading practices, providing support to mines to adopt existing leading practices, as well as ensuring continuous sharing of learnings and knowledge, and identification of future leading practices through the critical controls identified to address the material unwanted events.

Continuous Real-Time Monitoring (CRTM) and Conveyor Belt Automated Transfer Point (CBAT) Leading Practices

The prospects of increasing the number of potential adopters of CRTM within collieries during 2021 was previously boosted by the CEO Zero Harm Forum’s adoption of the practice at an industry level. Mines

will be required to report on adoption progress, and the performance of the dust engineering controls. Through the relentless efforts (such as targeted bilateral sessions with mine management, engaging SACMA, facilitating communities of practice for adoption, and engaging the colliery dust working group) the uptake of the leading practice improved by an additional four mines bringing the total to nine.

Widespread adoption of the CBAT leading practice continued to be a challenge as only four of thirty potential adopter collieries were adopting it. Adoption progress and reporting at these mines has been largely hindered and impacted negatively by operational management changes.

In-stope Atomisation and Continuous Miner Dust Analyser Leading Practices

The *In-stope Atomisation Leading Practice* for dust suppression was documented at the Sibanye-Stillwater’s Beatrix mine in the form of a source mine report and adoption guide. The practice was launched for widespread adoption during an industry workshop noting that its benefits at the source mine include 80% decrease in dust exposure risk among the stoping employees. Eleven operations in the gold sector have registered to adopt this leading practice. On the other hand, the *Continuous Miner Dust Analyser Leading Practice* was identified from a Coaltech research project. Its documentation at Sasol’s Shondoni Colliery was completed, and it is yet to undergo internal peer review.

Dust working groups and days of learning

The MOSH Dust team continued to facilitate the meetings of the Collieries and Gold Dust Working Groups, which continued to address

airborne dust monitoring and sharing R&D related to critical airborne pollutant engineering solutions. Furthermore, commodity-based days of learning were also held to facilitate cross-pollination of ideas and lessons learnt. These events were largely targeted at ventilation and occupational hygiene engineers personnel discussing topical issues around dust management, sampling integrity, legal requirements, and responsibilities. Average attendance of these events was 18 to 25 industry members per commodity. These days of learning were well received and appreciated by industry members. These industry groups were leveraged to facilitate the identification of airborne dust material, unwanted events and critical controls. Through targeted workshops and mining companies’ bilateral discussions, this led to the development of commodity dust bowtie analysis which is yet to be ratified by the GEE Committee.

Noise

Industry Buy and Maintain Quiet Initiative (IBQM)

In partnership with the industry, the MOSH Noise team continued to facilitate the IBMQI as a noise source elimination initiative focused at promoting the management of the noise hazard at the equipment design phase.

The Minerals Council Legal department strongly advised the MOSH Noise team to consider redefining the activities listed below as they might be in contravention of the Competition Act, 89 of 1998 as amended with specific reference to Section 4.1 (a) of the Act:

- Drafting of noise reduction targets, which entailed member companies having a set noise level requirement for any equipment procured to be utilised for mining and production purposes,



Promoting zero harm continued

- Round table discussions with OEMs and supplier executives on developed noise reduction targets,
- Consensus with OEMs and suppliers on the IBMQI requirements; and
- Industry, OEMs, and suppliers commit to the implementation of IBMQI principles.

The Legal department further advised that the MOSH Noise team should rather compile an industry guidance on IBMQI implementation.

Guidance Note for implementing IBMQI in the South African mining industry

This is aimed at providing guidance to the user on the process to be applied when procuring new equipment considering equipment noise milestones, including the repair and maintenance requirements to ensure that noise levels emitted by equipment used in the industry meet the noise industry milestones. There is no obligation on any mine to apply all or any part of the guidance set out within the guidance document. It is simply intended as a tool to assist the mines in their engagements with equipment manufacturers and suppliers.

IBMQI score card and case studies

A suite of IBMQI documents and resources were compiled for widespread popularisation, and their uptake is being monitored through score cards which will assist in evaluating how the industry has internalised IBMQI within their risk management process. It is anticipated that the outcomes of this process will further assist the documentation of successful implementation of IBMQI case studies, which will be published on a quarterly basis. To this end, a process of documenting a case study commenced at Sishen Iron Ore Mine on the successful implementation and

internalisation of the Guidance Note for Noise Measurement of Equipment to ensure conformance with MHSC milestones.

Tyre Deflation Noise Reduction Simple Leading Practice

The MOSH team continued to promote the adoption of the *Tyre Deflation Noise Reduction Simple Leading Practice*. The active tracking of the adoption ceased but the team continued with online bilateral engagements to ensure that the adoption maintained its momentum. This resulted in nine collieries successfully concluding the adoption of this leading practice while three others are continuing with adoption. Disappointingly, some operations that initially registered to adopt the leading practice have opted only to implement the technical aspects of the practice and were subsequently deregistered and their progress, therefore, is not actively tracked. The Khwezela Colliery leading practice success story was captured in a leaflet and video, which describes the journey the operation undertook towards successfully adopting the simple leading practice. The success stories are intended to be utilised by lagging and new adopters, providing them with additional adoption assistance and information, particularly on areas where they might experience challenges during the internalisation process.

Equipment Noise Testing and Tag-out Leading Practice

The documentation process continued during 2021 at the source mine (Impala Platinum). Three potential demonstration mines have been identified to demonstrate the practice, prior to the formal launching of the practice for adoption. Developments at the source mine were that the practice was outsourced, and maintenance was

no longer conducted at the source mine premises. The impacts of the outsourcing and the other operational challenges at the source mine were determined. The documenting processes led to the successful conclusion of the following aspects:

- Execution of a practice demonstration project
- Conducting of focus group discussions with all the stakeholders involved in the practice
- Identification of the practice value case
- Enhancement of the standard operating procedure for the practice
- Engagement with rockdrill manufacturers on equipment maintenance best practices
- Development of the practice bow-tie analysis
- Compilation of the source mine report

Fall of ground

The critical activities like facilitation of physical interactions for the adoption of the leading practices through community of practice for adoption and one-on-one engagements continued to be hindered by COVID-19. It is hoped that, as more and more people are vaccinated, normality will return.

Early Entry Examination and Making Safe (EEMS) and Trigger Action Response Plan (TARP)

A successful industry day of learning was organised for entry examination and making safe. The event was attended by 150 people. The learnings from the event were incorporated into the EEMS Adoption Guide which will be re-launched in 2022

Ledging Leading Practice

Overall adoption of the *Ledging Planning Leading Practice* was at 63%, noting that there were operations

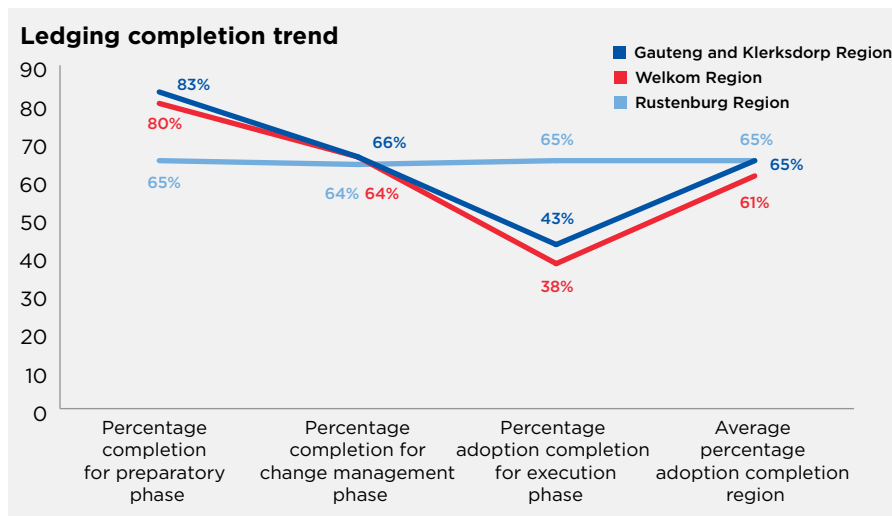


Promoting zero harm continued

that ceased participation due to closure or partial closure. The number of mines registered for adoption of the *Ledging Leading Practice* dropped from 25 to 22.

The Rustenburg region is on 65%, followed by Welkom on 61%, and Gauteng/Klerksdorp on 64%.

“Efforts to reduce miners’ exposure to risks and hazards, to prevent and treat occupational diseases, and, above all, to eliminate fatalities, is an abiding priority.”



Fall of ground industry bowties and critical controls

Successfully coordinated the development of the mining industry fall of ground parent bowtie. This entailed bilateral meetings with several mining houses (Sibanye-Stillwater Platinum, Anglo American Platinum, Harmony Gold, Glencore Alloys, Glencore Coal, Impala Platinum, and Royal Bafokeng Platinum) that have already developed the bowties within their companies. The bowtie led to the identification of the fall of ground critical controls. The consolidated information was packaged into a draft industry bowtie that was presented to the industry members during an industry alignment workshop which unanimously accepted the draft bowtie with minor changes.

Industry fall of ground safety statistical analysis

A detailed analysis of the industry falls of ground safety statistical performance was finalised covering the period 2003 until June 2021. The data is both quantitative and qualitative. Qualitative data is derived from all the interviews conducted with the mines including focus group discussions. The qualitative data assists in giving context to the quantitative data that have been difficult to interpret.

Industry working team

The industry working team continued with their activities in 2021 albeit limited due to COVID-19 restrictions. There were four virtual meetings in 2021 with an average attendance of 15. The virtual meetings have proved to be very effective for this group and will be continued beyond COVID-19 restrictions.

Transport and machinery

The focus has been on the development and implementation of the holistic risk-phased action plan towards ecosystem readiness for industry alignment and lifting of the suspended TMM sub-regulations. The key phases are operational readiness, technology development, and cross-cutting issues.

Operational readiness

Reached out to all the mines who had registered to adopt the MOSH Traffic Management Leading Practice for surface operations. Preparations for the community of practice for adoption meetings were concluded, including database clean-up and convening online days of learning events targeted at participants from across all commodities. The first day of learning was on brake-testing convened in partnership with the SABS which was attended by 155 people. The second day of learning was meant to raise awareness regarding the requirements of the Traffic Management Leading Practice, and it was attended by 214 people. During this latter event, case studies were shared showing important learnings such as vehicle interaction controls, proper traffic management, and data management.

Underground traffic management technical guide

Following the launch of the underground traffic management technical guide the previous year,



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some companies have started with its implementation in their respective operations. The guide seeks to consolidate best practices from the industry into a single good practice technical guide that may be adopted by underground trackless mines to assist in the management of traffic. A case study was compiled on Assmang Black Rock Mining Operations' application of the underground traffic management technical guide.

Real-Time Information Management System (RTIMS)

Collaborated with the MMP's RTIMS programme to produce an industry guide on how to retrieve data from TMM, and analyse and use it to improve existing traffic management measures at operations. The RTIMS team has appointed relevant experts in this regard and work has commenced.

Digital twin proof of concept

Partnered with the Council for Scientific and Industrial Research (CSIR) to develop a digital twin of mining operations for analysis of TMM and pedestrian movement, following the successful application of digital twinning technology to develop a COVID-19 respirator by the CSIR. The first phase of the project was aimed at demonstrating the digital twin proof of concept for elements of a mine relating to safety risks arising from TMM movement. It was also to establish what can be done with various modelling and simulation tools available to the CSIR, and the level of effort required to conduct the studies. In the concept phase, the aim of the digital twin was to simulate the current vehicle interaction environment related to selected operations. Three member companies were identified and signed non-disclosure agreements formalising the partnership with the CSIR to use the data collected from their machines

in the modelling during phase one of this proof of concept. Successful models have been completed and were undergoing verification with the relevant mining companies.

Technology readiness

The Minerals Council met with several member company representatives to solicit lessons learned to facilitate an accelerated approach to technology readiness. This was done in recognition of the fact that the industry alignment on TMM regulations project in its entirety is a new initiative, but there was an acknowledgement that there are several member companies who have conducted research, development, and implementation in collision prevention systems.

Legacy equipment solutions

Mines were required to submit a list of all the equipment in use on their operations. This TMM data was used to get a clearer picture of the types of equipment for which the technology needs to be developed. Two workshops were held to determine which mining processes these vehicles operate in. On further analysis, it was recognised that most mines have put other controls in place which reduced the need for collision prevention systems to only some TMM and not necessarily all TMM.

Mines were later requested to identify all legacy equipment (including community-based service provider vehicles) that require upgrading for readiness to install collision prevention systems or to replace the machines with newer machines or to discontinue and remove them from the equipment register. Consolidated these TMM lists to be used by the OEMs and OTMs to determine the feasibility of finding solutions and addressing legacy equipment risks such as

upgradability, cost of upgrades, time to upgrade, unwillingness to collaborate due to legal liability challenges, and community-based service provider vehicles.

Technology readiness criteria

Reviewed the previous work done by industry teams with regard to technology readiness criteria; and drafted new user requirements (including interoperability, electromagnetic interference and compatibility, and zone functionality), functional readiness criteria, functional and technical performance requirements as well as manufacturing readiness criteria. These documents were also reviewed by the industry stakeholders.

Collaborative testing

Facilitated the development of an integrated testing regime document which aims to facilitate testing collision prevention system against the acceptance criteria as early as possible and with as little disruption as possible to mining production. A set of testing protocols intended to explain how each test for each requirement must be conducted was also developed and reviewed by the industry stakeholders.

Furthermore, an assessment of the testing facility which the industry has been using was conducted against the new set of testing requirements. It was discovered that the current testing facility could not support all the requirements of the new testing regime including different testing methods. The University of Pretoria's Engineering 4.0 facility was highlighted as the optimal option to conduct testing in accordance with the new testing requirements.



Promoting zero harm continued

Cross-cutting matters

Engaged multiple stakeholders in a collaborative effort to bring the mining and collision prevention system technology manufacturing sectors together. Some of the stakeholders engaged with include the supplier community (Mining Equipment Manufacturers of South Africa (MEMSA), OEM Mining Supply Forum, the Construction and Mining Equipment Suppliers' Association (CONMESA) and the Automotive Business Council), researchers (CSIR, University of Pretoria, Wits University, RIIS, and the MMP), the DMRE, the Department of Science and Innovation (DSI) (through the Technology Localisation Implementation Unit), labour organisations, the MQA, competition law experts, small-scale mining associations, mining professional associations, the Earth Moving Equipment Safety Round Table (EMSRT) based in Australia, the ICMM, and the MHSC.

These stakeholder engagements were targeted for the purpose of accelerating the collision prevention ecosystem readiness and were approached as follows:

- Presentation of the holistic, risk-phased action plan to the Senior DMRE Inspectorate division, organised labour at national level, and small-scale mining associations as well as the MHSC.
- Bilateral discussions with OEMs and OTMs to acquire specific technical and operational information
- Development of a legal opinion regarding collaboration risks by the competition law experts, facilitated by the Legal department.
- Collective engagement with the manufacturing community to stimulate working together towards a common goal.
- Heartfelt CEO conversations between the mining and mining technology suppliers to reach

out to leaders in the industry and sensitise them to the urgency of generating solutions.

- Researchers engaged on available initiatives to integrate into relevant project work packages.
- Planning of localisation initiatives workshops with the DSI and Technology Localisation Implementation Unit of the CSIR
- Interaction on joint initiatives along skills readiness with the MQA
- Mining professional associations were engaged for their support for the holistic, risk-phased action plan.

Skills readiness

Part of the holistic, risk-phased action plan considers the need for skills transfer from suppliers to mining companies regarding the installation, repair, maintenance, and data analysis of collision prevention systems. To this end, the current skills gap was determined, and a feasible skills transfer framework was developed for the transfer of these skills.

Secretariat support

Behaviour changes and human factors

Facilitated an internal MOSH review process to streamline the adoption steps into fewer, less cumbersome steps, and reintroduced the demonstration phase for exceptionally difficult leading practices. Started a process to build capacity on the development of bowties through a Bowtie Analysis course attended by all of the MOSH Learning Hub team members. This led to support for the adoption teams in the development of their respective industry risk area bowties underpinned by material unwanted events and critical controls which informs the identification of new leading practices and prioritisation of research topics. Arrangements were made for the procurement of relevant software licences for the development of bowties.

Monitoring and evaluation

The MOSH Learning Hub continued to engage virtually with potential adopting mines, although COVID-19 had an impact on the rate of adoption and level of interaction. Most of the potential adopting mines and regions managed to complete the adoption of the MOSH leading practice following bilateral engagements.

Documenting leading practice success stories

Efforts to share various success stories on the successful adoption of leading practices by mining operations continued throughout 2021. Three case studies under the fall of ground risk area were documented with a focus on the application of the TARP at Glencore Alloy's Kroondal mine, and ledging leading practice at Sibanye-Stillwater's Kloof shaft and Rowland Shaft. The case studies indicate how the operations managed to improve their safety performance and efficiency through the application of leading practices.

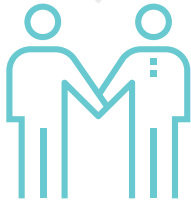
Adoption progress

The easing of lockdown restrictions enabled the MOSH Learning Hub to improve interactions with adopting mines across the industry. As part of adopting progress on leading practice, GIS was introduced as a means of depicting adoption progress across the various MOSH Learning Hub risk areas. A significant improvement in the adoption of leading practices was observed. The successful adoption of the Tyre Deflation simple leading practice by over 25 operations resulted in the leading practice being closed out during 2021.



Promoting zero harm continued

MOSH OUTREACH ACTIVITIES



1,958 people

participated in various, and mostly online, MOSH events. Majority of them were related to industry alignment on TMM regulations.

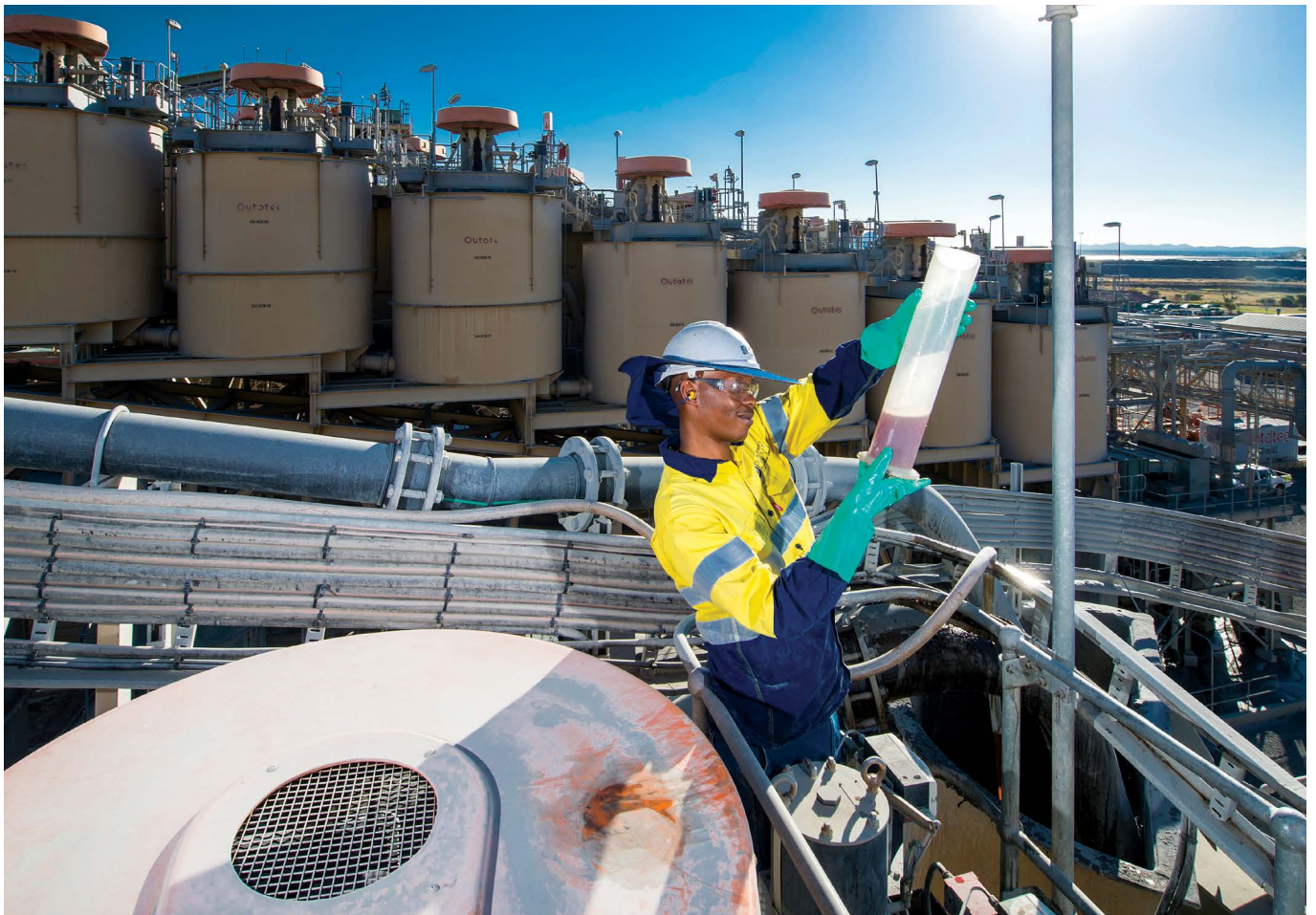


11,430 people

visited the MOSH website, with 8,703 unique visitors and 25,857 page views

“The MOSH Leading Practice Adoption System contributed immensely to the improvement of health and safety performance in the industry over the past years.”

■ Sedibelo Platinum Mines – Pilansberg Platinums Mine





Promoting and enabling effective transformation

Socio-economic transformation of the mining industry remains a business imperative for the Minerals Council and its members. In 2021, the Minerals Council and its members looked at transformation beyond compliance and/or targets and reflected on the gap that exists between the lived experiences of various stakeholders, compared with the sector's transformation scorecard achievements.

Anglo American Platinum – Modikwa



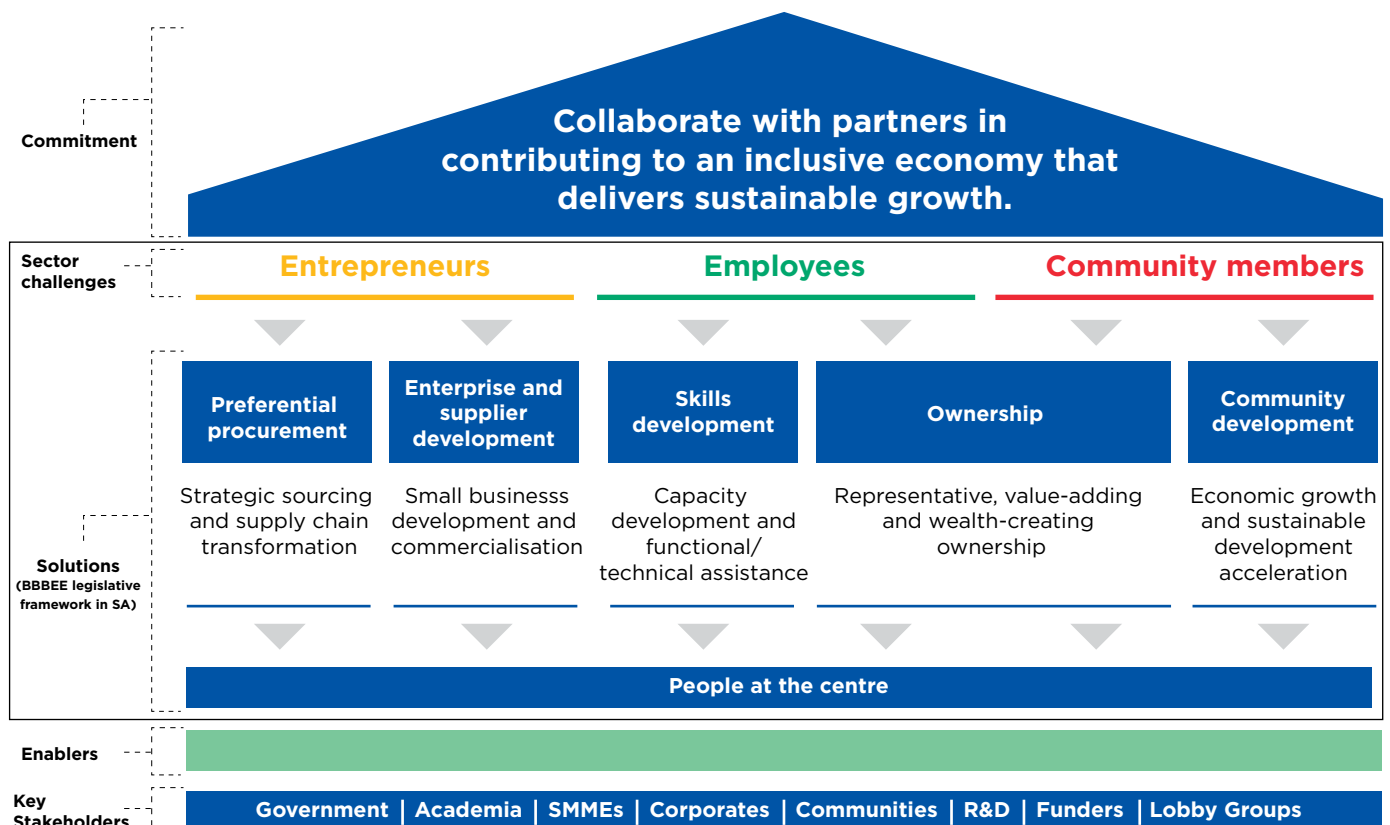
Transformation beyond compliance and/or targets

During 2021, the Minerals Council in partnership with the Transformation Lab hosted a 5-part webinar series, where each webinar focused on a theme centred around the mining industry's transformative impact in the lives of people. The webinars reflected on people as employees, entrepreneurs, and

community members. Participants reflected on the progress made in driving meaningful and observable transformative impact; they identified gaps that persist in relation to what external stakeholders expect and what the industry's transformation initiatives delivered on. The next step was exploring practical solutions to the challenges that drive the gap between

expectations and reality. Elements of Mining Charter 2018 were applied as a base so that the solutions surfaced did not completely steer off-track but added to the framework and the almost three decades worth of work on transforming the mining industry.

People-centred, outcome-oriented transformative impact





Promoting and enabling effective transformation continued

This process was designed to be both internally focused, where the industry asked itself what it is doing and how it can be done more efficiently and effectively; and externally focused, where labour union leaders, experts in the fields of human capital development, entrepreneurship, small business development and community development were asked to also lean in and provide their inputs and co-create solutions that are people-centred.

The Minerals Council aims to complete the series with a blueprint document that will be used to engage the various stakeholders and social partners, so that the mining industry can ultimately develop a strategy and a common vision for transformation which goes beyond mere compliance and targets. The common vision will enable the sector to grow, increase competitiveness and transform the lives of its people. The Minerals Council also continues to advocate the establishment of a mining industry transformation council made up of the various stakeholders where transformation progress will be monitored and evaluated on a regular basis. Socio-economic transformation of the sector can no longer be a tense consultation amongst stakeholders every five years when a Charter has expired and a new one is being developed.

Annual Mining Charter reporting

The month of March every year is a busy time for mining companies as they collate and report on each mining rights holder's annual Mining Charter progress. This year was no different.

In September 2021, when the judgment of the review application on the Mining Charter 2018 was handed down, there was uncertainty among some stakeholders about what the judgement would mean for transformation of the mining sector. Some stakeholders were worried

that, because the Mining Charter is a policy document and not legislation or sub-ordinate legislation, this would weaken efforts of transforming the sector. Others went as far as stating their disappointment with the DMRE for not appealing against the judgement. For the mining industry, it was a welcomed judgement that provided clarity on a long-standing concern about the legal status of the Mining Charter, and it also allowed the industry to recommit itself to transformation. The Minerals Council and its members remain fully committed to socio-economic transformation. Reporting on compliance with the Mining Charter 2018 will continue on all elements, even inclusive procurement, enterprise, and supplier development which the judgement set aside. The only portion that will remain unreported will be local content as the sector and all its affected stakeholders continue to work towards a more viable solution for local manufacturing and product identification.

Procurement policy work

Due to the hiatus with regards to the Mining Charter Review Application during the year, the Procurement Policy Committee work remained limited to information sharing only. The High Court decision scrapping the clauses relating to procurement in the Charter, and lack of resolution about Department of Mineral Resources and Energy's intentions/guidance on expected reporting on localisation were the main reasons.

While the mining sector's input into the Economic Recovery Plan carefully qualified its support for economically viable and efficient localisation, the insistence by government on Transnet procuring locomotion spare parts locally resulted in a large proportion of its fleet becoming disabled. Intense lobbying by the Minerals Council leadership with the Departments and Ministries of

Finance and Public Enterprises (in the absence of the Minister of Trade and Industry and Competition) resulted in exemptions being given for Transnet to import parts from international original equipment manufacturers (OEM). However, the issue of localisation resurfaced in the 'Steel Master Plan' without consultation with the Minerals Council nor the Steel and Engineering Industries' Federation of South Africa.

The mining sector supports local procurement, but it will be self-defeating if its international competitiveness is jeopardised by rising input costs in the process. Meetings were held with the SABS, DTIC, and international and domestic OEMs.

"The Minerals Council is working on a blueprint document that will facilitate the development of a strategy and a common vision for transformation which goes beyond mere compliance and targets."



Reducing the mining industry's environmental footprint

The Minerals Council continued to play a leadership role in managing the debate on climate change and to 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.

The just energy transition in South Africa

In line with the global discourse for countries to transition to a lower carbon economy in an effort to mitigate global warming, South Africa has also embarked on a number of initiatives relating to a just energy transition including the formation of the Presidential Climate Change Committee (PCCC). The PCCC comprises of representatives from various sectors in South Africa, including the Minerals Council representing the mining industry. It seeks to coordinate national climate change initiatives nationally to ensure that these are in line with a just energy transition, with the social and economic status of the country as the central focus.

The Minerals Council continued to engage in various initiatives on just energy transition and climate change that took place during 2021. The Minerals Council submitted comments on the just energy transition and decarbonisation pathways report for the mining industry undertaken by the National Business Initiative (NBI). The NBI JET Initiative that resulted in various sector reports, including mining, drew various scenarios on how sectors can transition to low carbon economy. The Minerals Council was also active in the PCCC and the BUSA Just Transition Working Group. Importantly, this has enabled greater

alignment between Minerals Council members' activities.

The Minerals Council also engaged the DMRE to gain further understanding how their initiative is aligned with other initiatives elsewhere, especially the PCCC.

Mining industry climate change position

Various member companies have led the way in putting efforts, investment, and measures to actively and as responsible citizens address greenhouse gas reductions in their respective operations.

This has led to the Minerals Council to initiate a process to develop a climate change position that represents the South African mining industry position. The Minerals Council responsibility is to play advisory and advocacy roles on climate change. A detailed position and action plan are intended to be concluded in 2022.

Facilitating responsible management of mine residue deposits and stockpile

Following the adoption of the ICMM Global Standard on Tailings Management, the Minerals Council continued to encourage its members to review their operational standards in order for them to align with this standard. This approach was adopted taking into consideration that, despite the advancements

that have been made in respect of management practices for tailings storage facilities, the Minerals Council believes that adherence to the ICMM standard will augment existing legislative requirements and practices to create a step change for the mining industry to address safety risks and the environmental sustainability of these facilities, and to further improve on the management and governance of tailings dams.

The Minerals Council believes that the standard will strengthen current management practices significantly by integrating social, environmental, and technical practices, covering the entire life cycle from site selection, design, construction, management, and monitoring to closure and post closure.

Members were requested to assess their tailings management practices in accordance with the standard to determine if these were aligned and to identify any possible gaps that needed to be addressed. Positive feedback was received.

While the standard is not mandatory, as a member of the ICMM the Minerals Council continues to request its members to adopt and implement its principles.

Furthermore, the Minerals Council engaged and contributed extensively to the review and update of the South Africa's SANS 10286 Code on Mine Residue Deposit Management in an effort to achieve alignment with ICMM Global Industry Standard on Tailings Management.

Development of a risk-based approach on mine residue deposit and stockpile

Following extensive engagement with members confronted with inconsistencies with the application of the risk-based approach by DWS on the pollution barrier system for MRDS, the Minerals Council



Reducing the mining industry's environmental footprint continued

engaged the DWS through a very comprehensive letter to the DWS on 3 December 2021. This letter raised the fundamental challenges faced by member companies with regard to an inconsistent approach by the DWS and further proposed a meeting to discuss the issue. We have proposed a draft checklist on a risk-based approach for water use licensing of mine residue deposits.

The draft checklist was workshopped with members at a special Environmental Policy Committee meeting.

Minerals Council representation at the United Nations conference on climate change

During the year under review, the Minerals Council represented industry at the Climate Change Conference held in Glasgow in November 2021.

Water conservation and water demand management (WC/WDM)

The DWS, in collaboration with the Minerals Council, developed the tools, protocols and frameworks aimed at facilitating implementation of water conservation measures and strategies. This includes commodity-based national Water Use Efficiency Benchmarks, the guideline for the development and implementation of WC/WDM Plans and the standardised reporting framework to facilitate uniform reporting on water use/water balance data by mines. The Minerals Council also partnered with the DWS in hosting a capacity building workshop for stakeholders on WC/WDM supporting tools for the mining industry on 23 September 2021. The workshop was successful in familiarising stakeholders and Minerals Council members with latest developments in the field of WC/WDM within the mining industry, and to provide training to stakeholders on the use/operationalisation of the WC/WDM supporting tools for the sector.

Water use licence applications coordination

The Minerals Council continued to engage extensively with the DWS on possible ways to improve the efficiency of the process of issuing water use licences. This led to the department sharing with the Minerals Council the draft templates for the water use licence application process. A bilateral engagement took place on 19 October 2021. Further developments are awaited.

On 23 June 2021, the Minerals Council attended the Water Use Licence Application Business Process Re-Engineering Project consultation meeting. The aim of the consultation was for the DWS to give feedback and updates to key stakeholders on the findings of the Water Use Licence Application Business Process Re-Engineering Project dealing with the key factors and root causes of inefficiencies and ineffectiveness in the current water use license application, authorisation and issuance process and the recommendations identified to improve the efficiency and effectiveness of the current process. Discussions are ongoing.

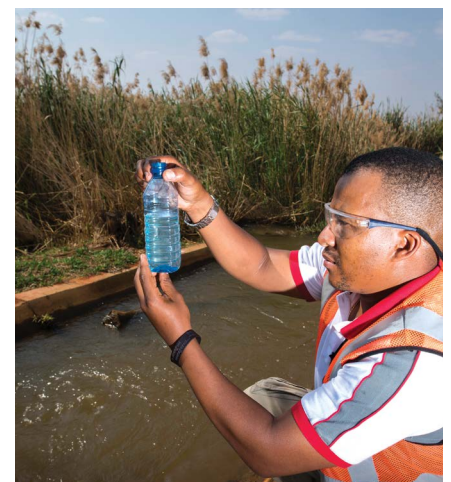
The Minerals Council continued to facilitate one-on-one engagement meetings between member companies and the DWS that have critical outstanding water use licence applications to identify where the bottlenecks are and agree on possible solutions.

SANS 10286 review to align with Global Industry Standard on Tailings Management

As mentioned, the ICMM has published the *Global Industry Standard on Tailings Management*. The SAIMM and the South African Institute of Civil Engineers (SAICE) identified the need to update the *Tailings/Mineral Residue Management Code of Practice* (SANS 10286), so that it aligns with

the global initiatives and provides sufficient standards and guidance for mining companies in South and Southern Africa. The Minerals Council was identified as key stakeholder to serve on the task team to develop local guidelines. The draft standard is now undergoing final editing by the technical task team before it can be submitted to SANS.

■ Sibanye-Stillwater – SA gold operations



“The DWS, in collaboration with the Minerals Council, developed the tools, protocols and frameworks aimed at facilitating implementation of water conservation measures and strategies.”

SECTION 7

Strategic goal

05



Continually
improve
effectiveness
and performance.

IN THIS SECTION

121 Ensuring effectiveness and efficiency



Ensuring effectiveness and efficiency

The Minerals Council works to improve the organisation's effectiveness and performance continually 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 improving 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 leadership forums, and the various policy and ad hoc 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 mostly CEO-driven and facilitated by the Minerals Council. The Chrome and the Junior and Emerging Mines Leadership Forums had detailed meetings with Minister Mantashe and the DMRE team.

Human resources (HR) strategy

The Minerals Council employs a progressive HR strategy with the aim of successfully attracting, motivating, engaging, and retaining high-performing individuals. The HR strategy is underpinned by an

integrated talent management framework that incorporates a comprehensive talent acquisition approach, a robust performance management system, a competitive rewards programme, and organisationally focused learning and development and succession plans. This integrated approach to HR enables the Minerals Council to identify, manage, and grow key employee talent to progress its transformation agenda and ensure achieving its current and future business strategy. During 2021, individual key performance indicators were aligned to the strategic goals and objectives, the crafting of individual development plans for all employees has begun and executive management embarked on a process of identifying possible successors within the organisation. This deliberate integrated HR strategy will enable the Minerals Council to continually meet the requirements of the Board-agreed strategic plan and budget.

 Seriti – Kriel Colliery



Risk management

Risks are managed by executing preventative or mitigating actions formulated by a detailed risk analysis and captured in a risk bowtie. Risks are ranked in terms of likelihood and consequences, which guides the allocation of financial and other resources. Risk ratings also underpin the relative importance of management's key performance areas.

Political instability and insufficient protection of property rights are the top risks of the mining industry and the main detractors of creating an investment friendly environment, which is a critical imperative for economic growth. In response to these and other significant risks facing the mining industry and the South African economy, the Minerals Council has taken a more strategically assertive approach to resolving the challenges.

During 2021 the Minerals Council has engaged on political risk related matters with Parliament through briefings and submissions of reports to different Portfolio Committees. Furthermore, the Minerals Council has played a leadership role in BUSA, in forming B4SA and in contributing to the B4SA strategy.

Ensuring effectiveness and efficiency continued



As part of the process of continuous improvement, risk bowties hosted in Excel were transferred in 2021 to risk assessment software enhancing the integration of risk and performance management.

Governance

The Minerals Council recognises that ethical and effective leadership is key to developing an ethical culture in an organisation. The desired culture is developed in the Minerals Council by executives leading by example, a clear code of ethics and training for all staff. A zero-tolerance policy is applied to any form of bribery, fraud, or corruption.

Good governance underlies the Minerals Council's internal and external processes. Governance policies are in place and reviewed on a regular basis.

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
- Remuneration Committee
- An ethics tip off line monitored externally
- Compulsory training on ethics and various awareness programmes

Minerals Council brand

A Brand Guardian team regularly engages on key reputation and communication issues that affect the Minerals Council brand. The brand survey conducted in 2017, under the Chamber of Mines banner, is being followed up with a fresh brand review survey to take place in 2022 to gauge any possible gaps that may need to be addressed from a brand risk and reputation perspective.

Health and safety

The Minerals Council embraces a strong culture of health and safety. Health and wellness programmes are offered to employees including promoting a healthy diet and regular screening for blood pressure, glucose, HIV, cholesterol, and weight.

To mitigate against the COVID-19 pandemic at work, an initiative to encourage voluntary vaccination was launched resulting in 97% of employees being fully vaccinated. Furthermore, all employees were encouraged to work from home and avoid physical meetings where possible. During the pandemic mental health issues among staff increased and those affected were encouraged to attend the Employee Assistance Programme (EAP). The Minerals Council plans to supplement EAP with focused mental health programmes in 2022.

The I-CARE initiative was launched to assist individuals and families with financial challenges because of the pandemic. Funds raised by employees were donated to those in need. This initiative will continue in 2022.

 Harmony – Tshepong



COVID-19 as a catalyst for a new way of working

The COVID-19 pandemic catalysed changes to work arrangements for many companies. The Minerals Council, as a progressive and agile organisation, also adapted by shifting to a hybrid office arrangement, a combination of working remotely and from an office, with a shift to virtual meeting platforms. As a result, the historical 11-story office building was no longer seen as fit for purpose. The Minerals Council will in 2022 move to the Rosebank Towers in Rosebank after a presence of 130 years in central Johannesburg.

Reducing our environmental footprint

The Minerals Council platinum-based electricity generation fuel cell provides a significant portion of the office energy needs. As much as 70% of the energy fed into the fuel cell is harvested for electricity and heating, making this an extremely efficient system. Our environmental footprint was further reduced with significantly lower travelling by staff working from home and reduced local and international business travel.

Ensuring effectiveness and efficiency continued



Information management structures (Data Project 4.0)

The Minerals Council made good progress during 2021 on the project aimed at establishing foundational and enabling data and information management structures for employees and stakeholders.

The 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.

Progress in 2021 include the following:

- A database to track key measurables and progress regarding Women in Mining completed its phase one in 2021 and the second phase will be addressed in 2022.
- A thorough investigation of the potential Khumbul'ekhaya database was completed, and the recommendations will be acted upon in 2022.
- A database to track and glean intelligence from criminal incidences in the mining industry was completed and members will be on-boarded during the first quarter of 2022. The analysis of data from this database will form the foundation with which to lobby the South African Police Services for resources and targeted actions.

Evaluation of performance and providing feedback

The annual performance of the Minerals Council against agreed upon key performance indicators was conducted by the Remco and the Office Bearers. Extensive discussions were also held with the Office Bearers on the key strategic issues affecting the mining sector and ongoing feedback was provided to the Board. Priorities identified in the Strategic Plan and Risk Register were executed in 2021.

Sibanye-Stillwater - SA PGM operations



SECTION 8

Supplementary information



During 2021 the Minerals Council engaged on political risk related matters with Parliament through briefings and submissions of reports to different Portfolio Committees.

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Glossary of terms

AGSA	Auditor General South Africa	MOSH	Mining Industry Occupational Safety and Health
AIDS	Aquired Immunodeficiency Syndrome	MPAS	Mines Professional Associations' Secretariat
AMCU	Associaton of Mineworkers and Construction Union	MPAS	Mitigation Potential Analysis
AMMSA	Annual Association of Mine Manager of South Africa	MPRDA	Mineral and Petroleum Resources Development Act
ALF	Associations Leadership Forum	MQA	Mining Qualifications Authority
ASISA	Association for Savings and Investment South Africa	MRDS	Mine Residue Deposit Stockpile
B4SA	Business for South Africa	MW	Megawatt
BASA	Business Arts South Africa	MWA	Migrant Workers Association
BLSA	Business Leadership South Africa	MYPD	Multi-Year Price Determination
BUSA	Business Unity South Africa	NCDs	Non-communicable diseases
CAS	Collision Avoidance System	NCMLF	Northern Cape Mines Leadership Forum
CCOD	Compensation Commissioners for Occupational Diseases	NDC	Nationally Determined Contribution
CTF	Culture Transformation Framework	NDOH	National Department of Health
CGCSA	Consumer Goods Council of South Africa	NDP	National Development Programme
CLF	Coal Leadership Forum	Nedlac	National Economic Development and Labour Council
CrLF	Chrome Leadership Forum	NEMA	National Environmental Management Act
dba	decibels	NERSA	National Energy Regulator of South Africa
DFFE	Department of Forestry, Fisheries and Environment	NPA	National Prosecuting Authority
DMRE	Department of Minerals and Energy	NUM	National Union of Mineworkers
DoH	Department of Health	NUMSA	National union of Metalworkers South Africa
DWAF	Depratment of Water Affairs and Forsetry	NWA	National Water Act
DWS	Department of Water and Sanitation	OEM	Original Equipment Manufacturers
ELF	Exploration Leadership Forum	OLDs	Occupational Lung Diseases
EVDS	Electronic Vaccination Data System	PGI	Platinum Guild International
FOGAP	Fall of Ground Action Plan	PPE	Personal Protective Equipment
GBVF	Gender-based violence and femicide	RCA	Respiratory Care Africa
GIS	Geographic Information System	RCM	Regional Coordination Mechanism
GN	Government Notice	RETC	Rock Engineering Technical Committee
GW	Gigawatt	SACMA	South African Colliery Managers
HIV	Human Immunodefficiency Virus	SADC BC	SADC Business Council
HLF	Hydrogen Leadership forum	SAMRAD	South African Mineral Resources Administration Systems
Hz	Hertz	SAMRASS	South African Mines Reportable Accidents Statistics System
ICMM	International Council of Mining and Metals	SANIRE	South African National Institute of Rock Engineering
ICT	Information and Communications Technology	SARS	South African Revenue Service
IDC	Industrial Development Corporation	SDG	Sustainable Development Goals
IPA	International Platinum Group Metals Association	SED	Supplier and Enetrprise Development
JEMD	Junior and Emerging Miners Desk	SETA	Sector Education and Training Authority
JEMLF	Junior and Emerging Miners Leadership Forum	STS	Standard Threshold Shift
JET	Just Energy Transition	SVS	Stock Verification System
JSE	Johannesburg Stock Exchange	TB	Tuberculosis
LAeq	Equivalent sound level	TIMS	TB in the Mining Sector in Southern Africa
MBOD	Medical Bureau for Occupational Diseases	TPT	Transnet Port Terminal
MFL	Master Facility List	TMM	Trackless Mobile Machinery
MHSC	Mine Health and Safety Council	WDCS	Water Discharge Change System
MIASA	Mining Industry Association of Southern Africa	WiMSA	Women in Mining South Africa
MMP	Mandela Mining Precinct	WPIC	World Platium Investment Council
		WSA	Water Service Act

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, that is widely supported, and that 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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