

INTEGRATED ANNUAL REVIEW

#MakingMiningMatter



MINERALS COUNCIL
SOUTH AFRICA





To ensure that mining matters for South Africa

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



VALUES

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



Responsible citizenship



Respect



Trust



Honesty



Accountability


About this report

This is the Minerals Council's integrated annual review and covers the financial year 1 January 2018 to 31 December 2018. This report has been structured around our strategic goals and covers noteworthy events and developments during this period. The report was prepared using the International Integrated Reporting Framework as a guideline and is also aligned to the Sustainable Development Goals (SDGs). The separate consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities – these financials include those of Mining Lekgotla (Pty) Ltd, a 100% subsidiary company. The report aims to provide the Minerals Council's members and key stakeholders with a holistic view of its performance as well as its challenges and opportunities.

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

Cover picture



 **Kumba Iron Ore – Sishen mine**



**MINERALS COUNCIL
MEMBERS**

**TOGETHER
THESE
MEMBERS
IN 2018**

25	Base minerals
18	Coal
14	Platinum
8	Gold
6	Mining contractors
3	Diamonds
3	Associations
2	Mining corporates



THE MINING SECTOR IN 2018



**employed
453,000 people**



**contributed
R22 BILLION
in taxes to
South Africa**



**contributed
R131 BILLION
in employee
earnings**



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SECTION 1

ORGANISATIONAL OVERVIEW

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ABOUT THE MINERALS COUNCIL SOUTH AFRICA

The Minerals Council South Africa (Minerals Council) is a mining industry employers' organisation that supports and promotes the growth and transformation of the South African mining industry.

The Minerals Council serves its members and promotes their interests by providing strategic support and advisory input. Member mining companies of the Minerals Council are large and small companies producing over 50 different minerals, collectively producing 90% of South Africa's minerals by value.

A key role of the organisation is to facilitate interaction among mining employers to examine policy issues and other matters of mutual concern to crystallise and define desirable industry standpoints. Several initiatives are in place to promote collaboration between members. Consultation and collaboration are voluntary and never encroach on the autonomy of members.

The Minerals Council also acts as a principal advocate to government, communicating about major policies endorsed by its members. A further vital function of the organisation is to represent some sectors in collective bargaining with organised labour.

Repositioning mining in South Africa

The Minerals Council's vision is to reposition the mining sector as South Africa's foremost industrial sector. In partnership with our key stakeholders, we envisage an environment that is conducive to shaping policy and legislation to facilitate a significant increase in real investment in the mining sector by 2030. Such an outcome would be a positive and game-changing catalyst in helping the country achieve its economic growth, development and transformation targets as articulated in the National Development Plan (NDP).

Member benefits

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

The Minerals Council has specialist advisors in the political, social, economic and environmental fields, and

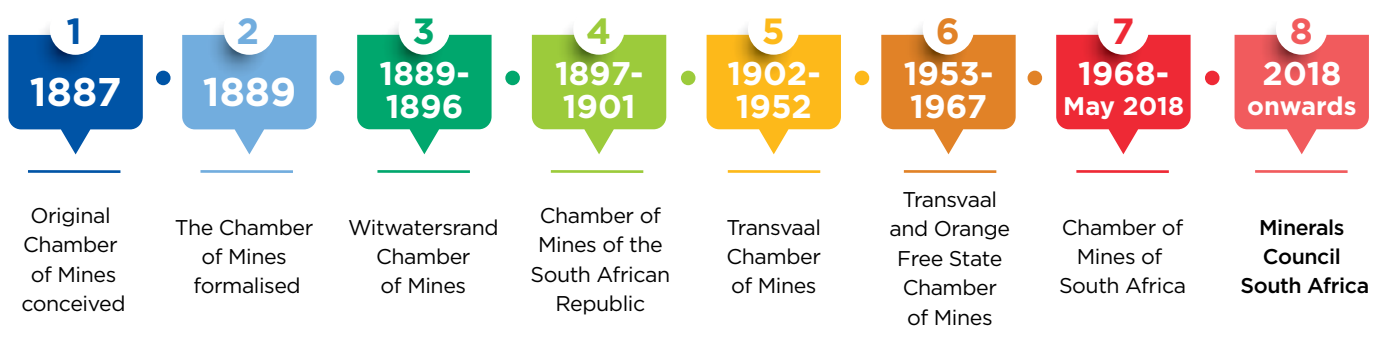
well-established networks in the private and public sectors to provide in-depth information about these subjects.

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, and engages closely with the World Platinum Investment Council.

The Minerals Council is staffed by a group of professionals who enjoy the confidence and respect of the policy-making community and who actively engage in the legislative and public administration corridors of Cape Town and Pretoria. The team operates in areas that include mine health and safety, sustainable development, skills development, legal issues, environmental management, economics, employment relations and communications.

Minerals Council South Africa: supporting and promoting the country's mining industry

The Minerals Council has undergone several name changes in its history, necessitated by mining and political developments in South Africa. In line with its changing ethos and role, the Chamber of Mines changed its name to the Minerals Council in 2018.



OUR BUSINESS MODEL

HOW WE CREATE VALUE

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



WHAT WE DO

IDENTIFY

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

COLLABORATE

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

COMMUNICATE

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

GUIDE

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



KEY RISKS

Key 10 risks facing the Minerals Council and the South African mining industry are:

- **Electricity** – security of supply and cost
- Likely impact of **Mining Charter III** on mining industry's competitiveness and its ability to attract investment
- **Absence of investor-friendly business environment** – constrained relative global competitiveness of industry, uncertainty of policy and security of tenure, and rising costs (power and labour especially)
- Complex, onerous and misaligned regulatory **environmental framework**, including planned carbon tax
- Heightened expectations and demands from **communities**
- Increasingly challenging **stakeholder relations**
- Effectiveness of payment system for **occupational disease compensation**
- Underperformance by industry in meeting **health and safety** targets
- Inadequate application of **innovation** to sustain industry in the long term
- Potential for **labour relations** to destabilise sector

Minerals Council – primary capital inputs employed in delivering value

Human capital

- The necessary knowledge and skills to fulfil the Minerals Council's mandate are vital
- Expertise in the fields of economics, employment relations, occupational safety and health, environmental stewardship, skills development, 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, as well as the media

Intellectual capital

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

Natural capital

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

Financial capital

- Our funding is based on the advocacy work required to address the top 10 mining industry risks identified

VALUE CREATED IN 2018:

For the Minerals Council:

Strategic goal 1

- Rebranded and repositioned Minerals Council to enhance delivery on our strategic goals
- Recommitted to the ICMM and its 10 principles

Strategic goal 4

- Ensured good governance underpins our stakeholder engagement

Strategic goal 5

- Modernised our human resource systems and practices and improved internal governance processes and structures to enhance effectiveness of Minerals Council
- Amended our remuneration policy to attract and retain required skills
- Strove to deliver on behalf of the mining industry (members) and to be an investment rather than a cost
- Opened regional office in Emalahleni to improve co-ordination and encourage collaboration with mining communities and municipalities, and to share best practice
- Established commodity- and region-specific leadership forums to improve performance of structures and to develop commodity strategies



For the mining industry:

Strategic goal 1

- Entered into discussions with the Department of Co-operative Governance and Traditional Affairs to assist in addressing causes of community conflict in mining areas
- Developed a Human Rights Framework for the South African mining industry in line with the United Nations Guiding Principles and our Membership Compact¹

Strategic goals 2, 3 and 4

- Represented industry interests on key policy issues:
 - Re-established positive relationships with the primary regulator through the new Mineral Resources Minister
 - Contributed to development of Mining Charter III
 - Provided input on proposed revision to environmental regulations and carbon tax

Strategic goal 2

- Oversaw and concluded three-year wage negotiations on behalf of gold-producing members

Strategic goal 3

- Established Mandela Mining Precinct to promote RDI aimed at modernising the South African mining industry and to ensure its longevity

Strategic goal 4

- Recommitted mining industry to zero harm:
 - Oversaw and co-ordinated industry efforts to halt deteriorating occupational safety performance
 - Launched industry-wide National Day of Safety and Health in Mining initiative in August 2018



1: www.mineralscouncil.org.za/special-features/158-membership-compact

THE MINERALS COUNCIL, ICMM AND SUSTAINABLE DEVELOPMENT

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

10 PRINCIPLES



1

Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development

2

Integrate sustainable development in corporate strategy and decision-making processes

3

Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities

4

Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks

5

Pursue continual improvement in health and safety performance with the ultimate goal of zero harm

6

Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change

7

Contribute to the conservation of biodiversity and integrated approaches to land-use planning

8

Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling and disposal of products containing metals and minerals

9

Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities

10

Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance

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

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

Towards the end of 2018, the ICMM became the first industry body to commit to the United Nations Guiding Principles on Business and Human Rights and their implementation, for which new membership requirements have been developed and benchmarks set for the industry's environmental and social performance. In line with this, the Minerals Council has developed a Human Rights Framework for the South African mining industry.

The Sustainable Development Goals

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

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



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

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

The remaining 16 SDGs are:



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

Planned value creation for the South African mining industry and related SDGs

SDGs per capital

Human capital

- Safe mining
- Improved employee engagement and communication
- Enhanced training and development
- Transformation

1, 2, 3,
4, 5, 8
and 10

Intellectual capital

- Promoting RDI to unlock the full potential of the mining sector and create the mines of tomorrow

4, 8, 11
and 12

Social and relationship capital

- Improved, responsive and responsible stakeholder relationships
- Enhanced understanding and awareness of the South African mining industry and the contribution it makes to the economy
- Addressing legacy issues

1, 2, 3,
4, 5, 8,
10 and
11

Natural capital

- Improved resource management to ensure efficient, responsible use of resources and consumption
- Responsible environmental stewardship

6, 7, 11,
12, 13,
14 and
15

Financial capital

- Increased investor confidence, boosting investment in the mining sector
- A profitable mining sector

1, 8
and 10

Manufactured capital

- Improved technology and mining practices (modernisation)

9, 11
and 12

OUR MEMBERS

The Minerals Council represents 79 member companies and three associations that together generate 90% of South Africa's mineral production by value, employ

APPROXIMATELY 450,000 PEOPLE

and contribute some R22 billion in taxes per annum.

Coal

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

African Rainbow Minerals (ARM) Coal; Anglo American Coal; Atha-Africa Ventures; Exxaro Resources; Glencore Coal; Jindal Africa; Kangra Coal; Kuyasa Mining; Ledjadia Coal; MC Mining; Mbuyelo Group; Msobo Coal; NV Commodities Trading International; Sasol Mining; Seriti; South32 Coal; Springlake Colliery; STA Coal; Vaalburg

Platinum

Platinum group metals (PGMs) constitute six noble metals, all silvery-white in appearance – platinum, palladium, rhodium, ruthenium, osmium and iridium. Platinum, palladium and rhodium are the primary metals of significant economic value. They are used largely by the automotive and chemicals industries for their excellent catalytic properties. Other uses include jewellery, investment (coins and bars), fuel cells, and many other industrial and medical purposes.

Anglo American Platinum; ARM Platinum; Barplats Mines Limited; Bauba Platinum; Glencore Platinum; Implats; Ivanplats; Lonmin; Northam Platinum; Mvelo Platinum; Platinum Group Metals; Royal Bafokeng Platinum; Sedibelo Platinum Mines; Sibanye-Stillwater; Tharisa; Wesizwe

Base and industrial minerals

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. Manganese has numerous industrial and metallurgical applications, particularly in the manufacture of steel. In various forms, manganese is used in the making of batteries and chemicals. Iron is among the most common elements on earth, comprising much of the planet's inner and outer core. However, it cannot be extracted at such depth and is mined in the earth's crust of which it comprises some 5% of the total. Most iron ore is used to manufacture steel, which is, in turn, used to manufacture machines, buildings and tools.

Afrimat; Asia Minerals Limited; Assore Limited; Barplats Mines Limited; Black Mountain Mining; Bushveld Vanadium; Cronimet Chrome; Dwarsrivier Chrome Mine; ERG Africa; Glencore Alloys; Imerys; Kalagadi Manganese; Kudumane Manganese Resources; Kumba Iron Ore; New Venture Mining Investment Holding; Opal Mining; Orion Minerals; Palabora Mining Company; Pretoria Portland Cement; Richards Bay Minerals; South32 Manganese; Tshipi é Ntle Manganese; Tronox; United Manganese Kalahari; Vametco

Gold

Gold is one of the world's most-coveted metals, revered for its beauty, symbolism and held as a store of value. This versatile metal is malleable, conductive and does not tarnish, making it ideal for use in jewellery and many industrial applications.

AngloGold Ashanti; DRDGOLD; Gold Fields; Harmony; Pan African Resources; Sibanye-Stillwater; Stonewall Mining; Village Main Reef

Diamonds

Diamonds, arguably the ultimate luxury mineral, are made of an intricate lattice of carbon atoms, a crystalline structure that makes them harder than any other form in nature. This characteristic makes diamonds not only popular in jewellery, but also desirable in high-tech cutting, grinding and polishing tools.

De Beers; Petra Diamonds; South African Diamond Producers' Association; Trans Hex

Other

ASPASA; Atha Group; Aveng Mining; Clay Brick Association; Corobrik; Fraser Alexander; Murray and Roberts; Redpath Mining; Rio Tinto; Shanduka; South African Mining Contractors' Association

HOW MINING CONTRIBUTES TO SOUTH AFRICA



Mining's 2018 contribution snapshot



Gold Fields - South Deep mine



Direct contribution to GDP:

R351 billion

(2017: R335 billion)



% of total GDP:

7.3%

(2017: 6.8%)



Direct contribution to fixed investment:

R91 billion

(2017: R81 billion)



Rio Tinto - Richards Bay Minerals



Total primary mineral sales:

R475 billion

(2017: R474 billion)



Mineral export sales:

R312 billion

(2017: R307 billion)



Royalties paid:

R7.6 billion

(2017: 7.5 billion)



PPC



Vedanta - Black Mountain Mining



Company taxes paid:

R22 billion

(2017: R19 billion)



PAYE contributed by mining employees:

R21 billion

(2017: R19.1 billion)

HOW MINING CONTRIBUTES TO SOUTH AFRICA CONTINUED

The mining industry has been an important component of the South African economy for over 150 years, and the sector remains a cornerstone today.

The industry is a key contributor to economic and social development with R7.5 billion invested in skills development and R2 billion devoted to community development.

Mining contributed R351 billion (7.3%) to South Africa's gross domestic product (GDP) during 2018 – 17% of GDP should indirect contributions be included. The sector contributed R91 billion to fixed investment which is 17% of total private sector investment.

A total of R312 billion was contributed by the industry to export earnings which represented nearly 25% of total South African exports of goods and services.

The mining sector exported 66% of its production to international commodity markets. The dollar earnings from these are equal to half of the country's foreign reserves (+/- US\$50 billion).

The total tax contribution was R50.6 billion broken down as follows:

- R22 billion in taxes
- R7.6 billion in royalties
- R21 billion collected as PAYE paid on behalf of employees

The sector employed 453,543 people (464,667 in 2017) with employee earnings totalling R130.5 billion (R126 billion in 2017), estimated to support some 4.5 million dependants. Total direct and indirect employment

was 1.3 million. Mining employment represented 6.4% of private non-agricultural employment and 4.7% of total non-agricultural employment.

The mining industry's overall spend on goods and services was R300 billion.

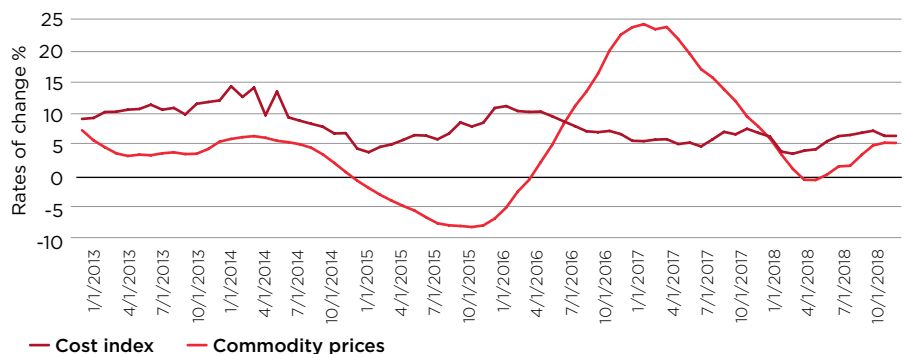
The industry does not have control over the movement of the rand/dollar exchange rate; neither does it control international commodity prices designated in international currencies. Domestic cost pressures largely determine input costs. Almost 50% of intermediary input costs are influenced by administered prices and provided by state-owned enterprises (35% labour costs excluded). The profitability of mining companies is therefore highly exposed to any adverse movements of these variables (lower commodity prices, an appreciating exchange rate, exorbitant tariff or administered price increases).

Rand/dollar exchange rate strengthened

0.8%

on average during 2018

Rand commodity price and input cost movement



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



Composite selling price index components

VARIABLE	COAL	IRON ORE	GOLD	PLATINUM
WEIGHT IN THE INDEX	28%	11%	19%	24%
DOLLAR % MOVEMENT	18.6%	-2.7%	0.9%	-7.3%
RAND % MOVEMENT	17.7%	-3.5%	-0.3%	-8.5%

Source: Minerals Council South Africa



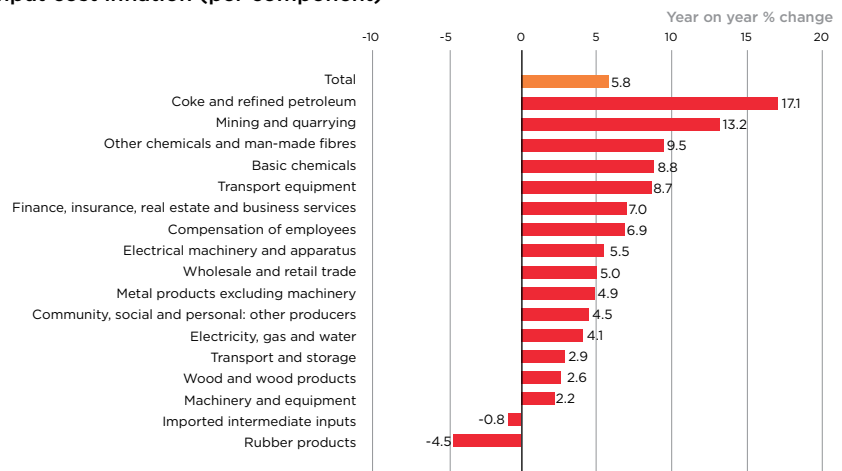
During 2018, dollar commodity price movements were mixed and, in addition to the rand/dollar exchange rate strengthening (0.8% on average), rand price changes were lower than dollar movements.

As a result of these different dynamics, the mining sector experienced input cost inflation of approximately 6% in 2018. A 1.7% weighted average increase in rand commodity prices in 2018 represented a substantial negative differential between input costs and selling prices.



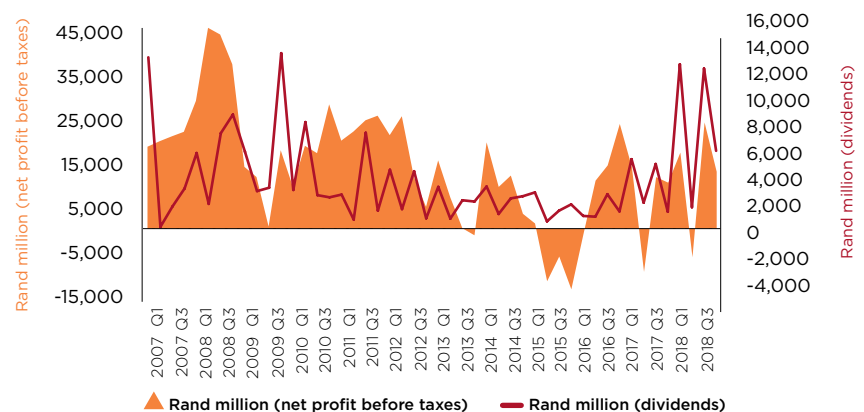
Dividend payments to investors were negatively affected by the combined stagnation of rand commodity prices since their peak at the beginning of 2017. Due to costs rising consistently more than commodity prices, the sector has been in a 'profit squeeze' for the last five years.

Input cost inflation (per component)



Source: Statistics South Africa, Minerals Council South Africa

Net profit before taxes and dividends paid



Source: Statistics South Africa, Minerals Council South Africa

SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW

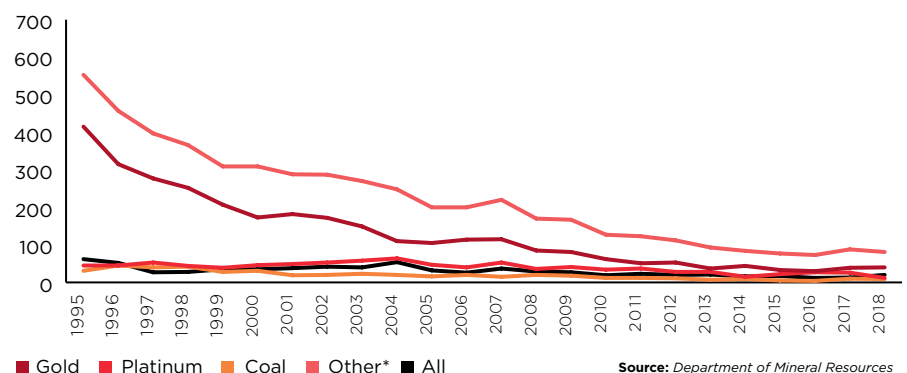


Safety performance

The last 25 years saw an
87%
reduction in the number of
fatalities from 615 in 1993
to 81 in 2018

Following 2016's 73 fatalities, the lowest number in a calendar year, a deterioration started in 2017 and continued into the first half of 2018, when the number of fatalities began to rise again. This prompted the Minerals Council Board, through the CEO Zero Harm Forum, to initiate several measures to address this safety performance regression. Key among these were the National Day of Safety and Health Day in Mining, launched in August 2018, and the CEO Heartfelt Conversations. (See pages 84 to 92 for detailed information on these and other safety measures implemented during 2018.) We believe that this helped the safety performance improve in the second half of 2018 with total fatalities for the year of 81 (2017:90).

Mining fatalities per commodity (1995-2018)



Fatalities by commodity: 2017 and 2018 year-on-year comparison

Commodity	2017	2018	% change
Gold	40	40	-
Platinum	29	12	(59)
Coal	10	9	(10)
Other*	11	20	82
Total	90	81	(10)

* Other includes diamonds, chrome, copper, iron ore and all others not specified

Source: Department of Mineral Resources

Although the 10% decrease in fatalities in 2018 is encouraging, we, of course, recognise that one fatality is one too many. The Minerals Council and our member companies convey our deepest sympathy to the families, friends and communities of the deceased miners. We acknowledge that there is still much work to be done by all stakeholders to achieve the industry goal of zero harm in which every mine worker returns from work unharmed every day.

The platinum sector had a commendable decrease of 59% in the number of fatalities while the coal sector had a 10% improvement. The gold sector fatalities remained the same while the 'other' category of mines' fatalities increased by 82%.

There was a 26% improvement in the actual number of accidents, although there were multiple fatalities from a few incidents. The primary causes of fatalities were falls of ground, transport and mining, and general accidents, which include underground fires/gas.

Causes of fatalities: 2017 and 2018 year-on-year comparison

Cause	2017	2018	% change
Falls of ground	32	22	(31)
Transport and mining	23	17	(26)
General*	26	16	(38)
Machinery	5	2	(60)
Other**	4	24	500
Total	90	81	(10)

* General causes of fatalities include struck, falling, drowning, inundation, mud rush, burning and scalding

** Other includes electricity, fires, explosives, heat exhaustion and miscellaneous

Source: Department of Mineral Resources

Injuries by commodity: 2017 and 2018 year-on-year comparison

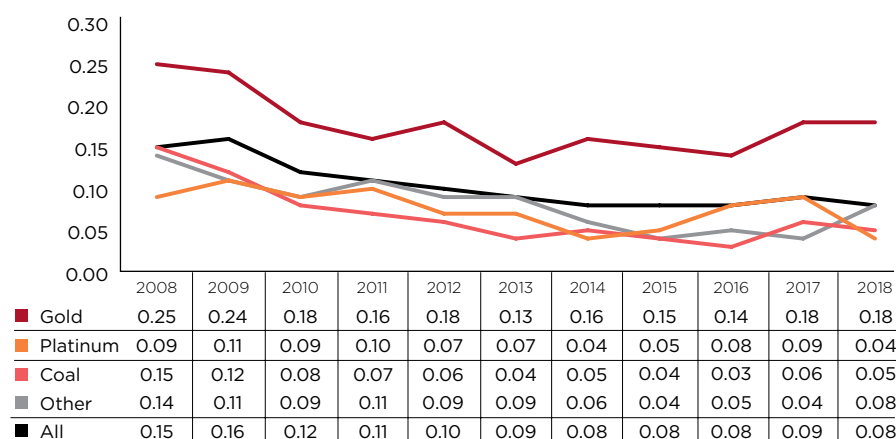
Commodity	2017	2018	% change
Gold	1,021	880	(14)
Platinum	1,048	1,154	10
Coal	202	167	(17)
Other*	398	149	(63)
Total	2,669	2,350	(12)

* Other includes diamonds, chrome, copper, iron ore and all others not specified

Source: Department of Mineral Resources

In 2018, there was a welcome 12% reduction in the number of injuries, most of which were as a result of accidents categorised as falls of grounds, transport and mining, and general accidents.

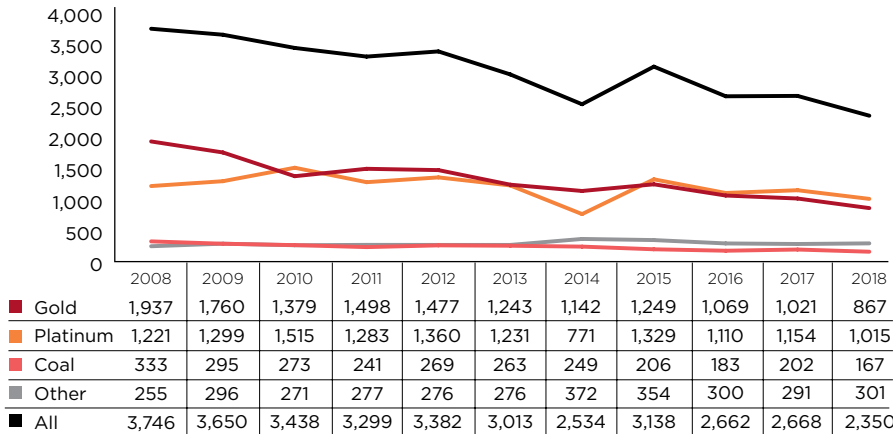
Fatality frequency rate per million hours worked (2008-2018)



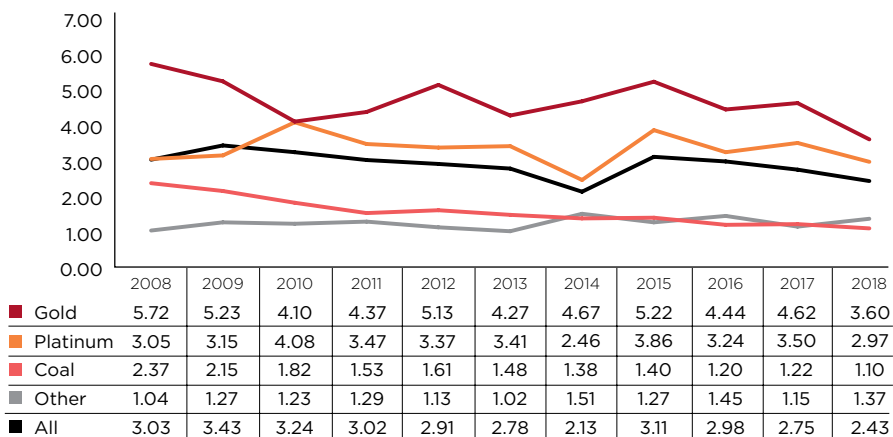
Northam Platinum - Zondereinde

SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

Serious injuries by commodity (2008-2018)



Injury frequency rate per million hours worked (2008-2018)



Health performance: progress against milestones

At the Mine Health and Safety Council (MHSC) Tripartite Summit held in 2014, the mining industry stakeholders agreed on milestone targets to be achieved by 2024 to improve the performance of occupational health and safety and in the pursuit of zero harm.

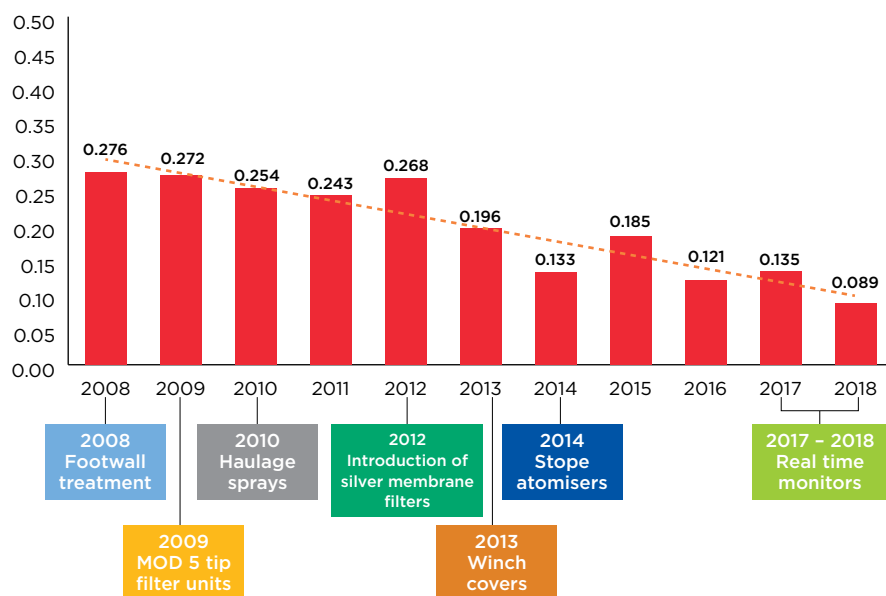
Occupational lung disease

The milestone target for respirable crystalline silica (RCS) was reduced in 2014 from 0.1 mg/m³ to 0.05 mg/m³. The goal is that, by 2024, 95% of all silica exposure measurement results should be below 0.05 mg/m³. In the 10-year period the proportion of measurements that may be above the new milestone level is to be reduced from 18% in 2015 to the targeted 5% in 2024. There has already been a massive reduction from 16.1% in 2015 to 8.7% in 2016.

Due to the RCS milestone target reduction, Minerals Council members were taken through a workshop on the new milestones' concepts, at which mines investigated various methods of improving the milestone data quality. This was done by investigating their current practices on sampling strategy, sampling methodology, sampling media, sampling equipment, analytical laboratories, data interpretation and data reporting. As a result, the Minerals Council also introduced a health information reporting system in 2016, and Minerals Council members were required to report their progress against the milestones.

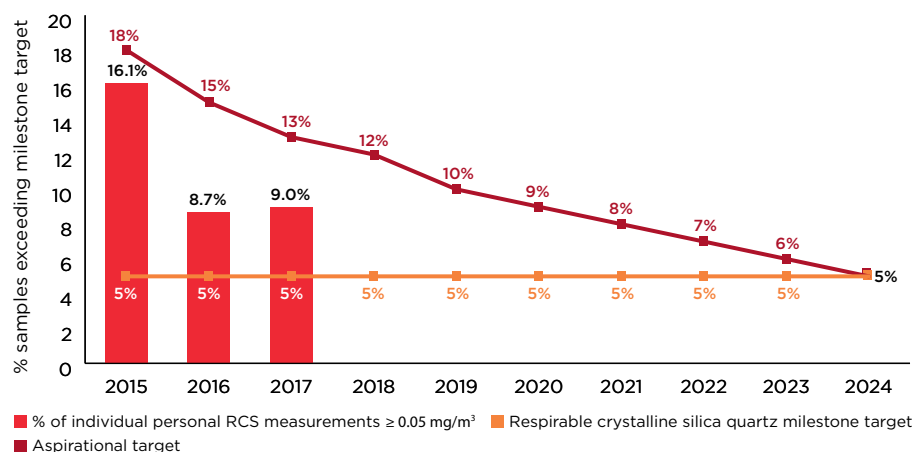
In addition, many mining companies introduced further engineering controls to reduce exposures, as illustrated in the gold mine graphic below.

Gold mines average dust load on filter (mg/m³)



The above graphic indicates multiple interventions that the gold mining industry implemented to reduce exposures over time, highlighting that exposures cannot be prevented through a single, once off solution. The information in this graphic formed part of the discussions around a gold mine case study at MineSAFE 2018, an annual conference that focuses on improving health, safety and environmental impact in the mining industry, while highlighting the specific actions to be taken.

Progress towards respirable crystalline silica milestone (2015-2017)



The industry is currently on target to meet the milestone for respirable crystalline silica.

The RCS performance by our members in 2017 was well within the set aspirational target of 13%. The 2016 and 2017 exposure results, however, indicate that the industry seems to have hit a plateau, and needs to redouble its efforts to maintain its achievements and further reduce silica dust exposures.

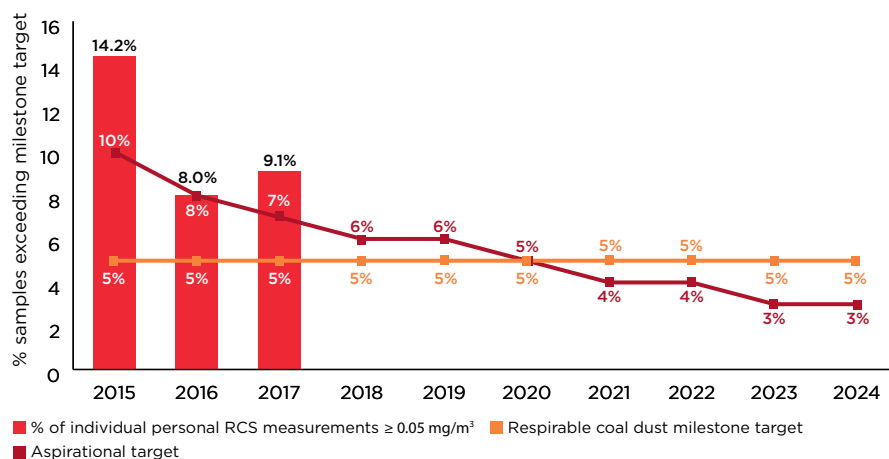
Other initiatives

- 2011 - Tip covers
- 2012 - Radial doors
- 2014 - Health rooms
- 2015 - Silicosis awareness campaign
- 2016 - Tips sprays
- 2016 - Handheld sprays



SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

Coal mines progress towards coal milestone (2015-2017)



The industry is NOT on target to meet the milestone for respirable coal dust.

Other occupational diseases

The number of cases of occupational diseases reported nationally decreased by 3% from 4,632 in 2016 to 4,483 in 2017.

Noise induced hearing loss (NIHL) cases increased from 966 in 2016 to 1,141 in 2017. The total number of individual pieces of machines emitting noise levels of more than 107 dB (A) decreased from 3,222 in 2015 to 2,577 in 2017. The MHSC elimination of NIHL milestone is sound pressure levels of less than 107dB(A). Further effort is required to achieve the milestone targets such as increased collaboration with the MOSH team and encouragement of companies to adopt the relevant leading practices and other noise risk reduction initiatives such as the Industry-wide Buy and Maintain Quiet Initiative (IBMQI).

There was an increase in the number of silicosis cases reported, from 635 in 2016 to 652 in 2017. However, there was a slight decrease noted in TB cases reported from 2,580 in 2016 to 2,247 in 2017.

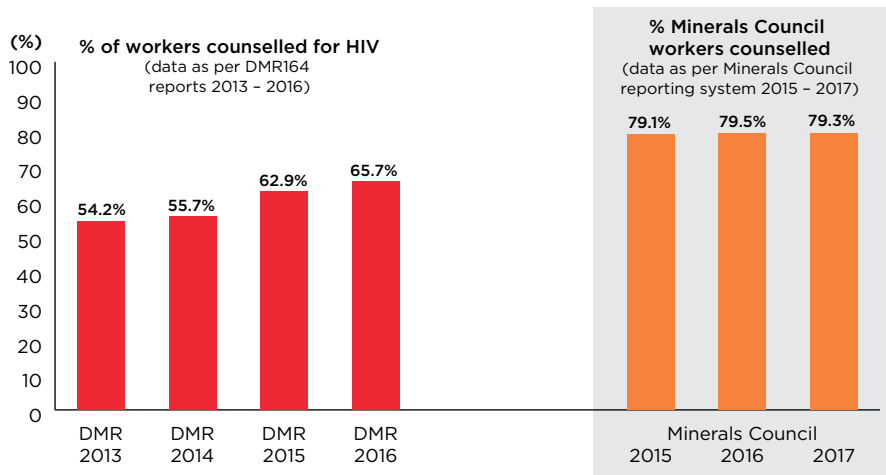
There was a slight reduction in overexposures to occupational hygiene stressors, except for thermal heat, which increased in 2017 compared to 2016. Airborne overexposures HEGS (homogenous exposure groups) A and B collectively reduced from 21.45% in 2016 to 20.93% in 2017, while noise overexposure HEGS A and B collectively reduced from 68.4% in 2016 to 67.9% in 2017.



Prevention of TB and HIV/AIDS

The percentage of employees counselled for HIV/AIDS plateaued at approximately 72% between 2015 and 2017, below the 100% milestone for HIV/AIDS.

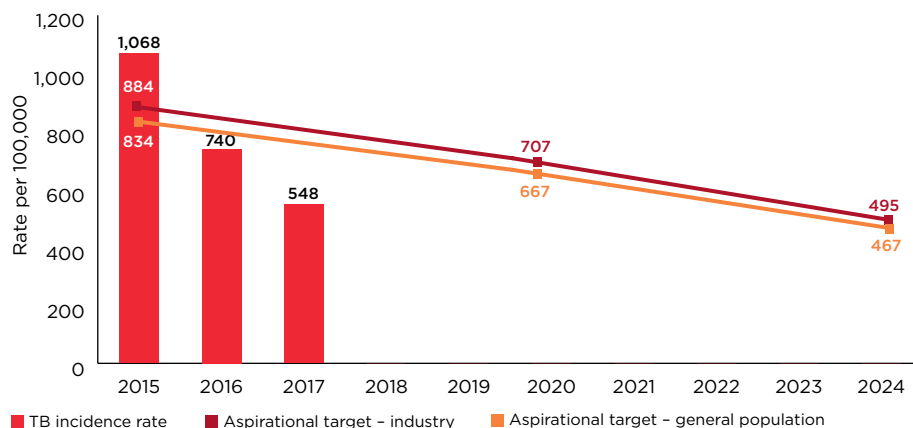
Percentage of workers counselled for HIV (2013-2017)



DMR = Department of Mineral Resources

The percentage of employees screened for TB plateaued at approximately 90% in the period 2015 and 2017. Latest data suggests good progress is being made in respect of the milestone which states that, by December 2024, the TB incidence rate should be at or below the national TB incident rate. Currently, that goal is being met. TB incidence, as per the Minerals Council data, has almost halved from 1,148/100,000 in 2015 to 548/100,000 in 2017. The graph below shows the DMR total TB incidence in comparison to the South African population.

TB incidence aspirational targets (Industry and general population)



The extrapolation of the industry's TB incidence compared to the South African population indicates that the milestone target can be achieved if the industry continues to reduce the TB occurrence rate at the current rate.

ENGAGING WITH OUR STAKEHOLDERS



LEGISLATIVE CHALLENGES

The year 2018 was marked by numerous legislative challenges. The Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill and the Mining Charter were under review. The Minerals Council spent considerable time engaging stakeholders on these two instruments and provisions that would enable certainty and investor confidence. In addition, the Minerals Council lobbied a broad range of stakeholders on the rationale of its positions, adopted with the aim of benefiting members and the country as a whole. See pages 68 and 83 for more commentary on the MPRDA Amendment Bill and the Mining Charter.



COMMUNITY TENSIONS

Protests and tensions around host communities remained a serious challenge and steps were taken to address some of the causes of conflict, which are mainly driven by poor service delivery and a desire for access to economic benefits flowing from mines. The Minerals Council believes that current engagements with the Department of Co-operative Governance and Traditional Affairs are a step in the right direction to resolve community issues and will bear fruit in the near term. See page 60 for more commentary on host communities.



HUMAN RIGHTS FRAMEWORK

The Board of the Minerals Council in 2018 approved a Human Rights Framework (see page 53). The framework, which follows the United Nations Guiding Principles (UNGPs) on Business and Human Rights, is currently a guide to members, adherence to which, it is envisaged, would mitigate tensions arising from allegations by stakeholders of adverse impacts of mining operations on human rights. At a later stage, after consultation with various stakeholders and member companies, the Board could consider making adherence compulsory to members and administering this requirement through the Membership Compact. The focus for now is on ensuring that member companies understand and internalise the Human Rights Framework.





GOVERNMENT

2018 priorities

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

Continued contribution to transformation and to the growth of the economy of South Africa

The gazetted Mining Charter

The MPRDA Amendment Bill

Performance

The Minerals Council spent considerable time in 2017 engaging with various stakeholders including government regarding governance issues. We did this because we believe poor governance results in instability and negatively impacts the economy. The year 2018 brought some improvements as the new Minister of Mineral Resources began to address some of the governance issues in the mining industry's regulatory framework that the industry had been concerned about.

Our contribution to the economy included a contribution of 7.3% to GDP in 2018 (2017: 6.8%). The sector grew by 1.2% in 2018 representing a growth rate slightly higher than in the overall economy. The sector contributed R351 billion to GDP in 2018 (2017: R335 billion) in nominal terms. Mining sector employment declined by 56,366 over the past five years, from 509,909 in 2013 to 453,543 in 2018 with the net jobs lost in the sector in 2018 amounting to 11,217.

Engagement with government and other stakeholders on the Mining Charter was a priority for the Minerals Council. The Minister published a draft Mining Charter in June, which was followed by a Mining Charter Summit in July 2018. Our approach to engagements yielded positive results with the gazetting of an improved Mining Charter in September. However, we remain concerned about certain elements of Mining Charter III. See pages 68 and 83 for further commentary on the Mining Charter.

The MPRDA Amendment Bill was withdrawn in August 2018 after pronouncement by the Minister of Mineral Resources and subsequently, by President Ramaphosa. The Minister was of the view that the Mineral and Petroleum Resources Development Act of 2002 was sufficient to regulate the industry. The Minerals Council welcomed this government decision as the Amendment Bill contained unconstitutional provisions which may have been challenged in court by stakeholders. The Minerals Council has always maintained that the following provision in the Bill is unconstitutional:

- Sections 26(2B) and 26(3) may be inconsistent with South Africa's obligations under the General Agreement on Trade and Tariffs and the Trade, Development and Co-operation Agreement and could render the state vulnerable to challenges in international fora.

Going forward

The Minerals Council will continue to be the voice of the mining industry with government.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED



POLITICAL PARTIES REPRESENTED IN PARLIAMENT

2018 priorities

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

Demonstrate progress on transformation, safety, health and environmental management

Performance

The Minerals Council made written submissions and representations in Parliament on the following:

- National Environmental Management Laws Amendment Bill
- Restitution of Land Rights Amendment Bill
- Carbon Tax Bill
- Draft Taxation Laws Amendment Bill
- Minerals and Petroleum Resources Development Amendment Bill
- Joint Constitutional Review Committee on the possible amendment of Section 25 of the Constitution

Our submissions reflected the views of our members and were aimed at promoting an enabling legislative, regulatory and operating environment for our industry.

A series of engagements were held with the following Portfolio Committees: Mineral Resources, Water and Sanitation, Trade and Industry, Environment, Health, Labour and the Select Committee on Land and Mineral Resources.

Engagement centred on the economic performance of the mining industry, the Mining Charter, the MPRDA Amendment Bill, workforce skills development, health and safety, and environmental management.

Going forward

We will prioritise engagement with elected public representatives on public policy matters as well as our performance in the key areas of health, safety, the environment and community relations.



NON-GOVERNMENTAL ORGANISATIONS (NGOs)

2018 priorities

Continued engagement with NGOs on environmental, social and economic issues

Performance

A series of meetings was held with NGOs. Subjects discussed were community engagement, the formulation and implementation of Mining Charter III, the mining industry's environmental sustainability performance, community relations and human rights.

Going forward

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



MEMBERS

2018 priorities

Providing a platform for members to raise concerns

Development of the industry's Human Rights Framework

Performance

In representing members' interests, the Minerals Council facilitated and hosted a series of Policy Committee meetings, including those of the Communications Executives Committee. These meetings facilitate open discussions on industry issues and the Minerals Council received mandates to represent the industry on different aspects.

In line with the Membership Compact, which is a mandatory code of ethical business conduct to which members of the Minerals Council subscribe, the Minerals Council led the development process. The process culminated in the industry Human Rights Framework with seven key performance areas.

Going forward

We continue to work with our members and other stakeholders to establish solutions to various issues such as sources of conflict in host communities, hold ongoing conversations on policy issues and share leading operational practices.



COMMUNITIES

2018 priorities

Regional presence of the Minerals Council

Collaboration in the mining industry

Performance

The Emalahleni office has improved the ability of the Minerals Council and industry to effectively engage with regional stakeholders (communities, government, and other interested and affected parties) on a range of issues.

Our Northern Cape office will be located in Kuruman and will be operational in the second quarter of 2019.

Several member companies have common host communities and municipalities and a collaborative approach has been formally adopted in the Mpumalanga Coalfields (Nkangala District) and the Northern Cape. Collaborative efforts will focus on sharing best practices and joint community development efforts over and above legislated compliance requirements.

Going forward

In 2019, the Minerals Council will build upon the experience gained through its presence in Mpumalanga and the Northern Cape to improve and, where required, modify the collaboration model before applying it to other mining regions or provinces. The Minerals Council will also work with members to further embed social performance to ensure that the industry goes beyond compliance and focuses on creating shared value in a manner that will ensure that sustained socio-economic development is achieved.

ENGAGING WITH OUR STAKEHOLDERS CONTINUED



MEDIA, ANALYSTS AND SHAREHOLDERS

2018 priorities

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

Promoting the mining industry to the investment community

Performance

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

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

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

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

We address media, investors and other stakeholders at various international and local platforms, such as the Mining Indaba in South Africa, PDAC in Canada, Africa Down Under in Australia and other events.

Going forward

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



BUSINESS

2018 priorities

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

Performance

The Minerals Council has been instrumental in lobbying for the strengthened role of Business Unity South Africa (Busa) as a collective business representative. We are active members of both Business Leadership South Africa (BLSA) and Busa, where we represent the interests of the mining industry in the economy.

Going forward

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

PRIMARY STAKEHOLDERS ENGAGED BY THE MINERALS COUNCIL



MINERALS COUNCIL MEMBERS

Established members and junior and emerging miners



BUSINESS COMMUNITY

Busa (through which we engage at Nedlac), BASA, BLSA, CEO Initiative, AgriSA



GOVERNMENT

Includes the Presidency and various government departments such as: Mineral Resources, Labour, Water and Sanitation, Trade and Industry, Environmental Affairs, Planning, Monitoring and Evaluation, Health, Higher Education, and Co-operative Governance and Traditional Affairs



EMPLOYEE REPRESENTATIVES

AMCU, NUM, Solidarity, UASA, Cosatu



SUPPLIERS AND RESEARCH GROUPS

Includes existing and emerging suppliers, universities and NGOs



INVESTMENT COMMUNITY

Local and international investors



MEDIA

National and regional print, online and broadcasting media



LEGISLATIVE ENTITIES

Parliament (NCOP, PPC, study groups)

CIVIL SOCIETY GROUPS/NGOs

NGOs with a specific interest in mining, including Centre for Applied Legal Studies, Bench Marks Foundation, ActionAid, Mining Affected Communities United in Action, Federation for a Sustainable Environment



Wesizwe Platinum - Bakubung Platinum mine

SECTION 2

STRATEGY AND STRUCTURE

IN THIS SECTION

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

 Glencore – Tweefontein colliery

#MakingMiningMatter

MINERALS COUNCIL STRATEGY AT A GLANCE

STRATEGIC PLAN



Strategic goal 01



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

Drive industry agenda for ethical leadership, good governance and positive transformation

Help drive development of a shared vision for the sector, one that can be supported by all stakeholders

Reboot process to enable social pact between stakeholders, which has as its cornerstones policy and regulatory certainty, and good governance

Develop a framework for promoting and respecting human rights, and support our members in its implementation

OBJECTIVES

Play leadership role in setting business agenda for transformative change, ethical leadership and good governance.

Do this through organised business: Busa, BASA, ASISA, BLSA. Consider modifications to Membership Compact to ensure ethical supplier conduct.

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

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

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

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

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

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

MINERALS COUNCIL STRATEGY AT A GLANCE

CONTINUED

Strategic goal

02



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

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

OBJECTIVES

Create enabling policy environment for mining sector.

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

Create enabling legislative and regulatory environment for mining sector.

Focus on legislation and regulations relevant to sector and ensure these are stable, competitive and predictable. Propose independent minerals commission to administer mining and prospecting rights outside of political interference.

Create enabling operating environment for mining sector,

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

Strategic goal

03



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

OBJECTIVES

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

Promote innovation and R&D for 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 mining precinct, work with supplier industries, universities, government innovation agencies.

Help expand 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).

Strategic goal

04



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

OBJECTIVES

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

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

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

Strategic goal

05



Continually improve effectiveness and performance

OBJECTIVES

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

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

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

 Sibanye-Stillwater – PGM operations



LETTER FROM THE PRESIDENT

It is a pleasure to be able to greet you through this integrated annual review, the first annual review of the Minerals Council South Africa.



We will be stuck, at best, on very low levels of growth for some time to come

The change of name from Chamber of Mines announced at the annual general meeting in May 2018 was intended to signal a new era for the organisation.

Organisational transformation is not something that happens overnight. It has been a long journey to this point, and the journey still has a long way to go. But the name change was intended to signal our resolve to modernise the organisation and, through its members, the industry. It was intended to signal that the organisation acknowledges and is coming to terms with its past, and is also focused on building a better future.

The Minerals Council aspires to be an organisation that is responsive to our stakeholders and engages constructively with them. We want to be aligned with a growing economy in which we and our members are positive contributors to the broader South Africa.

The year 2018 was special not only for the Minerals Council. It was a turning point for South Africa as a whole. It was, consequently, a turning point for the mining industry too.

The negative impacts of the leadership of the Zuma government had become increasingly clear over the previous years. And we continued learning through 2018 how close to the precipice South Africa had been taken. The relationship between the mining industry and the political head of its main regulator had sunk to unprecedented depths.

So the election in Parliament of Cyril Ramaphosa as the country's new President in February brought a very strong sense of relief. When that was followed by the appointment of Gwede Mantashe, with whom the industry had had years of usually constructive, if tough, engagement, that relief was magnified. It gave us, and others interested in the wellbeing of South Africa's economy, reasonable hope that the years of mismanagement and corruption would end, and the damage done be remedied.

However, it is also clear that the remedial work that needs to be done will be extensive, costly and time-consuming. And until it is achieved, the constraints on economic growth will be immense. Nothing illustrates that more than the state of Eskom. We will be stuck, at best, on very low levels of growth for some time to come, with huge state resources required to repair the damage instead of being used to the direct benefit of the country's citizens' extensive social needs.

The repaired relationship between the industry and its regulator saw positive progress at last in the development of the third iteration of the Mining Charter. There was deep and constructive consultation leading first to the publication of an initial draft in June, and then, after further engagement, the gazetting of a final version in September.

As the Minerals Council made clear, though the new Charter contains a number of provisions which the industry does not support, including some very tough targets,

it recognised the variety of interests that the Minister had to balance and accepted it as a policy guideline with which we could, in most respects, live.

However, the non-recognition in the new Charter of the continuing consequences of previous ownership empowerment transactions when rights are renewed or transferred is a matter of great concern. This would require a new round of empowerment transactions in these situations, which would come at a serious cost to existing shareholders. It would have a hugely dampening impact on investment in the industry.

As a consequence, the Minerals Council continued to engage the Minister and his department to seek a resolution. While the talks held out hope for a resolution, they were not finalised at the time the 180-day period for bringing a review in terms of the Promotion of Administrative Justice Act expired on 26 March this year. As a consequence, the Minerals Council was left with no choice but to reluctantly lodge court papers in this regard.

However, we do not believe that court action is the ideal way to resolve such matters, and we remain hopeful that our engagement with government will bear fruit before any legal processes are finalised.

Health and safety remain a top priority of the industry and the Minerals Council. As I said a year ago, the reversal in 2017 of an improving safety trend that had been sustained for 23 years was a matter of great concern. That concern deepened as the deteriorating trend continued in the first half of 2018.

The leadership of the organisation resolved it was necessary to take decisive action. Apart from continuing the work of the CEO Zero Harm Forum and the partnership with government and employee representatives at the Mine Health

and Safety Council, the Minerals Council Board resolved to initiate an annual health and safety day. The idea was that every mine of every member, and any non-member that wished to participate too, would devote a day to focusing on safety. The initiative was in line with the understanding that management and employee attitudes towards safety – the safety culture – are critical in determining safety performance. That culture, which had been improving over a long period, may have slipped.

We are gratified that fatality rates have improved since the launch of the initiative. We will continue monitoring members' performance in this regard. Still, while overall safety performance during 2018 ultimately improved compared with 2017, it is too early to celebrate. In fact, we cannot celebrate until the goal of zero harm has been achieved. And even then, we would need to continue to be vigilant and fully safety conscious.

In line with the Minerals Council's commitment to responsible corporate citizenship, as reflected in the compulsory Membership Compact which, by the end of 2018 had been signed by all members, I am also pleased at the adoption by our Board of a Human Rights Framework, designed to guide members on how to meet their obligation to respect the human rights of all stakeholders.

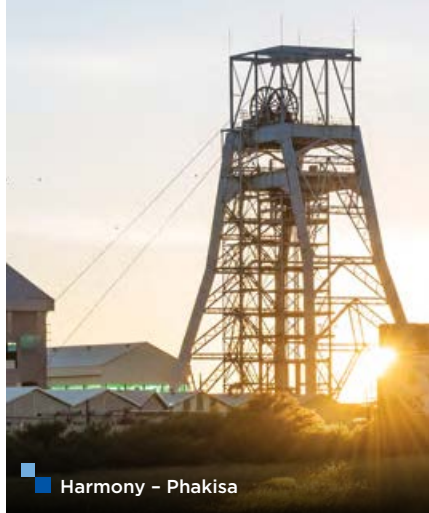
Another significant Minerals Council initiative is the establishment of offices in mining communities to help co-ordinate efforts between members in their social investment projects and general relationships with communities. We have established "pilot" structures in Mpumalanga and the Northern Cape. The work out of Emalahleni, where significant community protest action has affected mining operations, has included efforts to resolve those conflicts.

I hope all this will lead to a step change in relationships between mines and their communities.

In conclusion, I would like to extend thanks to CEO Roger Baxter and his team members who have continued to serve the industry and our society.

I also thank my fellow office bearers who have persisted in their efforts to help create the conditions that will resuscitate investment, and investor confidence, in our industry as we and the country seek to resume an upward trajectory.

Health and safety remain a top priority of the industry and the Minerals Council



Harmony – Phakisa

Mxolisi Mgojo

President – Minerals Council South Africa
7 May 2019

CHIEF EXECUTIVE'S REVIEW



**ROGER
BAXTER**

CEO – Minerals Council
South Africa

The mining industry, and indeed the country, will look back at 2018 as a landmark period – a time when we breathed a collective sigh of relief with the appointment of a new political regime that signalled a return to more ethical and purposeful governance.

The election of Cyril Ramaphosa as President of the country, and the appointment of Gwede Mantashe as Minister of Mineral Resources, have brought about a massive boost of confidence in the South African mining sector. Recent announcements of significant investment in the country and planned new listings on the JSE could not have happened without these momentous changes.

Improvements in perceptions

The publication in March this year, by the Fraser Institute, of its 2018 survey of mining companies is further testimony to this: South Africa fares way better than it has done in recent years. This annual survey has come to be seen as an important indicator of investor perceptions of mining jurisdictions' geological and regulatory standing and, the rise in foreign ownership of JSE resources shares – from around 45% a year ago, to around 60% in April 2019 – is a very real indication of sentiment change.

In the Fraser Institute's critical Policy Perception Index, which measures overall policy attractiveness, South Africa was ranked in 56th position out of 83 jurisdictions for which adequate feedback was received, compared with 81st out of 91 a year ago. This improvement, from being close to the bottom decile of the Index's league table to about two-thirds of the way down, can, we believe, be attributed to the early impacts made by the shift of political leadership to President Cyril Ramaphosa and Mineral Resources Minister Gwede Mantashe, on the country and on the industry, in 2018. It was also made possible by the constructive and assertive inputs of the Minerals Council in key debates.

The overall Investment Attractiveness Index, which combines the Policy Perception Index with a jurisdiction's geological attractiveness (where South Africa naturally fares rather well), places South Africa at 43 out of 83, compared with 48 of 91 in 2017, also a significant upward shift.

The strong stance taken by the industry through the Minerals Council on engaging robustly and constructively, and in fighting unethical leadership and bad policy has also helped shift the dial.

But the period was not without its challenges, and the most significant of these was undoubtedly the failure of Eskom, which I will deal with further below.

New name, new identity

From a Minerals Council perspective this too was a seminal year, when our 128-year old organisation was renamed: from the Chamber of Mines of South Africa to the Minerals Council South Africa. At the same time, the new Minerals Council revealed its new corporate identity, which draws on the elements of the logo, and which displays a proudly South African heritage and future.

Since it was first formalised in 1889, the organisation has undergone a number of name changes which have always coincided with material mining and political developments in South Africa. This latest name change and the development of a new identity reflects such a time and the decision was not taken lightly by the leadership of this organisation.

In-depth research commissioned by the then Chamber of Mines showed that there was a clear mismatch between the industry's name and visual identity and its current ethos and role, its vision for the future, and the membership it represents. As is the case with our society and our country, we within the Minerals Council, and our Board, have spent some time on reflection and introspection. Our priorities today, perhaps more so than ever in the past, are good corporate citizenship, social and environmental responsibility, competitiveness, growth and transformation, as evidenced by the firm commitments we make in our Membership Compact. And, through

this Membership Compact – a mandatory code of ethical business conduct to which members of the Minerals Council subscribe – we will hold members accountable for the commitments that we and our members have made.

The overriding vision and mission of the Minerals Council is to ensure that mining matters for South Africa and to play a leadership role in enabling the sector to achieve its real potential for investment, growth, transformation and development in a socially and environmentally responsible manner. This industry strategy has as its overriding objective the building of a trust-based social pact with key stakeholders, and the creation of an overwhelmingly positive investment and operating environment for the sector that makes the global investment community and mining industry recognise that South Africa has emerged into an investment destination of choice. The benefits of achieving this vision are incalculable and will be a game changer for the country and its ability to achieve the objectives of the National Development Plan (NDP), to which members of the Minerals Council subscribe.

The 10 principles that underline our Membership Compact guide the actions and activities of the Minerals Council on behalf of our members and are further aligned with the 10 guiding principles of the ICMM, of which the Minerals Council is an active associate member.

In this report we outline the strategy that has been set by the Board, and the business model that shapes and drives our organisation. Rather than detailing the performance of the Minerals Council by discipline, we will endeavour to report on the way in which we have executed our mandate, and delivered on this strategy in the year under review.



Safety and health

The Minerals Council remains concerned about the industry's safety performance, particularly as reflected in the number of fatalities due to industrial accidents. The industry experienced an 86% decline in the number of fatalities in the 23 years from 1994 to 2016, with continuing improvement each year. But in 2017 the industry saw a deterioration when the industry experienced 90 fatalities. The year 2018 began in the same way, with a number of accidents that resulted in multiple fatalities in the first half of the year, prompting the Board to initiate a number of measures designed to urgently address the deteriorating trend. This was largely undertaken by the CEO

Zero Harm Forum and included intensified scrutiny of the major causes of accidents, the sharing of good practice as well as additional, fundamental research through the Mine Health and Safety Council.

Part of this initiative was the launch in August 2018 of the Minerals Council National Day of Safety and Health in Mining, where all mines of all Minerals Council members were asked to hold special days at which safety and health would be front and centre of each and every person's thinking at each and every mine, across all disciplines and jobs. We cautiously believe that this had some impact on raising awareness, and increasing commitment to zero harm, and we saw an improvement in performance in the second half of the year.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Nonetheless, the 81 fatalities reported in 2018 are unacceptable and a massive step-change is needed to be able to progress our journey to zero harm. To this end, the Minerals Council convened a full-day session of facilitated engagement for CEOs, under the banner of Heartfelt Conversations, to develop a CEO-led strategy, matched by CEO commitment, to enable that step-change to be achieved.

At the same time, the Minerals Council reflected on the latest occupational health data for 2017, which showed continued improvement. There was a 3% decrease in the total number of occupational diseases reported nationally compared with the

previous year. One of reasons for the improvement is the effectiveness of the Masoyise iTB campaign, where government, organised labour and the industry are working closely to increase screening and testing for TB and HIV, not only among employees but also in the communities where they live. The main goal is to achieve a TB incidence rate in mining that is equal to or better than the country's incidence rate. Significant progress is being made towards meeting that goal.

We are also pleased to acknowledge the historic class action silicosis and TB settlement reached in May 2018 between six of our members and

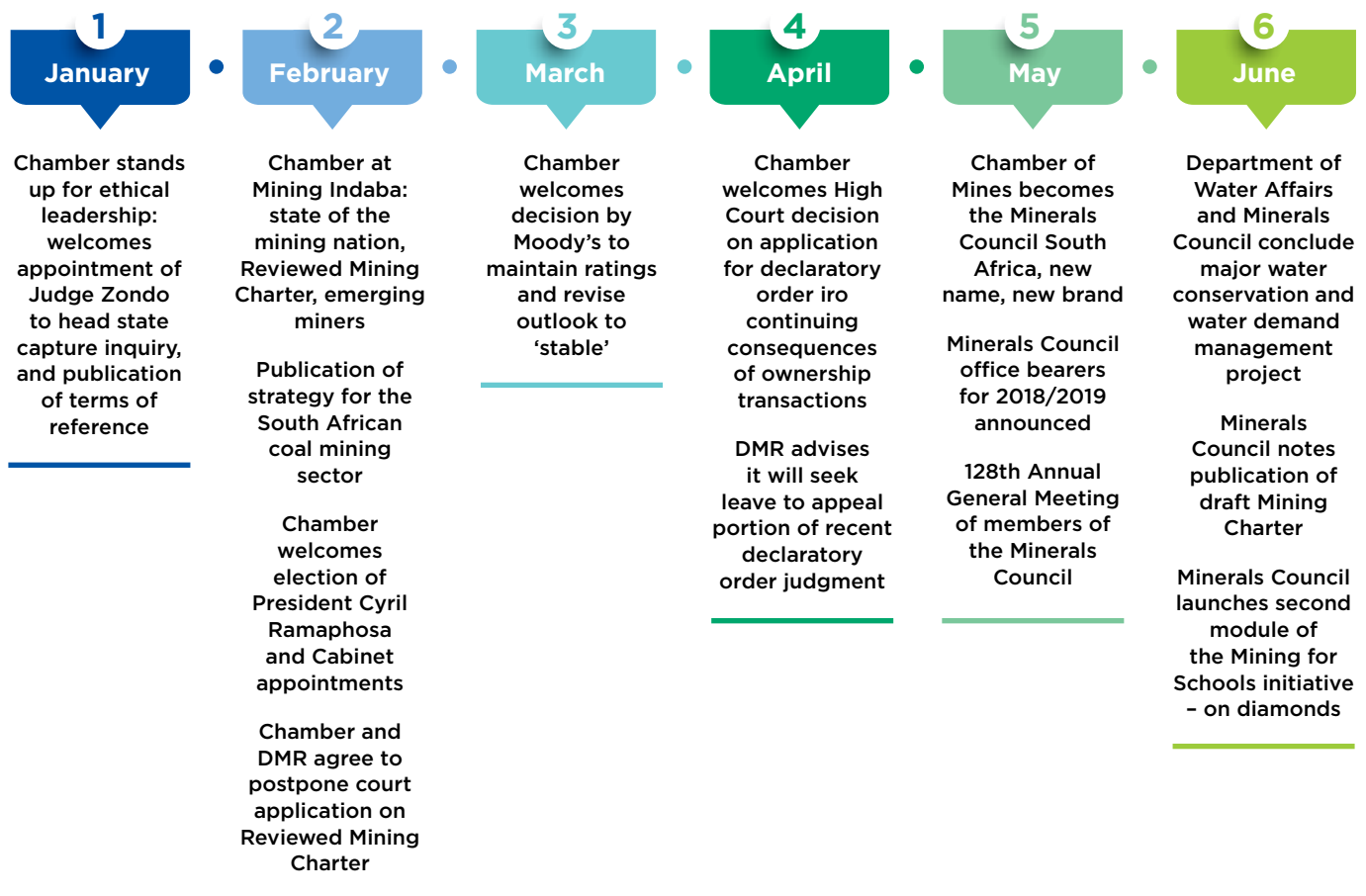
attorneys representing former and current gold miners. We note that there are certain legal conditions that need to be fulfilled before the settlement agreement can be implemented.

The Minerals Council and the industry as a whole remain committed to continuing to work with our social partners on all matters of health and safety to minimise employee injury and illness at work.

Tailings dam management

No review of our industry should overlook the tragic events surrounding the tailings dam disaster at Brumadinho in the Brazilian state

2018 IN REVIEW



of Minas Gerais in February 2019. An immediate resolution of the Board was that Minerals Council members should review the construction, maintenance and operating protocols of their tailings storage facilities, in order to ensure their stability and safety and that of the surrounding communities.

Since then, the Minerals Council has been actively involved in supporting the ICMM's efforts in this regard. In March, the ICMM, the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI), announced that they will co-convene an independent review that will establish an

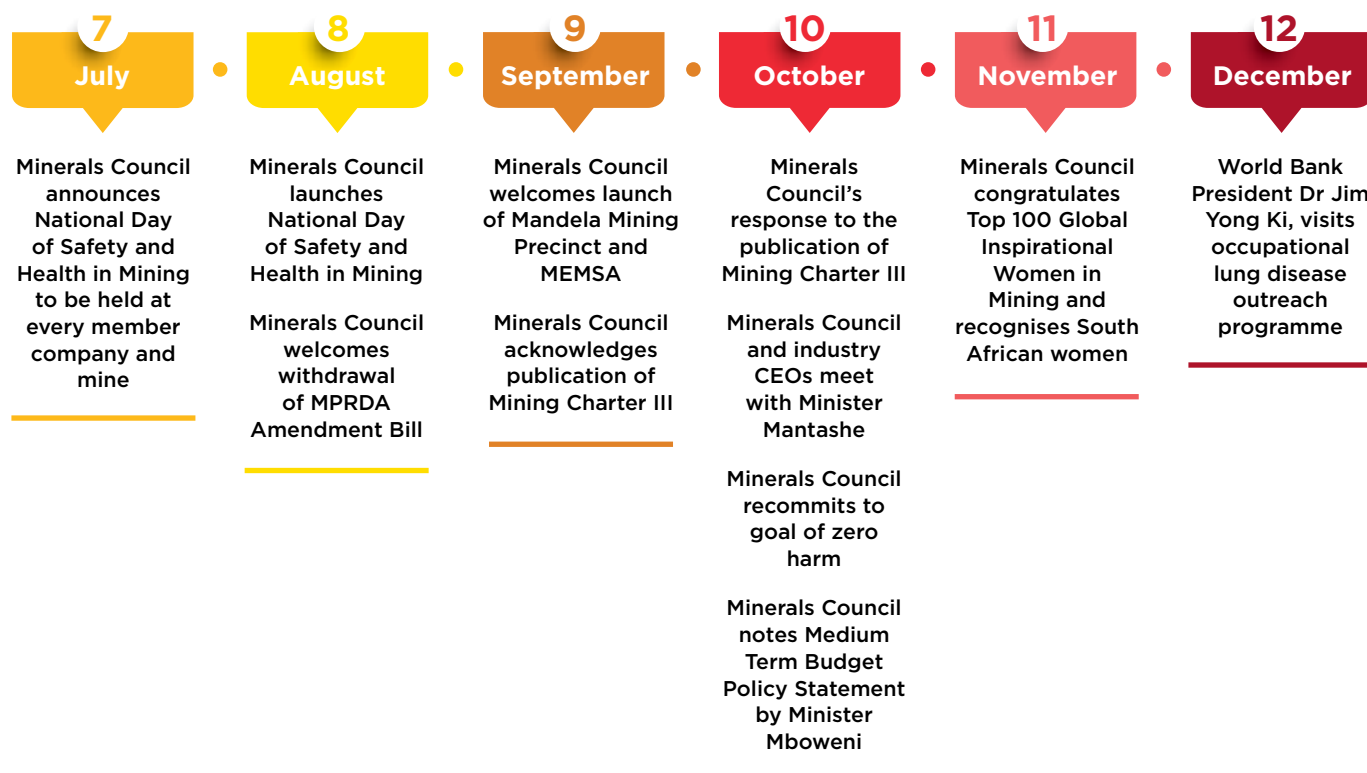
international standard on tailings storage facilities. For our part, the Minerals Council has convened a special technical task team to identify any gaps in our currently mandated standards and to play a role in contributing to the development of the global standard.

Charter progress and negotiations

The declaratory order judgment obtained in April 2018 in respect of continuing consequences must rank as a significant event for the Minerals Council and its members. But, for us, the way in which we were able to engage with Minister

Mantashe and the DMR in the lead up to the publication in the Government Gazette in September 2018 of Mining Charter III was one of the highlights of the year.

The industry recognises that the Charter is a central tool for the continuing transformation of the industry, and this is a policy objective which we fully espouse. We are broadly supportive of the Charter published in September 2018. There are several aspects in respect of which we would have preferred a different outcome, but the nature of successful negotiations is the recognition that different interests need to be accommodated.



CHIEF EXECUTIVE'S REVIEW CONTINUED

There are two aspects of the Charter about which we have very deep concerns, and for which in March 2019 we filed an application for review. Despite ongoing discussions between the Minerals Council and the Minister, the Minerals Council had to file review application papers within the 180-day period imposed by the Promotion of Administrative Justice Act. Importantly, the Minerals Council is not challenging the vast bulk of the new Charter. Our preference is to resolve these specific concerns through negotiation with the DMR, and that is what we intend to do. The Minister, too, has recently gone on record asking for dialogue on this matter and has expressed a desire that an amicable solution be found.

The focus of the review application is on the new Charter's failure to recognise the continuing consequences of previous transactions in respect of renewals and transfers of rights. This is a critical issue because investors, who have long accepted the reasonable 26% (now 30%) measure of BEE ownership transformation, would be alienated by a requirement that they need repeatedly to facilitate such transactions relating to the same asset, especially where no such requirements existed at the initial grant of the rights.

The other aspect of the application is a request that the department explain the targets set for local content in terms of the procurement element, as in our view these are not based on rigorous research of what is practically possible. In terms of the practicalities related to this particular element, the motor vehicle industry is an example of where a 60% local content requirement is currently being implemented. The Motor Industry Development Programme (MIDP), now the Automotive Production and Development Programme (APDP), was implemented in 1995 and provides the motor vehicle industry with a realistic time period of 40 years in which to reach the local content target of 60%. In addition, the APDP is supported by an extensive incentive programme for the duration of this period. The new Mining Charter, however, requires that the mining industry reach the same 60% local content target within five years, without any special incentives and with more stringent BEE requirements.

Policy certainty is critical to investor confidence. But it does need to be based on a policy foundation that balances society's various interests and does not carry the potential to cause severe damage. The matters we have taken up in dialogue with

the Minister and his department, and which are cited in the court documentation, do not, we believe, pass this test.

Commodity leadership forum focus

An important feature of the evolving work of the Minerals Council has been the increased commodity focus. Just as our membership base has expanded in recent years to include the widest range of members, so have the commodities and interests that we span.

The Minerals Council has set up a number of commodity- and issue-specific forums, comprising company CEOs, who meet at least quarterly. The meetings are undertaken in such a way that issues of mutual interest and concern can be dealt with, but with a very clear avoidance of any matters relating to competitiveness and competition.

The fruits of these forums are many and varied. Each of these forums has had the opportunity of engaging with the Minister and the DMR in a constructive way, and – as the Minerals Council has a senior champion for each commodity – so it is hoped that the DMR will similarly appoint champions to lead each commodity.



In February 2018, the Minerals Council published a proposed strategy for the coal industry, recognising the need to act to ensure that South Africa remains competitive in a carbon-constrained world. The strategy document outlines the challenges faced by the coal mining sector and provides insights into the future. We have developed a number of different scenarios which could play out in the future depending on various factors that could affect the demand for, and supply of, coal.

And, in February 2019, we published a National Platinum Strategy for South Africa, the culmination of extensive work undertaken in 2017 and 2018. The strategy is aimed at addressing the current crisis, preventing further erosion of the economic capacity of the industry and ensuring that the world's largest PGM resource realises its full value. Achieving the aims of the National Platinum Strategy will require collaboration between all stakeholders, involving urgent and bold action by the South African government in the form of support which will allow the PGM sector to tackle short-term challenges while at the same time jointly investing in market demand, which is the key to platinum's long-term future.

Leadership compact

It is within the context of collaboration and joint efforts towards making our industry successful that the Minerals Council joined other stakeholders in signing the Mining Leadership Compact in February this year. Present, too, were leaders of most of the industry's representative trade unions.

The compact, which is a product of the growth and competitiveness task team that was established at the same time as the Mining Charter task team, commits the parties to all play their part in working co-operatively

and according to high standards of good governance to make South Africa a competitive mining jurisdiction. The compact addresses issues such as ethics and good governance, effective regulation, lawful behaviour, stable stakeholder relationships, new enterprise development, beneficiation, investment promotion, infrastructure development, innovation, working and living conditions, and community empowerment and development.

Eskom

The tragedy that is the Eskom crisis is a human one, and not a technical one. It is a story of malfeasance and mismanagement – and all South Africans are paying the price. This is not only in respect of Eskom's inability to honour its current commitments to energy supply, but also in the uncompetitive and exorbitant price increases that it expects its customers to pay.

South Africa's economy is a primary minerals intensive economy with almost one fifth of the economy dependent on the mining sector. A predictable and reliable electricity supply and a long-term, forward-looking view on stable prices are key to enabling electricity-intensive mining projects to be developed and sustained, and to supporting the continued beneficiation of South Africa's mineral resources.

The mining sector is both a supplier of primary energy to generate electricity (>90%) and a large consumer of electricity, consuming more than 30% of total electricity supply if smelters and refineries are taken into account.

The cost of electricity constitutes a significant component of total input costs in mining, particularly in the gold and platinum sectors. Excessive increases in electricity tariffs have had a detrimental impact on the overall inflation profile of the mining sector.

Between 2006 and 2017, South Africa's electricity tariffs increased by 488% across all categories and industries. Over the same period, the mining industry experienced increases of 523%, the highest increases experienced by any sector. The average electricity tariff increase of 15.5% annually between 2006 and 2017 reduced fixed investment by a cumulative R103.2 billion and contributed to the loss of around 53,500 mining jobs – of which 34% can be directly attributed to the exorbitant increase in the cost of electricity.

The National Energy Regulator of South Africa (Nersa) approved annual electricity tariff increases amounting to a compounded increase of 9.0% over three years, which is 29.5% higher than the current electricity tariff. While we recognise Eskom's need for funding, we were exceptionally disappointed to again see higher-than-inflation increases being granted. There is no doubt that these substantial tariff increases will have a major impact on the industry's cost structure, jeopardising the viability of marginal and loss-making mines and, inevitably, accelerating job losses at energy-intensive mines in particular.

It is a truism that if the mining industry fails, then Eskom will fail. If the mining industry's usage declines as tariffs make certain operations and activities unprofitable, Eskom will not achieve its targeted sales volumes. This will inevitably result in additional substantial increases in electricity prices across the country, that will have to be paid by industrial and private consumers alike.

Nonetheless, the Minerals Council welcomed the much stronger position taken by Nersa, to address impropriety and corruption at Eskom, as well as measures prescribed by the Minister of Public Enterprises to Eskom to reduce costs, address electricity supply concerns, develop maintenance plans for its assets, and

CHIEF EXECUTIVE'S REVIEW CONTINUED

address inefficiencies and design failures at the Medupi and Kusile power stations.

Sadly, Nersa's admonitions came too late to avoid the massive failures at Eskom in early 2019. Now is the time to enforce a much stricter position relating to cost variables at Eskom, to attend to the weak governance and management, and to rapidly implement the structural changes proposed by President Ramaphosa in his State of the Nation address earlier this year. While these measures will take time to deliver results, it is hoped that they will mitigate the consequences of the excessive tariff increases since 2006 as a result of state capture and the gross mismanagement of Eskom, for which the productive and employment creating sectors of the South African economy are currently paying.

For its part, the Minerals Council and the industry continue to make a contribution to Eskom's turnaround. The Minerals Council's has provided significant support to the engineering task team set up to assess challenges at Eskom's power stations. This initiative follows a number of engagements between key stakeholders aimed at addressing the challenges being faced by the national power utility.

In fact, within one week of an industry meeting with Minister Pravin Gordhan, the Minerals Council and the Energy Intensive Users Group (EIUG), many of whom are members, were able to nominate 18 engineers to the task team appointed to assess Eskom's technical challenges. In recent months, this task team has been conducting technical reviews at some of Eskom's power stations with a view to identifying problems and solutions. This is once again a tangible demonstration of leadership and a manifestation of real commitment to the future welfare of our country and our industry at a time when South Africa needs it most.



Communities, human rights and responsible sourcing

Community discontent, often a result of poor service delivery, has inevitably affected mining companies and their operations. That is not to say that mining companies and communities do not have issues of their own – but these are exacerbated by poverty and the lack of opportunity in under-served and far-flung areas of South Africa, areas where mines are often located. Communities that disrupt the operations of a mine through protest action will get attention. This is not often the case when their protest action is aimed at their failing municipalities.

It is the view of the Minerals Council that mutually-respectful relationships are a vital basis for co-existence between mines and communities. For the companies, it is an important part of earning their social licence to operate.

The Board of the Minerals Council has adopted a Human Rights Framework based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) as a guide for members. A central element of the UNGPs is the commitment to “do no harm” to the rights of others and, where harm occurs, to remedy that

harm. This Framework will be rolled out from 2019, with a view to – in time – its becoming part of the mandatory requirements of the Membership Compact.

But mine/community relations are complex, and are often very specifically time- and region-bound. There are often mismatches between community expectations and a mine's ability to deliver on these expectations. Mines operated by companies that are members of the Minerals Council are committed to local economic development in line with the provisions of the Mining Charter, and, in many cases, beyond that. However, there are no mines with the capacity to provide all the necessary infrastructure and services a community needs. These services are also largely dependent on efficiently-run local and provincial authorities. This is not always the case, in practice.

The Minerals Council is in the process of establishing pilot offices in two mining regions to provide support to members and other stakeholders in their efforts to improve local relationships and the effectiveness of members' social investment spending. An Mpumalanga office was established in 2018 and the Northern Cape office in 2019.

Illegal mining

Illegal mining remains a very serious challenge in South Africa. The industry, through the Minerals Council and individual companies, works with other stakeholders to address this challenge, including the DMR and the SAPS, to stem illegal operations.

The DMR recently implemented the issuing of small-scale mining licences to illegal miners in the Northern Cape. While this was a positive step to contribute to local economic development, it also had unintended security consequences. The issue is exacerbated by the lack of clarity around the government's regulatory framework for artisanal mining. The Northern Cape has consequently experienced a significant increase in the illegal mining of diamonds. Collaboration between multiple impacted stakeholders is critical to effectively addressing the enormous challenge of illegal mining.

The invasion of dumps and surface mining areas by illegal miners has plagued both the coal and chrome sectors, and the illegal activities that continue to be dealt with every day by our operating gold mines is an expensive challenge.

Junior and emerging miners

There are new signs of hope and progress for the junior and emerging miners' sector. A significant, positive outcome of the Minerals Council's engagement with the DMR on the Mining Charter was the dispensation relating to the junior mining sector, though more could have been done. The exploration sector, which comprises large numbers of junior miners, is now exempt from the Charter's provisions, which means we avoided what would have been a major disincentive.

For its part, the Minerals Council has mobilised and supported emerging and junior miners, mainly through the Junior and Emerging Miners' Desk. The desk has 24 members including associations which themselves represent 200 members.

The impact of junior and emerging miners is far more significant than is usually assumed, and this sector has the potential to grow exponentially, and to be a catalyst for the development of larger, more impactful mines in time. Our statistics show that the junior sector represents about 10% of the total industry today.

The Minerals Council has engaged with entities such as the Industrial Development Corporation and the Public Investment Corporation with a view to facilitating access to sorely needed capital for this sector. The Minerals Council is also working towards ensuring full transparency of licensing; learning lessons from the successes of the Australian and Canadian junior sectors; and in stimulating investment into the sector through tax incentives, JSE venture capital, and junior miners' funds

Making Mining Matter

Our mantra at the Minerals Council is Making Mining Matter, and this imbues all the work that we do, every day, in representing and guiding our industry, at home and abroad.

Great strides have been made over the past year in turning this industry around, but much more still needs to be done. Among the key issues that continue to need attention are:

- Regulatory uncertainty, which has still not been fully remedied by the efforts of the past year.
- Land reform, and the way in which this undertaken.
- Community discontent and development issues.

- Labour stability. The five-month strike at Sibanye-Stillwater's gold operations and the one-month strike at South Deep Mine, after which thousands of employees and their families will be impacted for months if not years to come, and which cost the company and the fiscus billions of rands, stand out as anomalies in an otherwise constructive labour relations climate. Nonetheless, the levels of violence and intimidation that were experienced are very worrisome, as has been the inability of the SAPS to intervene and maintain law and order.

The Minerals Council remains committed to working with government, and Minister Mantashe in particular, to get this great sector back on its feet. It is our strong belief that collaborative and constructive leadership partnerships can help create a much more conducive investment environment to spur on exploration and mining, and to enable the country to realise the true economic and transformational potential of mining.

In conclusion, I would like to pay tribute to the Board of the Minerals Council and, in particular our President, Mxolisi Mgojo, and Vice Presidents, Steve Phiri, Neal Froneman and Andile Sangqu, for their guidance and counsel. And to the senior executives and staff of the Minerals Council, I extend my thanks for their enthusiasm and commitment to Making Mining Matter.



Roger Baxter

CEO – Minerals Council South Africa
7 May 2019

MINERALS COUNCIL STRUCTURE

The Minerals Council Board is the highest decision-making structure of the organisation and guides and directs strategy. The Board is made up of representatives of the Minerals Council's members and a representative of its Junior and Emerging Miners' Desk. Board representatives nominate and elect four office bearers – the President and three Vice Presidents – at the annual general meeting.



OFFICE BEARERS

Mxolisi Mgojo 1

President

(appointed in May 2017)

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

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



Andile Sangqu 2

Vice President

(appointed in May 2015)

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

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



Neal Froneman 3

Vice President

(appointed in May 2016)

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

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



Steve Phiri 4

Vice President

(appointed in May 2017)

BJuris; LLB; LLM; Dip Corp Law

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

MINERALS COUNCIL EXECUTIVES

Roger Baxter 5

Chief Executive Officer

BCom (Hons)

Roger Baxter joined the Minerals Council (then Chamber of Mines of South Africa) in 1992 and was appointed CEO in 2015. He has 27 years of high-level advocacy and strategy experience in the business and mining sectors, within a working career of 30 years. 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 rejuvenating the Chamber brand to the Minerals Council South Africa, in refreshing and repurposing the Minerals Council, and brings material leadership, governance, strategy, investment and transformation skills to the table. He is a member of the Minerals Council Board, the Busa Board, and the Board of TEBA Trust; and chairs the World Platinum Investment Council. He is vice-chairman of both the International Associations Working Group within the International Council on Mining and Metals and the Mining Industry Association of Southern Africa.

Tebello Chabana 6

Senior Executive: Public Affairs and Transformation

BA (Law); LLB

Tebello Chabana joined the Minerals Council (then Chamber of Mines of South Africa) 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 7

Senior Executive: Environment, Health and Legacies

BSc (Hons); MSc

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

Harry Groenewald 8

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 (then Chamber of Mines of South Africa) in 2010, Harry was involved with copper and cobalt projects in the Democratic Republic of the Congo.

Sietse van der Woude 9

Senior Executive: Modernisation and Safety

MSc; MBL

Sietse van der Woude joined the Minerals Council (then Chamber of Mines of South Africa) 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.



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MINERALS COUNCIL STRUCTURE CONTINUED



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SENIOR MANAGEMENT

A wealth
of experience

Mustak Ally 1

Head: Skills Development

Dr Thuthula Balfour 2

Head: Health

Ursula Brown 3

Head: Legal

**Jeannette Hofsaier-
Van Wyk** 4

Head: Administration

Alex Khumalo 5

Head: Social Performance

Henk Langenhoven 6

Chief Economist

**Stanford Mamoshito
Malatji** 7

Head: Learning Hub

Motsamai Motlhamme 8

Head: Employment Relations

Stephinah Mudau 9

Head: Environment

Dr Sizwe Phakathi 10

Head: Safety and Sustainable
Development



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DISCIPLINES

Economics

The Economics discipline provides input on matters affecting investment in the South African mining industry and issues facing the mining industry which have an economic impact. The discipline's function includes collating and analysing data and information on behalf of the industry, and advising industry on responses and positioning in respect of critical issues.

Health

The Health discipline provides service excellence to members in the field of occupational health, including occupational medicine and occupational hygiene and ventilation, as well as advocacy and advice on TB, HIV and AIDS.

Public Affairs and Transformation

The Public Affairs and Transformation discipline engages with social partners on all relevant matters of public policy. In the South African context, transformation policy is a top priority in this regard.

Junior and Emerging Miners' Desk

The Junior and Emerging Miners' Desk provides advice and support, and acts as a resource centre for the smaller Minerals Council member companies.

Legal

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

Employment Relations

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

MOSH Learning Hub

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

Communications

The Communications discipline conveys to stakeholders, information about the Minerals Council and the industry in an honest and balanced manner, with a view to making them better informed about and more understanding of the organisation and the industry.

Skills Development

The Skills Development discipline facilitates an environment that enables the mining industry to deliver skilled and trainable employees for deployment and advancement. Skills Development represents members in the areas of education and human resources development and associated policy and regulation.

Modernisation

The Modernisation discipline promotes research, development and innovation (RDI) as a critical enabler of modernisation. The discipline 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.

Safety and Sustainability

The Safety and Sustainability discipline actively promotes safety and health in the workplace for mineworkers as well as effective environmental management, and has identified areas in which the organisation can initiate positive change.

Finance and Administration

The Finance and Administration discipline provides the internal financial, IT, human resources and administrative structures, and support to ensure the smooth running of the Minerals Council's internal processes.

Social Performance

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

Environmental

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

MINERALS COUNCIL STRUCTURE CONTINUED

MINERALS COUNCIL BOARD – as at 31 December 2018



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Mxolisi Mgojo 1

Minerals Council: President
Exxaro: CEO

Andile Sangqu 2

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

Neal Froneman 3

Minerals Council: Vice President
Sibanye-Stillwater: CEO

Steve Phiri 4

Minerals Council: Vice President
Royal Bafokeng Platinum: CEO

Ayanda Bam 5

Kuyasa Mining: Executive Chairman

Roger Baxter 6

Minerals Council: CEO

Paul Dunne 7

Northam Platinum: CEO

Werner Duvenhage 8

Richards Bay Minerals:
Managing Director

Michael Fraser 9

South32 Africa:
President and COO

Japie Fullard 10

Glencore Operations South Africa:
Head: Ferroalloys

Chris Griffith 11

Anglo American Platinum: CEO

Nick Holland 12

Gold Fields: CEO

Murray Houston 13

Glencore Coal: COO

Lucky Kgatle 14

Sasol Mining: MD

Moses Madondo 15

AngloGold Ashanti: Head SA
Operations



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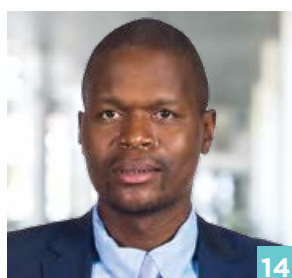
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Ben Magara 16

Lonmin Platinum: CEO

Maboko Mahlaole 17

Palabora Mining Company:
GM: Human Resources

Zanele Matlala 18

Merafe Resources: CEO

Norman Mbazima 19

Anglo American South Africa:
Deputy Chairman

Themba Mkhwanazi 20

Kumba Iron Ore: CEO

Nico Muller 21

Implats: CEO

Deshnee Naidoo 22

Vedanta Zinc International: CEO

July Ndlovu 23

Anglo American Coal: CEO

Barend Petersen 24

De Beers Consolidated Mines:
Chairman

Nico Pienaar 25

Aspasa: Director

Niël Pretorius 26

DRDGOLD: CEO

Mike Schmidt 27

African Rainbow Minerals: CEO

Errol Smart 28

Orion Minerals: CEO

Peter Steenkamp 29

Harmony: CEO

Mike Teke 30

Seriti Resources: CEO



MINERALS COUNCIL COMMITTEES

Platinum Leadership Forum

Northern Cape Mines
Leadership Forum

Junior and Emerging Miners'
Leadership Forum

Diamond Leadership Forum

Chrome Leadership Forum

Coal Leadership Forum

CEO Zero Harm Forum

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

As part of our goal to streamline our efforts and promote collaboration within the mining industry, leadership forums were established. In this section, the approach of the forums, along with their major challenges and opportunities, activities and focus are described.



MC Mining – Vele

COAL LEADERSHIP FORUM

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

Overview

Total sales for coal in 2018 reached R139.4 billion with an overall production of 252.6Mt. The coal industry employed 86,919 people directly who earned R24.7 billion.

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

Challenges and opportunities

Coal mining has the potential to grow its exports by an additional 35 million tonnes (Mt) to 110Mt (South Africa currently exports 75Mt) which could

increase employment by 11,600 people and investment by more than 10% to an estimated R20 billion per annum.

In terms of domestic demand, Eskom currently buys 120Mt of coal annually which, according to the latest Integrated Resource Plan, is set to increase to 139Mt by 2023, and then to decline back to the current level by 2033, and to 90Mt by 2050. The potential for job creation would be about 6,500 people with an additional investment of R1.3 billion.

A 2018 Minerals Council study concluded that, taking into consideration the declining life of several coal mines, these mines would have to be replaced at an investment cost of R20 billion to keep supplying Eskom with the coal it requires.

Activities and focus

In 2018, the CLF developed a Coal Strategy for South Africa. The CLF endorsed the implementation of the strategy by funding various projects that look at cleaner coal technologies, renewable energy initiatives, stakeholder engagement and collaboration initiatives on social and labour plans to enhance the meaningful positive impacts of mining.

Five CLF member companies, namely Anglo American Coal, Exxaro Resources, Glencore Coal, Sasol Mining and South32 are funding a Mpumalanga Mine Water Coordinating Body project that seeks to transition the Mpumalanga coal mining region from a coal mining dependent economy to a diversified post mining economy.



■ Implats – Rustenburg

PLATINUM LEADERSHIP FORUM

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

Overview and approach

Platinum mining is the largest component of the minerals sector by employment (168,000), the second largest by sales value (R96.1 billion) and the largest exporter (R85.5 billion). South Africa has 69,000 tonnes of known platinum reserves which account for 87% of known world reserves. The only way that the full economic and transformational potential of these deposits can be realised is if stakeholders work together to grow global demand for platinum.

The Platinum Leadership Forum (PLF), established by the Minerals Council, is driven by the CEOs and includes Anglo American Platinum, African Rainbow Minerals, Implats, Ivanplats, Lonmin, Northam Platinum, Royal Bafokeng Platinum, Sibanye-Stillwater, Siyanda Resources and Tharisa.

Challenges

An over-supplied platinum market has resulted in a sustained decline

in prices. Input costs, such as labour, electricity and supplies, have been increasing at rates exceeding inflation, while revenue from metal sales has been declining due to low PGM commodity prices. This has caused many shafts and mines to be loss making over a sustained period.

The industry is also faced with certain structural challenges. Rhodium has been thrifted out of auto-catalytic converters. The commodity accounted for approximately 25% of revenue in 2007 and is now down to approximately 5% of industry revenues. Platinum has been substituted out of gasoline auto-catalytic converters. Recycling has increased fourfold from approximately 500koz to more than 2Moz, lessening demand for mined platinum. Auto-catalyst demand for platinum continues to decline on the back of anti-diesel sentiment in Europe. Furthermore, investment has dropped by 43%.

Opportunities

Based on work done by the Minerals Council, if the market size can be increased for PGMs, the sector could become a US\$35 billion per annum sector by 2050, versus the current \$9 billion – so the economic and transformational potential of PGMs is profound and possibly game changing for South Africa. If we can realise the potential of the world's largest PGM resource, more than 1 million extra jobs and a contribution of R8.2 trillion to South Africa's economy by 2050 are possible.

Activities and focus

The Minerals Council, under the guidance of the PLF, has developed a new draft National Platinum Strategy for South Africa. The purpose of this draft strategy is to drive a discussion with key stakeholders on developing the partnerships that will enable growth in the global PGM market. Such partnerships at the local

and global levels could help drive growth in investment and jewellery demand for platinum, grow the platinum-based hydrogen economy, promote platinum as a new reserve asset, explore new technological uses for platinum, and look at raising emission standards in BRICS countries. The Minerals Council has been engaging government and other key stakeholders on the strategy, and good progress is being made. At the investment level, the Minerals Council and PLF have encouraged the idea of adopting a VAT-free legal tender platinum bullion coin, such as a Mandela Platinum Rand. Achieving just 10% of the success of the gold Krugerrand would create five million ounces of demand over time. At the same time, promotion must also aim at growing demand into all the other sectors (investment, industrial and jewellery).

The PLF has created the World Platinum Investment Council, which is based in London and China, and focuses solely on promoting investment demand for platinum. The Minerals Council CEO is the Chairperson of its Board. The PLF also works closely with the Platinum Guild International which aims to promote platinum jewellery, particularly in China and India.

Achieving the aims of the National Platinum Strategy will require collaboration between all stakeholders, involving urgent and bold action by the South African government in the form of support which will allow the PGM sector to tackle short-term challenges while investing in its long-term future. At the same time, a concerted and co-ordinated effort by the public and private sectors, supported by the framework of a national strategy, is essential to enhance the short-term, and prevent long-term opportunities from being squandered.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED



Kumba Iron Ore – Kolomela mine

NORTHERN CAPE MINES LEADERSHIP FORUM

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

Overview and approach

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

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

Socio-economic snapshot of the Northern Cape

The Northern Cape has its own particular challenges necessitating greater collaboration by mining companies. The mining sector is the largest contributor to GDP, and with its economic growth dependent on mining, the commodity cycle has a significant impact. The sector is also the largest provider of employment in the province.

Unemployment levels in the Northern Cape are high compared to national averages. Youth unemployment sits at 45% and adult unemployment is 22%. Nearly half of the Northern Cape's population lives in poverty, with 47% of the population's consumption or household income falling below the poverty line of R335 per month.

The Northern Cape has a high number of child deaths, namely 45 per 1,000 (children below age of five years) and 77% of these deaths in the John Taolo Gaetsewe District Municipality can be attributed to non-infectious, maternal, peri-natal and nutritional conditions, which can be mitigated and prevented through improved primary healthcare. The pattern of poverty is also reflected in increased proportion of deaths to TB and HIV/AIDS, high prevalence of injury-related mortality among young adults in ZF Mgcawu and an increase in alcoholism leading to violence and child abuse. The Northern Cape has the highest rates of violence against and sexual abuse of children nationally.

Education levels are extremely low, the average matriculation rate across the four target local municipalities is only 12%. Joe Morolong and Ga-Segonyana's matriculation rates are 7% and 11% respectively. The lack of basic infrastructure services impacts the overall health and wellness of communities, and the lack of education and skills minimises the ability to escape poverty through employment.

The commodities in brief Manganese

South Africa hosts approximately 80% of the world's manganese resources and approximately 30% (200 million tonnes) of the world's reserves. This vast endowment, notwithstanding, the country

produces only 33% of the world's manganese ore and 6% of ferro-manganese alloys. Due to manganese being an important alloying element used in steel manufacture, manganese is the fourth most-traded commodity in the world. For this reason, the global demand for manganese is expected to remain relatively strong, particularly in the light of emerging economies moving up the income scale. All of this, combined with South Africa's significant reserves and resources, and the fact that manganese does not have commercially-available substitutes, means the underlying fundamentals support a thriving manganese sector.

Relative to the potential, the sector can be considered to be underperforming on two fronts, namely; one, capability to meet export demand has been capped by inadequate rail and port infrastructure and two, local beneficiation capacity has been eroded by an unsustainable increase in electricity prices, which for the mining sector have increased by 523% over the last decade. The sector employs 8,602 direct employees earning R2.6 billion.

Iron ore

South African iron ore sales for 2017 amounted to R49.3 billion. Some 75 Mt were produced, 67 Mt sold, of which 60 Mt were exported (89% exports to sales). The sector employs 17,345 direct employees, earning R5.8 billion.

Zinc

South Africa produced 31,000 tons of zinc in the form of concentrate in 2017, with all output being exported. The industry earned R990 million in revenue, converting to \$74 million in foreign exchange for the country. Zinc production has consistently declined over the years, from a peak of 116,000 tons in 1984, to the current levels, this is despite a strong rand price performance over this period.

Challenges and opportunities

A recent assessment of seven of the mining companies showed they spent approximately R1.2 billion across the four municipalities over the last five years. This total spend includes all initiatives related to the broad sphere of corporate social investment, community development, special economic development, small, micro and medium enterprise development, enterprise and supplier development; in other words, socio-economic projects aimed at building shared value for host and labour-sending communities. Nearly 50% of the total funds were spent on infrastructure development. Approximately 70% of the total investment is aimed at Joe Morolong and Gamagara, with Joe Morolong attracting the highest portion of the total spend.

Categorising spend against the NDP's basic elements of 'a decent standard of living', highlights that around 85% of investments were focused on education, skills development, roads, water, sanitation and healthcare;

with education and skills investment estimates representing a quarter of the entire portfolio's value. Investment into employment opportunities is comparatively very low despite the prominent need in target communities – only 8% of entire investment value is estimated to be spent on creating job opportunities. While mines have responded to the government imperative to share value, demand for basic infrastructure, education and skills development, employment and healthcare outstrips the impact achieved. Communities do not perceive the overall impact to be sufficient, regardless of the amount invested. Lastly, the focus on dire immediate need diverts attention from underlying root causes that need to be addressed to break the cycle of poverty.

The assessment showed that the companies were implementing infrastructure and educational projects well but that enterprise and supplier development initiatives fared poorly. But nearly all the areas could benefit from greater collaboration for greater impact and this is one of the areas that the NCMLF is making headway. Participating mining companies have outlined two levels on which to collaborate. The first level of collaboration relates to initiative selection, governance, funding and implementation, and the second dimension relates to specific priority socio-economic focus areas.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED



Northam Platinum – Booyssendal
chrome plant

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

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

In 2018, the South African chrome industry produced 18Mt which were sold for R22.1 billion. The country's annual production has more than doubled since 2009 when it was 7.6Mt as a result of increased prices. The 18,397 direct employees in the sector earned R5.2 billion in 2018.

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

This relatively new forum had its initial meeting in November 2018, prior to which its draft terms of reference had been circulated – these are now open for comment and are to be reviewed at the first meeting in 2019.

Challenges and opportunities

Ferrochrome production, for which chromite is mainly used, is electricity intensive, and therefore constrained electrical power supply as a result of the challenges at Eskom results in constrained ferrochromium production.

The Department of Trade and Industry (DTI) proposed to impose a 20% levy on unbeneficiated chrome being exported. Chrome seems to have been singled out among other commodities and the forum believes that the DTI's aim is to increase the number of smelters and jobs. The Minerals Council is reviewing how these challenges have been successfully addressed in other countries while it continues to engage the DTI and Treasury on the requirements for the downstream industry to create jobs and attract increased investment.

Other key challenges on the domestic front include the following:

- Transport costs make up approximately 68% of intermediate input costs and 40% of total input costs
- Constrained rail capacity is an impediment to growth
- Although Chinese production costs have been increasing, they are still much lower than South Africa

The Minerals Council's economics team is in the process of developing a national chrome strategy for consideration by the Chrome Leadership Forum.



Petra Diamonds – Cullinan mine

DIAMOND LEADERSHIP FORUM

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

Overview and approach

South African diamond production in 2018 was 10.5 million carats with total sales of R16.3 billion. In 2018, the industry directly employed 16,666 people who earned R5 billion.

The Diamond Leadership Forum was established to outline how the diamond mining industry can effectively work in partnership on common industry issues.

The Forum is CEO leadership driven and includes De Beers, Petra Diamonds, Trans Hex and the South African Diamond Producers Organisation.

The key objectives of the Diamond Leadership Forum are to:

- establish a co-ordinated stakeholder engagement plan for the diamond mining industry to facilitate a better policy, legislative and operating environment for the sector while working together with government to achieve our country's growth, development and transformation objectives as encapsulated in the National Development Plan
- outline issues that have or may have an impact on the diamond mining industry and develop mitigation plans
- consider interventions that the diamond mining industry may implement as a collective
- work collaboratively with other key stakeholders to engender a climate conducive for growth, development and transformation

Challenges and opportunities

The diamond industry faces various constraints. The Mining Charter, as gazetted, now applies to the diamond sector which is regulated by the Diamonds Act (2006). Requirements

for dealers and diamond beneficiators may have an adverse impact on their businesses – threatening the ability of diamond producers to meet their required gross local sales target of 15% (medium producers) and 40% (large producers). This may place further pressure on an industry that has been on a decline for the past decade. A more holistic discussion regarding the growth, transformation and competitiveness of the downstream sector is required.

In addition, illegal mining activities are on the rise in such areas as Kimberley, Koffiefontein and Namaqualand, and there are great safety, environmental and social concerns, for both the miners and communities. Illegal mining activities undermine the Kimberley Process status of South Africa, including that of companies involved in downstream activities.

A clear regulatory framework needs to be outlined in instances where illegal miners are formalised into artisanal miners. The diamond industry, the Department of Mineral Resources (DMR) and the South African Police Service need to work together to facilitate the prosecution of those involved in illegal mining.

The growing challenge of laboratory grown diamonds is also an issue of focus for the Diamond Leadership Forum.

A diamond industry champion from the DMR has been proposed by the Minerals Council who could work in partnership with a counterpart champion from the Diamond Leadership Forum to resolve the challenges facing the diamond industry and facilitate actions that would re-ignite growth.

VIEWS FROM COMMODITY/ SECTOR LEADERSHIP FORUMS

CONTINUED

CEO ZERO HARM FORUM

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

Overview and approach

The CEO Zero Harm Forum was established in 2012 with the following objectives:

- To visibly lead by example
- To drive occupational health and safety initiatives
- To share experiences to help address key challenges in a manner that will enable the industry to achieve the 2024 milestones and accelerate the industry's journey to zero harm

The CEO Zero Harm Forum member companies are African Rainbow Minerals, Anglo American Coal, Anglo American Platinum, AngloGold Ashanti, De Beers, Glencore Alloys, Glencore Coal, Gold Fields, Harmony, Implats, Kumba Iron Ore, Sasol Mining, Sibanye-Stillwater and South32.

This Forum meets every quarter of the year to:

- develop a model for industry leadership at CEO level
- model visible leadership behaviour and demonstrate commitment
- share company experiences and help each other deal with and solve key challenges
- establish working protocols with industry stakeholders and communities
- monitor and agree on adjustments to industry models for specific needs

Activities and focus

In 2018, the CEO Zero Harm Forum initiated several measures designed to urgently address the deteriorating safety performance that started in 2017. These included intensified scrutiny of the major causes of accidents, the sharing of good practice and additional research through the Mine Health and Safety Council. In addition, part of this initiative was the launch in August of the National Day of Safety & Health in Mining 2018, at which all Minerals Council members were asked to hold special days at their operations to recommit to the goal of zero harm. The ultimate goal of this initiative is to remind each and every company, manager and employee that the safety and health of employees is the uppermost priority for the industry.

We cautiously note that the National Day of Safety & Health in Mining initiative may have resulted in some progress, with an improvement in safety performance in the second half of 2018.

JUNIOR AND EMERGING MINERS' LEADERSHIP FORUM

South Africa's junior and emerging miners' sector is growing significantly. A survey completed by the Minerals Council in 2018 showed that it accounted for some 10% of the industry's revenues and expenditure. The sector's continuing growth and development requires a considered and, in many respects, differentiated regulatory regime to be administered by the authorities.

Overview and approach

The Junior and Emerging Miners' Desk was established in 2014 to service the interests of the smaller Minerals Council member companies. It has grown into 25 companies and two associations who collectively represent a further 250 smaller entities. The members are generally smaller producers in commodities which include coal, diamonds, iron ore, manganese, platinum and industrial minerals. Mining contractors, explorers and developers are also part of the Desk.

Formed in 2018, the Junior and Emerging Miners Leadership Forum (JEMLF) comprises the CEOs of 14 member companies with the Chair having a place on the Minerals Council Board.

The JEMLF member companies are Atha Group, Bauba Platinum, Clay Brick Association, Corobrick, Kalagadi Manganese, MC Mining, New Venture Mining, Opal Mining, Orion Minerals, Ledjadja Coal, South African Diamond Producers' Association, Stonewall Mining, Tshipi é Ntle Manganese and Wesizwe.

Challenges and opportunities

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

In South Africa, venture capital is not available nor has the regulatory framework been designed to support and develop this important end of the mining industry. Despite this, the junior sector is still a significant sector. Research conducted by the Junior and Emerging Miners' Desk indicates that last year the annual turnover of the sector was R54.5 billion and expenditure was R55.5 billion. Procurement was R21.2 billion and employee costs were R10.5 billion, making this a significant sub sector of the mining industry.

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

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

There are also opportunities in specialist financing arrangements catering for this sector. Both the

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

Activities and focus

Perhaps the most important contribution of the JEMLF so far has been the inclusion of a more relevant regime for junior companies in Mining Charter III. The JEMLF canvassed its members and produced a position paper which was fed into the overall Charter negotiation process. While it was felt by the sector that the Charter did not go far enough with respect to junior mining, concessions were reached on prospecting, ownership and employment equity.

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

An MoU has been developed with the DMR on common areas of collaboration.

The profile of the junior sector has also been raised significantly through media interviews, briefings and conference participation.


STRATEGIC GOAL 1



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

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- 61 Alliances and collaboration
- 63 Broadening membership to include emerging miners

 Petra Diamonds – Cullinan mine

#MakingMiningMatter

LEADERSHIP ROLE



The Minerals Council endeavours to play a leadership role in setting a business agenda for transformative change, ethical leadership and good governance. The following provides some insight into how the Minerals Council pursued this objective during 2018, discussing the successes and challenges, and plans for the coming year.

The year 2018 saw the development and consolidation of two key policy concepts designed to enhance the Minerals Council's and its members' commitment to responsible mining, good corporate citizenship and earning their social licence to operate. The first was the Membership Compact and the second, a Human Rights Framework.

Membership Compact

By the end of 2018, all Minerals Council members had signed their commitment to the Membership Compact¹. Adherence to the compact is a condition for membership of the organisation. Already, two applicants have been declined membership because, in our view, their track records do not merit membership in terms of the Compact. Certain members have been approached to reconsider their policies on certain matters where, in the opinion of the Minerals Council leadership, they were failing the adherence test.

Human Rights Framework

A second key deliverable in 2018 was the adoption of the industry's Human Rights Framework. We undertook this journey with member companies with full support from our Board.

Human rights issues are embedded in our laws, and the guiding principles of our Membership Compact provide that members will: *'Respect fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by their activities'*. Most of our members

subscribe to many international human rights standards including the United Nations Guiding Principles on Business and Human Rights (UNGPs), the principles of the ICMM and the United Nations Sustainable Development Goals (SDGs), among others. Nonetheless, as part of our response to issues and concerns raised by our stakeholders, which includes respect for human rights, the industry resolved to develop a Human Rights Framework for the South African mining industry.

Globally, the mining industry has been under pressure to adopt improved human rights standards. While historically human rights were seen by many to be only applicable to the relationship between individuals and the state, this has changed. On an international level, there have been developments in the relationship between business and human rights. The UNGPs state that businesses should respect human rights. This means that business should avoid infringing on human rights and should remedy any adverse human rights impacts for which they are responsible.

The mining industry's Framework is aligned with the UNGPs, in order to guide the industry on how to avoid or mitigate possible adverse and unavoidable impacts during operations.

The development of the Framework was an extensive process that not only looked at the theory of what our Framework could look like but was also an intense scrutiny of our operations to see where we might be impacting human rights.

The outcome was the development of a Framework with seven key performance areas: environmental management and conservation; health and safety; governance and ethics; security and human rights; transformation; human rights at the workplace; and land-use and resettlements. Engagements relating to the Framework will continue with civil society and community representatives to ensure that it is fit for purpose.

We believe that these actions will lead to improved risk management with less chance of business disruption, public protests and criticism, litigation, reputational harm and impairment to employees. In addition, adherence to the Human Rights Framework should start to address some issues raised by the South African Human Rights Commission (SAHRC) in its 2018 report titled, *Underlying socio-economic challenges of mining-affected communities in South Africa*. The report covers findings and recommendations in the areas of environmental protection, relocation and compensation, social and labour plans, consultation, mine closure processes, water resource and management, land-use management and housing. These are all matters on which the Framework focuses.

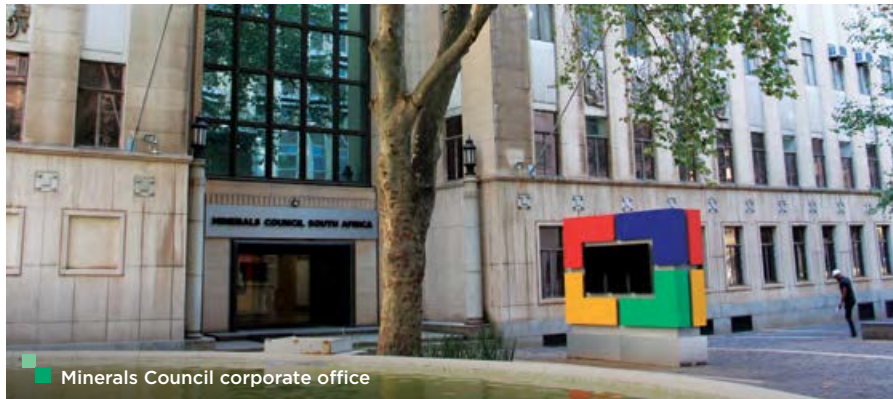
We are confident that our new approach to respect for human rights will result in improved relationships with workers, communities and other stakeholders, resulting in greater trust and a strengthened social licence to operate. In the areas where there is potential impact, we are committed to working continuously with the government and other stakeholders to minimise this as well as to remedy impacts where they cannot be avoided.



1: www.mineralscouncil.org.za/special-features/158-membership-compact

REPOSITIONING OF THE MINERALS COUNCIL

The Chamber of Mines of South Africa was renamed the Minerals Council South Africa on 23 May 2018. This was the culmination of three years or more of work, much research and a vision of a new industry and a new organisation.



Minerals Council corporate office

The decision to rename and relaunch was not taken lightly. The intention was not to discard the long history of the contribution made by the Chamber of Mines or to brush under the carpet the negative associations of its past. At the heart of the decision was pride in what the industry has achieved; acknowledgment of the past; and a laying of a foundation for its future.

An important part of this new brand and identity is demonstrating what we stand for, and how we guide our members and hold them to account. Our revised Membership Compact holds all members accountable to our mandatory code of ethical business conduct. Following its approval, all members have signed the compact.

As part of our focus on streamlining our efforts and promoting collaboration within the mining industry, all committee structures have been modernised and new leadership forums established.

Not only have our efforts been spent on improving the structures involved in promoting the bigger mining companies, but material progress was made in broadening

our mid-tier, emerging and junior mining membership. Our focus on representing the interests of junior and emerging miners has certainly increased and the Junior and Emerging Miners' Leadership Forum was established with a seat on the Board. (See page 63 for more information.)

Our priorities today, perhaps more so than in the past, are good corporate citizenship, social and environmental responsibility, competitiveness, growth and transformation. We invite stakeholders to judge us by the standards to which we aspire, and our performance today, and not of yesteryear. As an industry, we want to ensure that mining matters, for our employees and their families, our shareholders, our neighbours and communities, for our customers and suppliers, the users of our products, and for the nation as a whole.

The Minerals Council's plans for the future are based on an understanding and acknowledgment of its past. We know and understand that – over the past 125 years – the industry has not always acted in the best interests of all stakeholders, especially employees and their families.

Vision for competitiveness and growth

The objective of creating a stable, predictable and competitive policy, regulatory and operating environment that encourages long-term investment in mining is paramount and has been emphasised by the Minerals Council. The last year saw a significant increase in dialogue on how to achieve competitiveness and growth in the sector.

The appointment of Mr Gwede Mantashe as the new Minister of Mineral Resources in February 2018, has opened up noteworthy dialogue between the Minister, the DMR and the Minerals Council, organised labour and communities.

Apart from the task team established to negotiate a new Mining Charter, a growth and competitiveness task team was also created. The work of this team culminated in a Leadership Social Pact for competitiveness, growth and transformation among key stakeholders which was signed on 29 January 2019.

In addition to the work of the task team on competitiveness, the Minister started discussions with industry on growth and competitiveness constraints in the lead up to the government's Investment Summit in November 2018. Several CEO sessions, representing the Minerals Council's Commodity Leadership Forums, have taken place with Minister Mantashe. National strategies for each commodity are being developed and it is quite clear that the sectors for some commodities are in difficulty and need restructuring.



Enhanced communications and promotion of a positive image

The Minerals Council's communications efforts have been vastly stepped up over the past two years, with a comprehensive communications programme of trend scanning, identification of emerging issues, and content and channel development in place.

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

The Minerals Council has outsourced its communications function to an external agency, but in such a way that the agency team has become an integral part of the Minerals Council's functioning. The Minerals Council endeavours to be proactive in its engagement with the media and other audiences, and to be highly responsive. A survey of key members of the media undertaken in late 2018 indicated a high degree of satisfaction by journalists with regard to the content, responsiveness and accessibility of the Minerals Council's communications.

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

Several initiatives were undertaken during 2018, the primary ones being:



The redevelopment of the corporate identity and brand, and the extension of this brand into all collaterals – not only visually, but also in terms of tone and content. As part of this process, the Minerals Council produced a commemorative publication, looking back at the past and forward to the future.



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



The development of content that is relevant and useful on subjects that are central to the industry. The Minerals Council's database of fact sheets, ranging from safety and health, to illegal mining, to modernisation and skills development are updated at least annually. These are supported by in-depth position papers and infographics on topical issues. This information resides on the Minerals Council website, which was redeveloped in 2018 to provide a user-focused experience.



The development of thematic campaigns. Two initiatives worthy of mention were the production of a video on the need for competitiveness in the South African mining industry, and what this meant and would require; and the platforms for the National Day of Safety and Health in Mining.



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

APPROACH TO COMMUNICATION

transparency	timeliness	relevance
knowledge-sharing	access	engagement

See Communications activities in 2018 infographic overleaf

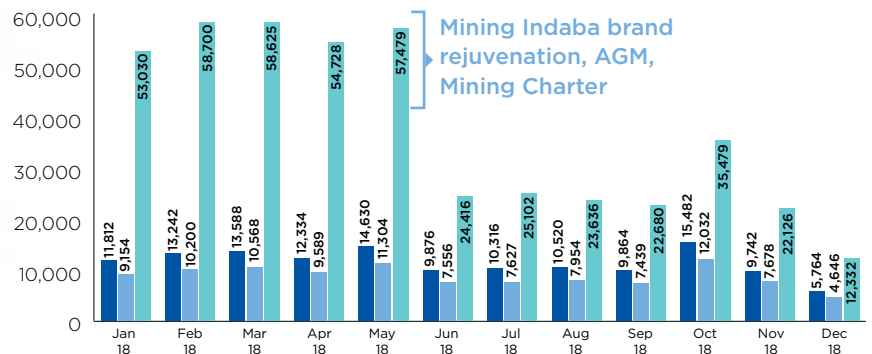
COMMUNICATIONS ACTIVITIES IN 2018

WEBSITE

The Minerals Council South Africa's website is an important communications resource for a wide range of audiences. It is regularly updated to reflect the main 'stories' of the week in the mining sector. One of the highlights of 2018 was the launch of the new website on 23 May 2018 as part of the Minerals Council brand rejuvenation.



Visitor trend



TOTAL
VISITS

UNIQUE
VISITORS

PAGE VIEWS

137,152

99,913

448,333



Top 2018 document
downloads

Facts and Figures



10,541
DOWNLOADS

Women in mining fact sheet



9,862
DOWNLOADS

Corporate profile



8,625
DOWNLOADS

MEDIA ENGAGEMENT AND COVERAGE

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

MEDIA ENGAGEMENT

PROACTIVE





Key media engagements

Why competitiveness matters – Discussion on Mining Charter III

Without competitiveness and growth in mining, transformation cannot be achieved

Jun 20 2018 06:30 Roger Baxter

Launch of the Minerals Council South Africa

Chamber of Mines announces name change to align with future vision

May 23 2018 10:47 Sibongile Khumalo

Launch of the National Day of Safety and Health

Mining industry reaffirms commitment to safety with campaign launch



JOHLANNESBURG (miningweekly.com) – The Minerals Council South Africa (MCSA), formerly known as the Chamber of Mines, has today launched its National Day of Safety and Health to bring the mining industry's focus on safety and health to the forefront of the sector's agenda.

Mining Indaba 2018

Four possible futures for SA's coal mines

Thu 09 2018 18:47 Laurence Grayson

Cape Town – The global drive towards lower carbon emissions and regulations addressing climate change are among the challenges to the coal mining sector, according to research by the Chamber of Mines.

The chamber's coal leadership forum released its coal strategy report at a briefing on the sidelines of the 2018 African Mining Indaba in Cape Town on Wednesday.

The strategy report was developed to determine how mining groups could continue producing coal in a world which is trying to manage climate change, according to Henk Langenhoven, chief economist at the chamber.

Coal mining is a significant contributor to the South African economy, said Langenhoven.

It accounts for 81 000 direct jobs, and an estimated 170 000 indirect jobs. The industry paid employees R22bn in 2016.



Mining Charter

Charter a stepping stone towards mining industry recovery, but tech adoption needed



Council to talk about charter

After December

The Minerals Council SA will talk to members of the mining industry about the Mining Charter, a document that sets out the rules of the game for the mining sector. The council will also discuss the challenges facing the industry and the need for a new Mining Charter. The council will also discuss the challenges facing the industry and the need for a new Mining Charter.

Mining Charter III – why competitiveness matters

As Mining Charter III was being finalised, Minerals Council Board members were asked to provide some insight into why competitiveness matters for the South African mining industry. This campaign was launched on 5 July 2018 with each social media post showcasing a quote from each member and linking to the website.



Media coverage

1 January 2018 – 31 December 2018



(5,590 articles)

Broadcast — 19%

Print — 33%

Online — 48%

During the period 1 January to 31 December 2018 the article count was:

2018

Broadcast:

1,053 (19%)

Print:

1,864 (33%)

Online:

2,673 (48%)

The AVE* for the period 1 January to 31 December 2018 was R342.35 million (2017: R446.88 million), with an estimated circulation of **3.29 billion** (2017: 4.00 billion) **readers/viewers**.

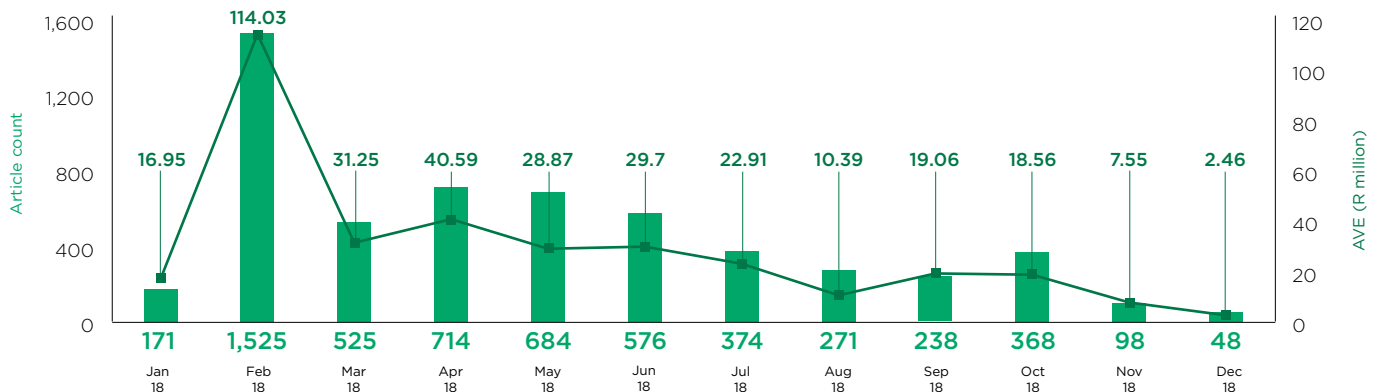
* AVE is the cost of buying space had the article been an advertisement. AVE is calculated by measuring column centimetres (print), seconds (broadcast) or hits (online) and multiplying these figures by the medium's advertising rates. It is an imperfect measure, but a useful indicator. It does not consider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

COMMUNICATIONS ACTIVITIES IN 2018 CONTINUED

MEDIA ENGAGEMENT AND COVERAGE CONTINUED

Media coverage

Monthly article count and AVE



SOCIAL MEDIA



In 2018, the Minerals Council South Africa's social media platforms (Facebook, Twitter and LinkedIn) promoted 10 campaigns focused on reinforcing members' knowledge of social issues, while sharing valuable information about South African mining.

In 2018 the platforms grew to have:



Top initiatives

National Day of Safety and Health in Mining 2018

The National Day of Safety and Health campaign launched at the Minerals Council's offices on 17 August with a live stream of the event, encouraging member companies to host their own safety and health days.



World AIDS Day campaign

On 1 December, the World AIDS Day campaign was launched, encouraging members and followers to take charge of their lives by being tested. #KnowYourStatus #TakeChargeOfYourLife.



Masoyise iTB campaign

The Masoyise iTB campaign reinforced messaging around TB prevention, testing and treatment compliance in the South African mining industry.



RESOLVING LEGACY ISSUES



Pension fund payments and compensation

The Minerals Council, in collaboration with the then Financial Services Board (now called the Financial Sector Conduct Authority) and the Presidency's Department of Planning, Monitoring and Evaluation, facilitated engagements with various mining-related retirement funds to fast track the tracing of former mine workers and to improve the payments of unclaimed benefits.

Furthermore, the Minerals Council has continued to implement the ex-mineworker project which is an initiative that seeks to ensure that former mine workers have access to their medical benefit examinations and unclaimed benefits. The Minerals Council and some of its gold member companies (under the Gold Working Group) have provided assistance of nearly R200 million to the National Department of Health's Medical Bureau for Occupational Diseases (MBOD) and Compensation Commissioner for Occupational Diseases (CCOD) to improve efficiencies and business processes at these facilities. The outcomes of these interventions are as follows:

Database: Capturing of data from hard copy files (originally 200,000 compensatable files, followed by a further 500,000). This helped to provide a more comprehensive online reference database to supply data for the Fund's actuarial valuations. (These are now up to date.)

Additional staff: The appointment of a project manager, MBOD director secondment, certification doctor secondment as well as additional support staff.

Financial and IT assistance: An independent service provider was contracted to provide the MBOD with accounting assistance (in relation to financial statements), business process improvements and related IT support. As a result, financial statements have been completed for

2010 to 2014. The audit of the 2014/15 financial statements is currently underway. In addition, an online reference database has been created, claim processing has been improved and a new administration system was created in 2018 when the previous system stopped working.

Services to ex-mineworkers:

This included assistance with Occupational Health Centres, outreach programmes, tracing of unpaid claimants to obtain outstanding claim documentation and assistance with obtaining service records from TEBA.

Call Centre: External service provider contracted to provide an inbound call centre and to assist with outbound calls to contact previously-certified claimants.

Tracing of certified but unpaid claims

The MBOD previously estimated that there are approximately 100,000 claimants in the certified but unpaid claims category (based on current data).

Significant efforts have been made in the past four years to find these claimants, including interaction with previous employers, provident funds, outreach programmes and targeted desktop tracing (via TEBA, as well as the Logistics Co-ordinating Centre).

The above resulted in a significant increase in the number of claim payments at the MBOD (from 3,000 in the year to September 2017 to 11,300 in the year to September 2018).



MBOD outreach programme

Potential claimants who have not yet reported a claim

During the past four years, several outreach programmes have been arranged, generally sending mobile units to specific locations to screen former mineworkers for occupational lung diseases. These programmes require significant effort to communicate with all stakeholders, arrange venues and appointments, and organise travel and accommodation to send administrative staff and medical units to the event. One draw-back was the lack of permanent facilities once the programme concludes.

In addition, permanent occupational health centres have been set up in a number of locations (Carletonville, Mthatha, Kuruman and Burgersfort) to provide medical examinations to former mineworkers.

Although important lessons were learned in the process, these programmes did not result in a significant increase in claims reported to the MBOD. By way of example, only 2% of claims paid by the MBOD in the past two years were sourced from these programmes.

FOSTERING COLLABORATION AND PARTNERSHIP

In 2018, challenges facing communities remained a prominent issue in the mining industry. Protests and tensions around host communities continued, driven mainly by a lack of service delivery and job opportunities and the subsequent desire for access to economic activities at mines.



Ledjadja Coal – Boikarabelo

The Minerals Council consequently took a decision to assist members to address some of these challenges in collaboration with each other, and also to facilitate co-ordinated engagement with other stakeholders, including local government and communities. This initiative will include collaboration on corporate social investment work. By building stronger stakeholder relationships, the challenges faced by local communities can be better understood, and impactful solutions co-created with all relevant stakeholders.

As a result, two pilot projects have been established, one in Mpumalanga and another in the Northern Cape.

The office in Emalahleni, Mpumalanga, established at the behest of the Coal Leadership Forum (CLF), is making strides to improve the ability of the industry to effectively engage with local stakeholders (communities, government, and other interested and affected parties) on a range of issues.

The Northern Cape office will be located in Kuruman and will be operational in the second quarter of 2019.

A collaborative approach has been formally adopted in the Mpumalanga Coalfields (Nkangala District) and the Northern Cape. Collaborative efforts will focus on sharing best practices and joint community development efforts over and above legislated compliance requirements.

In Mpumalanga, it quickly became apparent that the task would be more complicated than initially envisaged. It would mean more than simply consulting to decide on what collaborative project would be best for the local companies and communities, and then implementing the social investment project. Rather, it became clear that the initial challenge would be a major exercise in multiparty consultation including communities, government and the industry. This would be necessary to achieve 'institutional alignment', a necessary precondition for successful implementation.

The CLF has mandated the Emalahleni office to engage with the relevant national, provincial and local governments in pursuit of meaningful government relations and alignment. The envisaged outcome is clarity on the roles and responsibilities of all parties and ensuring that communities are recognised as key stakeholders and beneficiaries of mining contributions to help change the socio-political landscape in which we operate.

The office's work also includes municipal capacity building and improved community engagement. In its dialogue with municipalities, the Minerals Council is engaging with the mayors' advisors and municipal heads of local economic development and integrated development plans. Included in these talks are mine representatives responsible for social and labour plans and community engagement. The purpose is to ensure that all parties are aligned, and community needs receive the correct response.

The office is also busy with two key studies on the impact of skills training and enterprise development. The purpose of these studies is to determine what programmes have been undertaken, what lessons learned and what should be focused on in future.

Work is also underway on the role of coal in the future of the energy sector. The Mpumalanga Coalfields 2030+ is a project designed to support the communities and economies of Mpumalanga to understand, design and collaborate around building a sustainable and resilient future for the region.

One of the major challenges for South Africa is how to transition justly to a low-carbon economy. Given the heavy reliance on coal as a primary source of energy, such a transition will disproportionately affect the Mpumalanga province, the home of the bulk of coal-fired power stations in South Africa.

The Northern Cape Mining Community project is a collaborative initiative between the mining companies operating in the province, conducted under the auspices of the Minerals Council. The companies recognise the importance of improving their development programmes and the need to collaborate to increase the efficacy of their efforts.

ALLIANCES AND COLLABORATION



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



Representation on the Minerals and Petroleum Board

The Minerals Council has representation on the DMR's Minerals and Petroleum Board.

In 2018, through its participation, the Minerals Council ensured that the implementation of the provisions of Section 52 of the MPRDA did not adversely impact mining companies. It also made certain that the decisions and recommendations of the Board were generally sound, rational and did not compromise the viability and continued sustainability of mining companies, while balancing other key societal interests.

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



Economics discipline

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

The Minerals Council was also represented at the Busa working group on the Jobs Summit on six occasions during August and September and at the Summit itself



Sibanye-Stillwater – PGM operations

in October; a working session of the Investment Summit at Busa in October; and the Trade and Industry Chamber sessions at the National Economic Development and Labour Council (Nedlac).



Re-establishing trust with global mining and investment community

During 2018, the Minerals Council met with numerous investors and international organisations, including ratings agencies, to put the case of the South African mining sector. The Minerals Council is a reliable source of extensive information and knowledge on the country's mining industry and is perfectly positioned to provide global investor communities with vital insight on national trends, relevant context and policy.



Skills development

The Skills Development discipline participates in a number of fora that engage on critical skills development and human capital matters, in collaboration with different social partners.

Under the banner of Busa, the Minerals Council engaged with various stakeholders regarding the challenges and implementation of the Youth Employment Service (YES) programme. The YES programme was established under the auspices of the CEO Initiative and was proposed as a pathway to address the challenges of high youth unemployment, and the obstacles unemployed youth experience in acquiring adequate workplace exposure to become more employable.

ALLIANCES AND COLLABORATION CONTINUED



AngloGold Ashanti – Mponeng

Apart from the Minerals Council's engagements with stakeholders to ensure a 'business friendly' and sustainable programme, Busa held capacity-building workshops for early adopters to understand how the YES programme would work. The workshops also focused on unpacking the DTI YES Practice note to ensure effective implementation of the programme.

The Skills Development discipline was also a key role-player in and contributor to the work of the Jobs Summit on the education and skills workstream.



**Mine Health and
Safety Council**

The Minerals Council is part of the Mine Health and Safety Council (MHSC), a tripartite organisation that advises the Minister of Mineral Resources on matters of health and safety. Several Minerals Council members serve on the advisory committees to the MHSC: the Mining Occupational Health Advisory Committee (MOHAC), Mining Industry TB and HIV/AIDS Advisory Committee

(MITHAC), Safety in Mining Research Advisory Committee (SIMRAC), and Culture Transformation Advisory Committee (CTAC).

The Minerals Council was involved in the development of a number of guidelines and advisory notes in 2018, including the *TB Guidance* note which is a revision of the previous document. The new guidance note recognises the latest developments in the treatment of TB.

In addition, the tripartite stakeholders developed, reviewed and approved the following:

- DMR 276 form (*Employee's record of hazardous work*)
- Thermal stress reporting forms
- *Guideline for the compilation of a mandatory code of practice for the prevention of flammable gas and coal dust explosions in collieries*
- *Guideline for compilation of a mandatory code of practice on the management of self-contained self-rescuers in mines*

Through national workshops, the Minerals Council also participated in popularising the *Guideline for the compilation of a mandatory code of*

practice for an occupational health programme (occupational hygiene and medical surveillance) on personal exposure to airborne pollutants. It is hoped that, as a result of the new guideline, there will be improvements in how dust is measured and controlled on mines. An industry workshop to discuss the challenges encountered by the mining industry on carbon monoxide was also held and it made recommendations for adoption by the MHSC.

Minerals Council officials also participated in SIMRAC and two major pieces of research were completed:

- **SIM 170603** *The reproducibility of digital and analogue x-ray readings for medical surveillance in the South African mining industry to determine the reproducibility of digital and analogue chest radiography for detection of silicosis and silicosis with pulmonary tuberculosis.* The outcomes of this research will make it possible for the industry to move away from certification based on analogue x-rays that are no longer in use.
- **SIM 150601** *Develop methodologies for the measurement of diesel exhaust emissions and diesel particulate matter.* This work has contributed to a better understanding of how diesel emissions and particulate matter can be measured.

The third Occupational Health Dialogue was held in March 2018. The Occupational Health Dialogue is a useful platform for sharing of best practices and disseminating information on health matters in the industry. Progress towards the occupational health milestones, TB and HIV/AIDS, management of chronic diseases and compensation for occupational diseases were all discussed. A key concern raised was the closure of mine hospitals and outsourcing of services. The matter is still under consideration at MOHAC.

BROADENING MEMBERSHIP TO INCLUDE EMERGING MINERS



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



Orion Minerals – Prieska

The establishment of a Junior and Emerging Miners' Leadership Forum (JEMLF) comprising almost a dozen CEOs has intensified that trend. Its chair sits on the Minerals Council Board representing the constituency.

As at the end of 2018, this sector of the Minerals Council encompassed 25 firms and two associations – the Clay Brick Association of South Africa and the South African Diamond Producers' Organisation.

In line with the decision to hold public workshops on policy issues for all junior miners (not just members) the Desk held a skills development workshop in 2018.

Internally, the Desk and the JEMLF held discussions and produced a policy document on Mining Charter III, which was

fed by the Minerals Council into consultations with government on the new Charter. These submissions appear to have been heard as the final version included lesser or more appropriate obligations for junior and emerging miners. However, there remain some unsatisfactory provisions.

The Minerals Council is in the process of developing an MoU with the DMR on junior miners, and has also engaged with the Parliamentary Portfolio Committee on Mineral Resources on their behalf.

The Desk has engaged with both the Industrial Development Corporation and the Public Investment Corporation on setting up junior miners' funds. It has also discussed human resources and

other issues with the University of the Witwatersrand.

In 2018, the Desk produced a research report on junior and emerging mining in South Africa, which was published at the 2019 Mining Indaba. Stage 2 of the project will incorporate a qualitative review of the sector.

The Desk and the Forum in 2018 significantly raised the profile of the junior mining sector through media interviews and briefings, and participation in various conferences.

The helpdesk receives a huge number of queries, predominantly from non-members. The intention is to work more closely with the DMR in this regard.



See page 51 for more information

SECTION 4

STRATEGIC GOAL 2



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

IN THIS SECTION

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#MakingMiningMatter

POLICY ENVIRONMENT



The Minerals Council acts to create an enabling policy environment for the mining sector, engaging with all stakeholders on all policies that impact the sector to ensure that they are stable, competitive and predictable in order to promote investment and transformation. It is the 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.

Engagement with the Department of Mineral Resources

Gwede Mantashe's appointment as the new Minister of Mineral Resources in February 2018 was the beginning of an important development for the mining industry as the Minister showed his willingness to engage. There have been regular talks on policy and regulatory issues, detailed elsewhere in this report. In addition, there have been engagements between the Minister and his team on the one hand, and a range of Minerals Council commodity structures at CEO level on the other. These engagements have seen in-depth discussion on the needs of different sectors which, should they come to fruition, would enhance competitiveness, investment and transformation.

Economic engagement

During 2018, the Minerals Council was involved in research and engaged policy makers on many economic issues. Key among these engagements were those related to the Eskom crisis.

The Minerals Council was represented at several meetings of Business Unity South Africa's (Busa) Energy Sub-Committee, including a session on the Integrated Resource Plan. The organisation also attended a Strategy Review Session by Eskom at Busa and a Department of Public Enterprises'

meeting regarding the 'Special Pricing Arrangement' between itself and Nersa.

The tariff application by Eskom for the Multi-Year Price Determination to Nersa (and further Regulated Clearing Account) was released in September. The application was studied by the Minerals Council and a submission made to Nersa in November 2018.

Other productive engagements were conducted throughout the year with key government representatives.

Skills development

The Minerals Council's Skills Development discipline is actively involved with various institutions, and participates in committees and structures that deliberate and engage on skills development policy, legislation and regulations that not only affect the South African mining sector but also have an impact at national level.

Among others, the Minerals Council is represented on statutory bodies such as the Mining Qualifications Authority (MQA), Human Resource Development Council of South Africa, National Skills Authority (NSA), and the Quality Council for Trades and Occupations (QCTO).

The Minerals Council is also an active participant in several national, sectoral and ministerial task teams and/or committees. Examples of these are the National Artisan Development Advisory Body (NADAB), task team for the

advancing of TVT education and training, Nedlac task team on Free Higher Education, Nedlac task team on the National Skills Development Plan (NSDP) and the International Labour Organization (ILO) teams that address the future of work.

The Skills Development discipline is also a major contributor to the work of Busa in the social policy space and more specifically in the areas of human resources and skills development.

During 2018, the Minerals Council was involved in various policy, legislation and regulation engagements. These included:

- The NSDP to ensure that the skills challenges being experienced as a sector and as a country are addressed. Engagements during the development of the NSDP were robust and extensive and, after three iterations, agreement was reached on a plan that was amenable to all social partners.
- DTI Amendments to the BBBEE Legislation & Regulations to accommodate the YES programme.
- The Skills Development discipline, through Busa, was a key member of the discussions and deliberations at Nedlac on the amendments to the Employment Equity Act. These intensive engagements resulted in proposed amendments that were widely accepted across business.

Environmental sustainability

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

POLICY ENVIRONMENT CONTINUED

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



The following are key achievements in the period under review.

1

Mine Residue Deposit and Stockpile classification

The Minerals Council has for several years engaged with the Department of Environmental Affairs (DEA) regarding the policy shift by the DEA which led to the classification of Mine Residue Deposit and Stockpile (MRDS), initially as hazardous waste and later as waste under the National Environmental Management (NEM): Waste Act. These engagements took place through industry forum meetings, bilateral meetings with the DEA, and at national conferences. Throughout these engagements, the Minerals Council presented a consistent message that MRDS is a resource and hence defining it as waste threatens economic development and would cause job losses. Finally, in 2018, the DEA agreed the definition of MRDS as waste was erroneous and put forward a legislative amendment through The National Environmental Management Laws Amendment (NEMLA) 4 Bill to remove MRDS under the definition of waste in the NEM: Waste Act.

2

Mine water resources management policies

The Minerals Council undertook several engagements, directly and through written submissions, with the Department of Water and Sanitation (DWS) regarding its draft Mine Water

Management Policy and the National Water and Sanitation Master Plan that it had published for comment. The issues that underpinned Minerals Council engagement with the DWS on the draft Mine Water Management Policy are the duplication and contradictions of the policy proposals with the National Environmental Management Act, the Minerals and Petroleum Resources Development Act and other legislation that already exists.

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

The Minerals Council is awaiting response from the DWS on its


written submission regarding the draft Mine Water Management Policy and a Cabinet decision on the draft National Water and Sanitation Master Plan.

3

Industry Waste Forum

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



 Sibanye-Stillwater – Gauteng gold operation



4 Raw water tariff consultations

The Minerals Council provided thought leadership during engagements with the DWS with regard to setting raw water charges for the next financial year. As a result of strong lobbying and advocacy efforts by the Minerals Council, the Minister approved no increases in certain areas of the tariffs e.g. infrastructure charges for the next financial year.

5 Multi-stakeholder Committee on Chemicals Management

Through the Multi-stakeholder Committee on Chemicals Management, the Minerals Council engaged with the DEA on its draft national policy on chemicals management, by dialogue and written submission. The Multi-stakeholder Committee on Chemicals Management is a committee formed and hosted quarterly by the DEA to deal with cross-sector chemicals management issues and policy developments. The development of the draft policy has since ceased as a result of extensive law reform taking place within the DEA.

6 Mercury Convention

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

The Minerals Council played a pivotal role in engagements with government on a bilateral basis and in multi-stakeholder engagements. The government was informed that the South African gold mining industry had for years stopped the use of mercury in their gold production and processing.

7 Implementation of the National Climate Change Response Policy

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

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

Labour policy engagement

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

Employment of foreign staff

The Minerals Council engaged with the departments of Labour and Home Affairs to address the challenges posed by provisions in the Employment Services Act and the Immigration Act. The legislation requires employers who wish to employ foreign workers to prove that, despite diligent search, they are unable to find South Africans who can do the work. Both departments are interpreting the legislation to apply to instances where mining companies apply for corporate visas due to mergers, acquisitions and business transfers. This has led to visa applications of members being declined.

The two departments are considering representations made by the Minerals Council and it was agreed that, in the interim, the Minerals Council will refer all challenging applications to identified Labour Department officials for processing and consideration.

The Minerals Council also engaged with the Unemployment Insurance Fund (UIF) regarding the change in legislation in terms of which all foreign workers are now required to contribute to the UIF. The engagements were intended to ensure that proper systems and infrastructure are in place to enable foreign mineworkers who exit the industry to access their unemployment insurance benefits. Through this intervention, the UIF held meetings and training sessions with the industry unions and human resources personnel to apprise them of the legislative changes and the claims process.

LEGISLATIVE AND REGULATORY ENVIRONMENT

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

Mining Charter

The year 2018 saw a number of developments on key legislative and regulatory matters affecting the mining industry, with the Mining Charter at the forefront of this.

On his appointment in February 2018, Mineral Resources Minister Gwede Mantashe set about implementing key changes designed to crack down on corruption. He also resolved to make inroads on other regulatory concerns, including progress on the finalisation of a new Mining Charter.

The Minerals Council participated in consultations which involved the tabling of a draft new Charter in June 2018, and the gazetting of a new Charter on 27 September 2018. The Minerals Council has taken the view that the new Charter is an advance on previous drafts.

However, one serious concern remains – the failure of the new Charter to fully recognise the continuing consequences of previous transactions. The Charter stipulates that there is no such recognition in respect of the renewal or transfer of mining rights. The Minerals Council has been in dialogue with the Minister on this matter but, given that the issues were not timeously resolved within the 180-day timeline constraint for instituting a judicial review application, the Minerals Council had no other option but to pursue the legal route to reserve its rights. The judicial review application was accordingly issued on 26 March 2019 and we now await the response from the Minister and the DMR. Notwithstanding the legal action, it is hoped that the issues can still be

resolved through engagement with the Minister.

Mining licensing system

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

The Minerals Council was intimately involved in the following legislative and regulatory work during 2018

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

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

On 4 April 2018, the North Gauteng High Court granted a Declaratory Order in favour of the Minerals Council confirming the principle of the recognition of the continuing consequences of previous transactions, or the “once empowered, always empowered” principle as it is otherwise known. This technically means that mining companies would not be compelled to permanently ‘top up’ their black shareholding if existing black shareholders, for any reason, exit or dispose of their shareholdings. Although the DMR gave notice of their intention to appeal the Declarator Judgment on 20 April 2018, the Minister of

Mineral Resources, despite follow-up enquires from the Minerals Council, did very little to progress the appeal. This approach left the Minerals Council and its members in a precarious situation as the notice of appeal suspended the Declarator Judgment Order. The Minerals Council approached the Minister in February 2019 to discuss the Minister’s intentions around his application for leave to appeal. The parties agreed that they will jointly approach the Supreme Court to have the application for leave set down for hearing and are now awaiting the allocation date for the hearing.

MPRDA Amendment Bill

The Minister of Mineral Resources briefed the Portfolio Committee on Mineral Resources in August 2018 and expressed his intention to propose to the Cabinet that the MPRDA Amendment Bill, which has been under discussion since 2012, be withdrawn. The Minister is of the view that the current act is adequate to govern the industry. We are still awaiting institution of the parliamentary processes to effect the withdrawal of the Bill and will continue to monitor these developments.

We will also monitor progress towards a set of new amendments originally carried in the Bill on which there was consensus and which would enhance the regulatory environment.

Land Reform: Review of Section 25 of the Constitution

The Minerals Council and its members participated in the broader land reform debate regarding the amendment of Section 25 of the Constitution. The Minerals Council and its members recognise that the issue of land reform is a social justice and constitutional imperative which must be addressed, given South Africa’s unique history of dispossession and the triple challenges of poverty, structural inequality and unemployment. We are



committed to working collaboratively with the state to achieve the objective of effective and sustainable land reform.

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

We believe it might be more appropriate to give effect to Section 25 of the Constitution through appropriate legislation, policy and other measures which facilitate equitable access to land. It would also be useful if the government provides a land reform framework plan, detailing the objectives; categories of properties (including priority categories) which will be impacted; the approximate timeline for implementation; and approximate costs, to enable the Minerals Council and its members to identify specific contributions they can make to address the historical and current challenges of land reform.

Diesel rebate reform system

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

In August 2018, the Minerals Council's Tax Policy Committee members participated in a series of consultative workshops with National Treasury and SARS to discuss their draft proposals regarding a new diesel refund designed to address the challenges identified by the mining industry. The main proposals related to a separate diesel refund system, delinking the

diesel refund system from the VAT system; changing the emphasis from qualifying users to those primary production activities the scheme aims to assist; changes to logbook and recordkeeping obligations; changes to administrative enforcement and taxpayer compliance; and the consideration of a special dispensation for small-scale users.

There were unfortunately no specific proposals in the 2019 Budget regarding the revised diesel rebate reform system and hence it is unlikely that there will be any draft legislative changes for public comment and consultation during the 2019 legislative cycle. The Minerals Council continues to monitor this issue.

Amendment of Section 6 of the Mineral and Petroleum Resources Royalty Act, 2008

The Taxation Laws Amendment Bill, 2018, introduced the proposed amendment of Section 6 of the Mineral and Petroleum Resources Royalty Act, 2008 (Royalty Act). The wording of the proposed amendment was misaligned to the original policy intent, i.e. to exclude transport, insurance and handling costs as reflected in the Explanatory Memorandum, resulting in the wording being open to interpretation and creating uncertainty as to whether the costs of transport, insurance and handling of the final product or mineral were excluded or not. The proposed amendment was also misaligned to the outcome of the declaratory judgment in the United Manganese of Kalahari vs CSARS (Case No. 74158/2016, delivered on 3 October 2017 in the Gauteng Provincial Division, Pretoria) (the UMK case), where the court specifically interpreted Section 6(3)(b) of the Royalty Act and ruled that the gross sales amount must exclude the costs of transport, insurance and handling of the mineral.

In its submissions to National Treasury, the Minerals Council's Tax Policy Committee recommended that SARS align the wording of the proposed amendment with the policy intent expressed in the Explanatory Memorandum and reflect the outcome of the declaratory judgment in the UMK case. Following Treasury's presentation to the Portfolio Committee on Finance, we discovered that our recommendations were not factored into the draft Bill. To find a solution to the issue prior to the amendments being approved, the Minerals Council urgently engaged Treasury to reiterate its concerns and the impact the proposed changes would have on the mining industry. The outcomes of the discussions were very fruitful with Treasury agreeing to the Minerals Council's recommendations and subsequently incorporating the amended wording into the Taxation Laws Amendment Bill.



Environmental legislation

The Minerals Council, through the Environment discipline, plays a crucial role in advancing the interests of mining and ensuring that consistent and coherent environmentally-sustainable legislation is developed by government. The Minerals Council engaged on the following legislation and regulations on behalf of its members in 2018.

NEMLA 4 Amendment Bill

The amendments under the National Environmental Management Laws Amendment (NEMLA) Bill [B14 -2017] were overseen by the Parliamentary Portfolio Committee (PPC) on Environmental Affairs. The Minerals Council participated in the Parliamentary hearings on the Bill and thereafter made and submitted written comments in April 2018. Key among the comments made in the Minerals Council submission to Parliament was: the need for

LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED

inclusion in the NEMLA 4 Bill of the provision that removes MRDS from The NEM: Waste Act; the need to maintain consistent terminology with other related existing legislation such as that provided in the MPRDA; matters relating to the Financial Provision regulations; and removal of the implicit responsibility of the environmental assessment practitioner regarding consultations between government departments because this is a responsibility of the Competent Authority.

The Portfolio Committee on Environmental Affairs adopted the NEMLA Bill in June 2018.

Draft Preservation and Development of Agricultural Land Framework Bill, 2016

The Preservation and Development of Agricultural Land Bill (PDALB) was still under Nedlac consideration during the period under review without much progress being achieved. The Minerals Council is part of the Busa team representing the business constituency on behalf of the mining industry. Issues of concern for mining include the requirement for authorisations to use agricultural land, and the delineation of high value agricultural land to restrict certain activities such as mining. In terms of the authorisation, the revised Bill introduces the term 'Agro-Ecosystem authorisation' which equates to a licence or a permit to use agricultural land.

Thus, the Minerals Council has opposed the proposal to add another layer of authorisation for mining on agricultural land as this would add to the regulatory burden of the mining industry. At the same time, the mining industry acknowledges that there might be individual cases that require key consideration of agricultural matters and it was suggested that those could be easily integrated within the existing authorisation processes.

Draft Climate Change Bill

During the year under review, the Minerals Council welcomed the development of the Climate Change Bill which would seek to regularise the National Climate Change Response Policy that was adopted by Parliament in 2007 and to confirm South Africa's commitments in terms of the United Nations Framework Convention on Climate Change.

As with the rest of business and industry, the Minerals Council has vehemently argued with government that mining is a national government competency and neither the NEM: Air Quality Act nor the draft Climate Change Bill must duplicate the functions that are already given to the national government. This assertion by the Minerals Council has been made on numerous occasions, in a written submission and at a multi-stakeholder workshop arranged by the DEA.

The Minerals Council is part of the Busa task team that will be representing business and industry at the Nedlac discussions on the draft Climate Change Bill.

The Minerals Council welcomed the development of the Climate Change Bill

Carbon Tax Bill

Subsequent to the publication of the amended version of the draft Carbon Tax Bill in December 2017, several Parliamentary Portfolio Committee meetings and public hearings were held. The Minerals Council, along with business and industry, engaged with the government in a series of bilateral meetings on the alignment of the carbon tax and the carbon budget; the development of enabling tools such

as the National Atmospheric Emission Information System and greenhouse gas reporting guidelines; and the implications of the tax on companies.

The Minerals Council participated in the public hearings hosted by the Parliament Standing Committee on Finance, the Portfolio Committee on Environmental Affairs, together with National Treasury and the DEA on the 14 March 2018.

National Environmental Management Act: Financial Provision Regulations

The Minerals Council engaged the DWS, DMR, DEA and National Treasury on Financial Provision regulations. These regulations aim to ensure that there are sufficient financial resources to conduct rehabilitation and remediation prior to closure in the event of premature closure and post mining. Minerals Council engagement in the revision of these regulations is to ensure that the appropriate methodologies for calculation of the quantum are included. The Minerals Council's major areas of concern have been sent to the DEA and are as follows:

- Inclusion of progressive rehabilitation as part of financial provision which presents a risk of double provisioning and an inappropriate use of funds
- The inclusion of VAT and CPI plus 2% in the methodology resulting in an unreasonable quantum
- Tax implications of the regulations with regard to Section 37(A) of the Income Tax Act

The Minerals Council is awaiting gazetting of the regulations to ascertain if these areas of concern have been addressed.

National Dust Control Regulations

The Minerals Council made written comments on the draft National Dust Control Regulations that



were published by the DEA. It was proposed by the Minerals Council that the regulations should exclude the mining industry because the MPRDA has comprehensive dust management requirements in terms of the Mine Health and Safety Act.



Health legislation

The Minerals Council's Health discipline was closely involved with amendments to the Compensation for Occupational Injuries and Diseases Act (COIDA) Bill that was published by the Department of Labour on 18 October 2018. The publication of the Bill followed almost a year of negotiations at Nedlac on the amendments. Key proposals of the Bill are to provide coverage for domestic employees; to provide for rehabilitation, re-integration and return to work of occupationally injured and diseased employees; to regulate the use of health care services; to provide for the reopening of claims; to provide for criminal and administrative penalties; to regulate compliance and enforcement; and to provide for a no-fault based compensation system.

Most amendments were in line with what employers had proposed at Nedlac, except for the fines which remain onerous. The Minerals Council made its submissions on the Bill and it is hoped that the fines will still be adjusted.

The Minerals Council also made a submission on the National Health Insurance (NHI) Bill, which is mainly concerned with the establishment of the NHI Fund. The national Department of Health published the Bill on 21 June 2018 on the same date as the Medical Schemes Amendment Bill, 2018. Both these bills have significant impacts on the provision of health services and the submission

by the Minerals Council calls for greater clarity on the funding of the NHI.

Several consultative meetings have been convened by the Presidency on the NHI Bill but the main discussions at Nedlac are still on the NHI White Paper published in 2017. It is envisaged that these discussions will take some time.



Labour legislation

Labour relations amendments

In the period under review, through participation in Busa and Nedlac structures, the Minerals Council made invaluable input and sought to influence the direction of engagements on labour law amendments. In particular, achievements were made in respect of labour relations amendments.

The amendments include the introduction of default picketing rules that will apply to all industrial action; the explicit requirement for a secret strike ballot; and the introduction of advisory arbitration for violent or protracted strikes. The amendments also ensure that picketing rules may be issued by the CCMA together with a certificate of non-resolution of a dispute.

Before the amendments, a strike could take place in the absence of picketing rules. In addition, there was no intervention to help resolve prolonged strikes and strikes that became violent. With the amendments, no strike can take place if picketing rules are not in place and the CCMA now has the power to determine picketing rules where an employer and a union cannot reach agreement on these rules. The amendments also make provision for the establishment of an advisory arbitration panel on the application of a party, or the Minister,

or by order of the Labour Court, especially where a strike has gone on for too long or has become violent.

The amendments came into effect in 2019 and have the effect of striking a balance between the right to strike and the need for operational stability and certainty for businesses.

The Minerals Council also engaged with the Department of Labour on the proposed amendments to the Employment Equity Act and Regulations in relation to the setting of sectoral employment equity targets by the Minister of Labour.

Nedlac Section 77 Standing Committee

The Minerals Council representative lobbied Busa on the ease with which unions can embark on protest action. To this end, Busa will in 2019 consider a proposal to engage with Nedlac on the tightening of the Nedlac Protocol as a way to curtail incessant protest action.

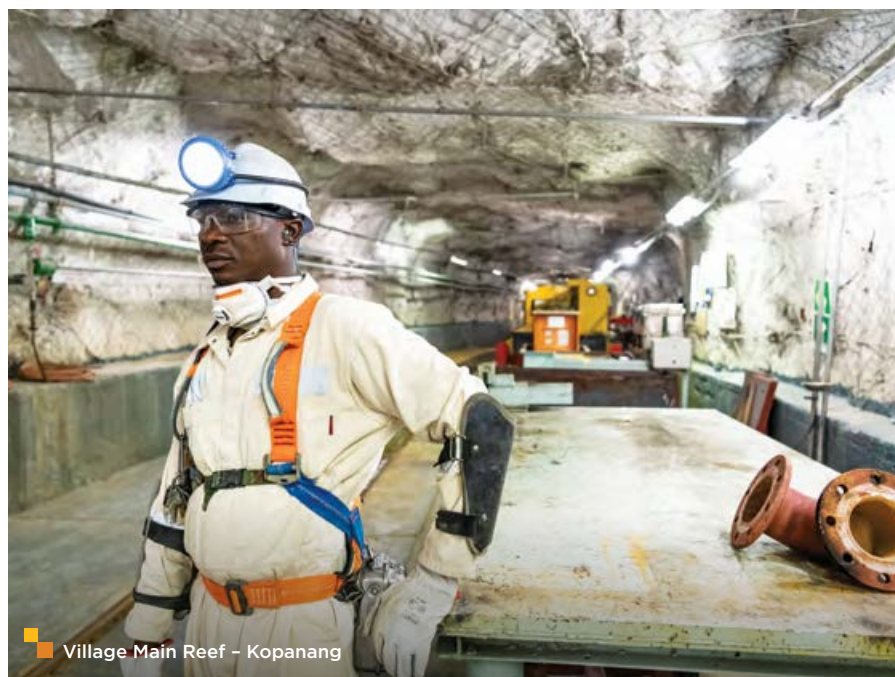
Training Layoff Scheme

The Minerals Council has representation in the Nedlac Training Layoff Scheme (TLS) task team. The task team was established to explore ways to make the TLS more effective and responsive to the needs of businesses and employees. The Minerals Council advocated for a complete redesign of the TLS, and, through active advocacy and lobbying by the Minerals Council, agreement was reached with the task team to design a completely new TLS. Lobbying is currently happening among the social partners to finalise the two remaining outstanding issues, namely, the criteria for businesses to qualify for the TLS and the requirement for re-absorption of employees on TLS.

Active lobbying by the Minerals Council led to outcomes that will improve the application of the TLS.

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.



Village Main Reef – Kopanang

By maintaining the mandated position, and by making use of bilateral engagements with the respective unions, it was possible to achieve an acceptable outcome that ensured reasonable wage increases for employees, as well as sustaining the lives of gold mining operations.

While negotiations for the three companies were finalised by early October 2018, Sibanye-Stillwater reached an agreement with three unions by mid-November. The Association of Mineworkers and Construction Union (AMCU) did not accept the agreement and went on strike on 21 November 2018. The strike ended only on 17 April 2019 without any improved offer for the union.

At the end of February 2019, AMCU gave notice of its intention to embark on secondary strike action at a number of Minerals Council member companies across the mining sector in order to exert pressure on Sibanye-Stillwater to accede to its demands. The union withdrew strike notices at five companies after having received legal advice.

The remaining companies approached the Labour Court for urgent relief in the form of an interdict to prevent AMCU from taking its members out on a strike at their operations. On 15 March 2019, Judge Connie Prinsloo found in favour of the mining companies and ruled such action to be unprotected on the basis that AMCU's secondary strike would be neither reasonable nor proportional as per the requirements outlined in the Labour Relations Act 66 of 1995. In her ruling, Judge Prinsloo indicated that: "A secondary strike of the magnitude envisaged by AMCU will have a major impact on the economy of the country. This factor certainly outweighs the negligible effect the secondary strike may have on Sibanye-Stillwater and therefore renders it unreasonable."

2018 INDUSTRY WAGE REVIEWS

The 2018 review of wages and conditions of employment for the gold sector took place with the four industry unions in the second half of 2018, under the auspices of the Minerals Council. Even though the wage demands by the unions were for double digit and significantly above inflation increases, an acceptable outcome was reached for the majority of the members involved in the collective bargaining process. For three of the four companies, increases were granted ranging from 6.6% to 9.1% for the lower-skilled categories for year one of the three-year wage agreement.

This settlement was achieved without strike action at these three companies.

Employees also received increases to the living out allowance, as well as to the medical incapacity benefit and the guaranteed minimum severance pay.

The Minerals Council maintained from the onset that unaffordable wage increases would increase already spiralling costs and seriously undermine the sustainability of the gold companies. It would also further compromise the South African gold sector's global competitiveness.



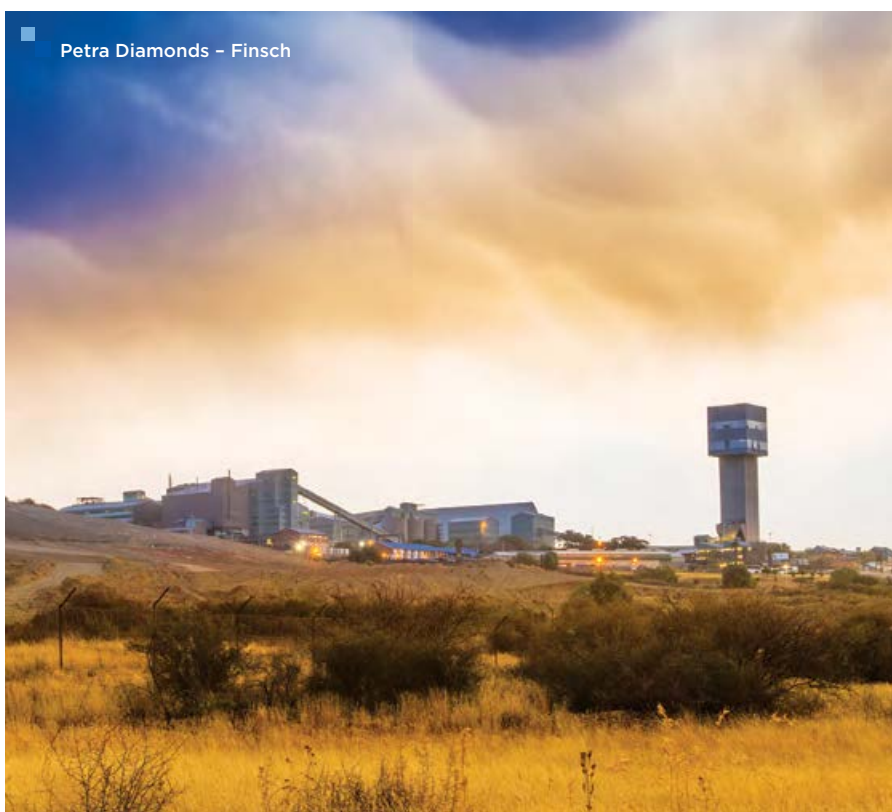
Infrastructure challenges

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

The Minerals Council understands that uncompetitive costs and infrastructure constraints need to be resolved. It is not possible for the mining industry to absorb a 70% increase in electricity prices from 2019 to 2021, and the announcement by Nersa that an average 9% increase has been granted to our national power utility will damage the industry substantially and destroy jobs.

Significant work to restructure the electricity supply industry is needed, including separating out transmission into a single state-controlled company (to allow wheeling on the network – the transfer of electrical power through transmission and distribution lines from one utility's service area to another), competition on generation and re-adoption of the regional electricity distributors model, as per the 1998 Energy Policy White Paper.

Significant changes are also required to the rail model, including private concessioning. The introduction of greater competition into the railway network will improve efficiencies and promote investment and growth.



Petra Diamonds – Finsch

Illegal mining and organised crime

The challenges of illegal mining and implementation of appropriate measures to address these challenges requires a collaborative, multi-stakeholder approach. The Minerals Council is committed to working with the multi-agency National Co-ordinating Strategic Management Team to mitigate the threat of illegal mining across all levels of the value chain.

Illegal mining is a source of major social conflict which has already resulted in serious negative impacts on human life, security and significant damage to property, infrastructure and the environment. In addition, the theft of copper cables, and damage to equipment that contains copper- and gold-bearing materials are other key areas of concern as this leads to production stoppages, losses and adverse environmental impacts. These activities impose substantial

costs on government and society in the form of social instability, loss of revenue and employment opportunities, and high levels of secondary crime.

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

SECTION 5

STRATEGIC GOAL 3



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

IN THIS SECTION

- 75 Promoting local economic and community development
- 76 Promoting innovation and R&D

AngloGold Ashanti - Mponeng

#MakingMiningMatter

PROMOTING LOCAL ECONOMIC AND COMMUNITY DEVELOPMENT



The South African mining industry's still significant contribution to GDP, employment, the fiscus and continuing industrialisation is detailed in *How mining contributes to South Africa* on page 9. As is also well known, mining companies' social and labour plans detail the local economic development and corporate social investment activities conducted by them at an estimated cost of some R2 billion a year.

~R2 billion

Local economic development and
corporate social investment activities

The industry is conscious that the provision of funding alone for socio-economic development does not necessarily result in optimal outcomes. There is a great deal of discontent expressed by stakeholders about perceived shortcomings.

One consequence of this has been the establishment of two regional offices – one in Mpumalanga and the other in the Northern Cape – to pilot greater co-ordination and consolidation of effort in these endeavours. These pilot projects are reported on in more detail on page 60.



Royal Bafokeng Platinum – employee home ownership scheme

PROMOTING INNOVATION AND R&D

The Minerals Council facilitates a collaborative effort on innovation that will contribute to achieving zero harm, while at the same time improving productivity and competitiveness, and creating sustainable and socially acceptable mining.

Modernisation

The modernisation of South African mining is on the national agenda. The Minerals Council's strategic objective is to promote research, development and innovation (RDI) as part of its goal to implement a positive contribution model. RDI is a critical enabler of modernisation. Research and development has been included in the Mining Charter and the Leadership Compact on Competitiveness and Growth. The 2018 Draft White Paper on Science, Technology and Innovation emphasises the importance of 'modernising existing industries like mining'.



Harmony – Target 1

Understanding modernisation

To build understanding, we need a shared language around modernisation. The difference between R&D, innovation, the Fourth Industrial Revolution and modernisation is particularly important.

R&D

Research and development (R&D) refers to the work a business conducts for the innovation, introduction and improvement of its products and procedures. It is a series of investigative activities to improve existing products and procedures or to lead to the development of new products and procedures.

Innovation

Innovation is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. Where R&D turns money into knowledge, innovation is the process of creating business out of this knowledge – the researcher studies thermodynamics; the innovator develops the toaster.

Fourth Industrial Revolution

The Fourth Industrial Revolution has been defined as technological developments that blur the lines between the physical, digital and biological spheres. It integrates cyber-physical systems and the Internet of Things, big data and cloud computing, robotics, artificial intelligence-based systems and additive manufacturing. Compared to previous industrial revolutions, this one is evolving at an exponential rather than a linear pace.

Modernisation

This term broadly includes all of the above. In addition, a modern mining industry will optimally extract and benefit the country's natural resources, causing no harm to people or the planet. It benefits both the local community as well as the national economy. It procures locally, it is a preferred employer of well-skilled people and creates appropriate risk-adjusted returns for investors. Regulations, taxation and incentives are consistent, transparent and recognise mining as a long-term driver of economic growth. *Joburg Indaba 2015.*



Mandela Mining Precinct – Vision with Action

The Minerals Council's modernisation highlight of 2018 was the opening of the Mandela Mining Precinct by the Minister of Mineral Resources, Gwede Mantashe, and the Minister of Science and Technology, Ms Mmamoloko Kubayi-Ngubane. The opening was attended by multiple stakeholders heralding the commitment of public and private partners to a new dawn for the mining cluster.

South African Mining Extraction Research and Development Initiative

The South African Mining Extraction Research and Development Initiative (SAMERDI) is a collaborative public-private initiative facilitated through the Mandela Mining Precinct. The SAMERDI programme, with a value of approximately R100 million per year, is co-invested by the Department of Science and Technology and the Minerals Council, on a 2:1 ratio, in programmes that are driven by industry needs. The investment by the Minerals Council is in addition to the investment that individual companies make in RDI.

SAMERDI consists of six programmes:

1 In the **Advanced orebody knowledge** programme, projects in novel techniques for creating real-time, three dimensional models of unmined orebodies have been initiated and, in some cases, completed. Such modelling will increase health and safety, as well as improve planning, scheduling, and mine design. Successful work has been completed in ground penetrating radar studies, and the focus will now shift to user-friendly design and commercialisation. Work is in progress on the assessment and application of new technologies, such as thermography, radio-frequency imaging methods and electrical resistance tomography.

2 The **Longevity of current mines** programme is aimed at improving the margins of currently established operations with limited potential for increased mechanisation. The goal is to deliver a modernised mining system which is safe, healthy, productive and people-centric. The programme has concentrated on drilling, blasting, cleaning and support of stoping operations, which are the highest risk activities. Working with local original equipment manufacturers, several promising technologies have been identified and testing is currently being monitored. These include direct thrust drilling systems, semi-remotely operated mining systems, and autonomous cleaning systems. For underground support, a new concept of natural fibre is currently being tested that could deliver a lightweight, easily-installed system, with superior performance to current systems. The Mandela Mining Precinct, with the assistance of the Research Institute for Innovation and Sustainability (RIIS), facilitated the Isidingo Drill Challenge which is described in more detail on page 80. Additionally, study work has been done on modern work cycles, working in collaboration with other programmes.

3 In the **Mechanised drill and blast** programme, a new study has been initiated which is collating all available mineral resources in the gold and platinum sectors. This study aims to understand what mineral resources can be converted into mineable mineral reserves through modern, mechanised mining systems. Such understanding will help to reduce the risk in the establishment of new brownfields and greenfields mines.

4 The **Non-explosive mining** programme is a longer-term programme that is currently investigating new applications for diamond-wire cutting in shallow PGM deposits, the design of thermal

spalling mining systems for gold mines, and spalling applications in other minerals. Meanwhile, the programme keeps a watching brief on commercial continuous mining systems, and their adaptation from soft rock to hard rock applications.

5 The **Real-time information management systems** programme considers all matters associated with the Internet of Things and the Fourth Industrial Revolution, and is currently focused on information system architecture in terms of monitoring, measuring, data collection, data transmission and data analytics, in an integrated way (to avoid typical sub-optimisation).

6 The **Successful application of technology centred around people** programme considers all aspects of the impact of modernisation on people. Projects underway consider change management, modernised work cycles, shift rotation, and skills development.

The modernisation work undertaken by the Mandela Mining Precinct is contextualised by the framework that modernisation extends far beyond the mine fence, and far beyond mechanisation. A core theme is that of finding local solutions and developing local products and services. RDI work is directed by steering committees which are made up of industry experts and undertaken with preference given to local institutions. Product lines that can be developed are driven by the need for localisation and thus the formation of the Mining Equipment Manufacturers of South Africa (MEMSA) is an essential component of the overall modernisation ecosystem. This enables the Mandela Mining Precinct to cover all technology readiness levels from level 1 (conceptualisation) to level 9 (commercial availability). MEMSA, which was formed in 2016 with

PROMOTING INNOVATION AND R&D CONTINUED

13 members, now has a membership of 31 proudly South African companies, and continues to grow.

The modernisation work done so far satisfies many needs identified in the NDP, such as to develop skills, save existing jobs, create new jobs, foster local industrialisation, create new markets, products and services and enhance South Africa's competitiveness.

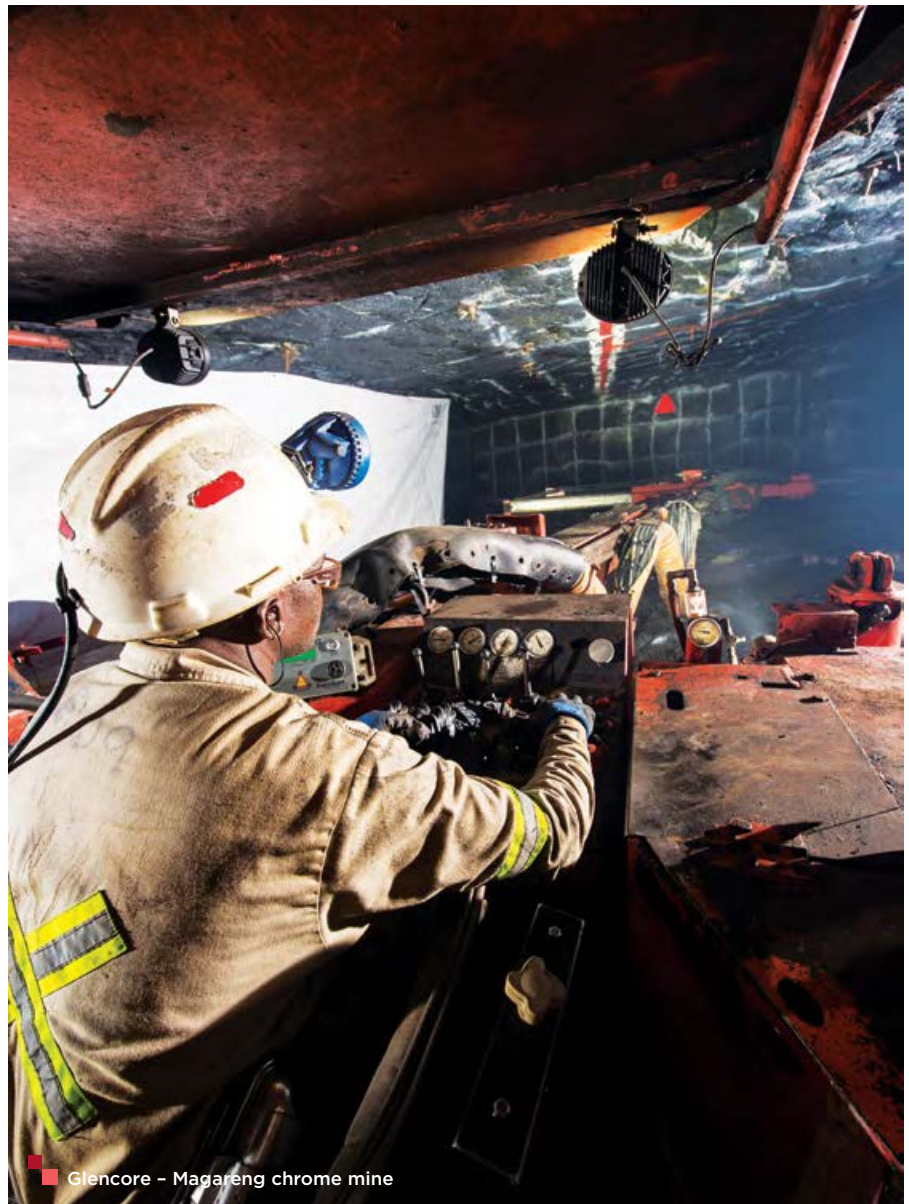
Critical milestones

During 2019, the achievement of critical milestones is planned. First, a dedicated industry test mine facility will be progressed for the benefit of industry, MEMSA and research organisations. Such a facility has not before existed.

Second, specific use case studies will be implemented. While these are specific to company needs, the outcomes will be available for sharing through the ecosystem. Discussions have been undertaken in this regard.

An example of this is the Isidingo Drill Challenge (see page 80). The Challenge was initiated to fast track the development of a new stope drilling system that will be quieter, lighter, easier to operate, safer and healthier. The original equipment manufacturers (OEMs) enthusiastically supported this programme by creating conceptual designs. They are currently entering phase two of the challenge, which is the development of prototypes for testing in the near future.

Third, a new collaborative model for working with universities has been agreed in principle. Research centres for each of the above-mentioned SAMERDI programmes will be implemented once final details are ironed out. This will not only encourage quality research outputs on a collaborative basis, but will also create sustainable capacity and capability development in RDI.



Glencore – Magareng chrome mine

Fourth, the stakeholder participation base will be increased. Efforts to meaningfully involve stakeholders, including organised labour, will be undertaken, after encouraging engagements during 2018.

The basis for creating an exciting future for RDI in mining has been laid. The short-term focus is on delivery of quick-win projects within the SAMERDI programme, while for the medium to long term, plans align with the National Development Plan and the African Mining Vision.

To realise this vision will require significant increases in investment in line with government's goal that 1.5% of GDP should be invested in R&D. Such investments could be directed to other critical challenges of the mining cluster such as energy pricing and security, water conservation and reduced waste and environmental footprints. This will require further and deeper collaboration, involving global mining companies, OEMs, and global research centres of excellence in areas where local organisations lack the capabilities.



2019 Modernisation Framework

LEADERSHIP

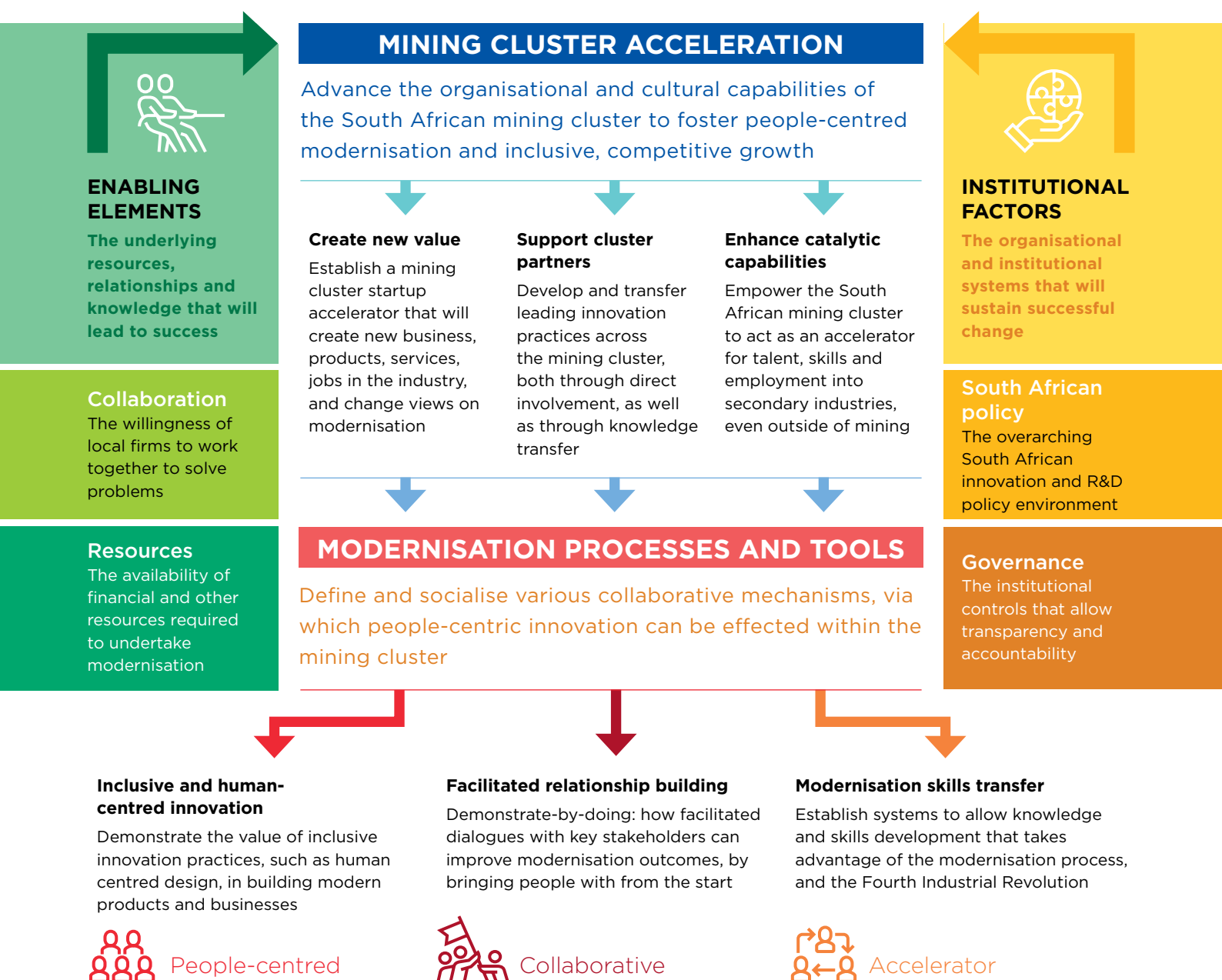
Build a cluster-wide consensus on the importance of people-centric modernisation to contribute towards South Africa's development trajectory

Building leadership consensus

Establish a common vision across the mining cluster about how modernisation of the mining industry can uplift South Africa

Development through modernisation framework

Improve the ability of the mining cluster to understand the implications of its modernisation journey for society



PROMOTING INNOVATION AND R&D CONTINUED

Modernisation pilot projects

The Minerals Council's Strategic Plan directs that we should develop a modernisation-focused strategy. A number of pilot projects were undertaken as part of a people-centric, learning-by-doing approach.

Leadership: CEO Modernise-athon

The transition of the South African mining industry to modern mining needs to happen in a just, equitable manner. It is not sufficient to simply build new technologies and systems to improve health, safety, competitiveness and transformation within the mining cluster. It is also critical that the people, communities and workforce that are impacted by this industrial revolution are empowered to participate effectively in the future mining cluster, or even outside of the mining cluster.

The CEO Modernise-athon was a two-day, executive-level interactive workshop that aimed to align the thinking of CEOs around the future of the mining industry. This work followed on from the six cross-

cluster discussion groups held during 2018, and which addressed similar issues.

The key outcomes from the Modernise-athon was a renewed agreement to position the South African mining cluster as a catalyst for growth in the broader South African society, an accelerator of talent both within and outside the mining cluster, and as a renewed sunrise industry that equitably benefits stakeholders.

Mining cluster acceleration: start-up accelerator

On the Minerals Council's journey towards a modernisation-focused strategy, the establishment of an accelerator focused on building new technologies, products and start-ups in the mining cluster, has been identified as a critical need. Following on from previous customer research, extensive customer validation was undertaken over the course of the year to understand exactly what areas of technology the mines would be interested in supporting.

Processes and tools: Isidingo Drill Challenge

As part of the drive to build new technologies, a project was created focusing on modern innovation tools. In conjunction with the Mandela Mining Precinct, the six-week Isidingo Drill Challenge was conducted. The Challenge centred on the development of a new drill to address problems such as noise, vibration, weight (typically 28kg to be carried over significant distances) as well as production issues related to drill discipline and set-up times.

The Isidingo Drill Challenge resulted in a dozen new designs, with three being selected for further prototype development through the Mandela Mining Precinct. The Minerals Council is investing almost R2 million to build the prototypes, which are due to be completed in early 2019.

The programme has rapidly delivered solutions that address the key issues with significant success, such as potentially reducing the weight by 40%, improving drill discipline, and reducing the cost of energy involved in the drilling process.

R2m

The Minerals Council is investing almost R2 million to build new drill prototypes, due to be completed in early 2019.



Anglo American - Bathopele mine



Most importantly, suppliers and mining companies now see how modern innovation and design processes can be rapidly deployed to solve critical issues – leading to an overall improvement in the level of R&D and innovation in the cluster.

Policy: Mining Charter R&D

As part of the review of the Mining Charter negotiations, specific research was commissioned to better understand the overarching capabilities of South African research institutions. The aim was to provide an informed view of how the Mining Charter should consider RDI.

The research yielded two important outcomes. Firstly, that Mining Charter III includes a reasonable perspective on how mining should contribute towards national RDI efforts. Secondly, the research identified those RDI institutions that have potential synergies with RDI needs in the industry; this will in future inform the types of relationships that the industry establishes with the different research and higher education institutions.

Policy: White Paper on Science, Technology and Innovation

The Minerals Council participated actively in the review of this White Paper. Whereas the previous White Paper of 1996 did not refer to mining, the 2018 White Paper emphasised the importance of modernising existing industries such as mining. Private-partnerships such as the Mandela Mining Precinct are encouraged.

The role of skills development

The Minerals Council's Skills Development discipline plays a vital role in RDI in the mining sector.

In 2018, Skills Development, through its involvement with the Busa sub-committee on education and training, was involved in several Fourth Industrial Revolution and Future of Work studies and research, in conjunction with the International Labour Organization (ILO) and the University of Stellenbosch Institute for Futures Research.

Through the MQA, Skills Development took part in research on the impact

of modernisation on skills that will be required now and in the future. The intention is to proactively align our skills development pipeline with this research so that the sector is adequately prepared and skilled for modernised mining.

Skills Development also participated in discussions and workshops at the Wits School of Mining. This engagement focused on reviewing the current structure of engineering qualifications at the university with the overall objective of ensuring relevance to the mining industry and to ensure alignment of the qualification with professional registration.



SECTION 6

STRATEGIC GOAL 4



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

IN THIS SECTION

- 83 Promoting and enabling transformation
- 84 Promoting zero harm
- 95 Reducing the mining industry's environmental footprint

#MakingMiningMatter



PROMOTING AND ENABLING TRANSFORMATION

The Minerals Council leads the development of a vision of what excellent transformation looks like, in collaboration with all stakeholders. In 2018 this included actively participating in the design of a practical and workable Mining Charter which can facilitate further industry transformation.

The first Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (the Mining Charter), which came into effect in May 2004, spelled out a shared vision agreed by all participating stakeholders – including government, organised labour and the industry – of “a globally competitive mining industry that draws on the human and financial resources of all South Africa’s people and offers real benefits to all South Africans. The goal of the empowerment Charter is to create an industry that will proudly reflect the promise of a non-racial South Africa”.

The second version of the Charter came into effect in September 2010, also after exhaustive negotiations between the parties.

Development of the third iteration of the Charter was less smooth. The process came to be overseen by Minister Gwede Mantashe’s predecessor who, unfortunately, was not committed to a consultative approach and, as we reported last year, put forward in 2017 a Charter that would have done untold damage to the sustainability of the industry, and to future transformation prospects. The Minerals Council set in motion legal challenges to the charter, starting with interdicts against implementation. It became possible to suspend these proceedings with the appointment of the new Minister and his commitment to a consultative process on the development of the new Charter.

That consultative process lasted for several months in 2018. After an initial set of engagements, the Minister published a draft new Charter in June. While a significant improvement on his predecessor’s version from a year previously, it contained a number of problematic areas on which the Minerals Council commented in a further set of engagements. These included:

excessively onerous transformation requirements for exploration projects and junior miners

free carried interests of 5% each for employees and communities

effective dividend payments of 1% of EBITDA to employees and communities

“top up” of existing 26% empowerment ownership to 30%

These additional submissions were considered to some extent. The Charter published in September was largely a document with which the industry could live.

As described elsewhere in this report, the one exception is the non-recognition of the continuing consequences of past transactions in respect of the renewal or transfer of mining rights. The Minerals Council is continuing with its efforts towards resolution on this matter.



The Minerals Council endeavours to lead by example in many ways, among them enabling effective transformation, promoting zero harm and reducing the mining industry’s environmental footprint. Other important examples of the Minerals Council leading by example are the development and consolidation of two key policy concepts: the Membership Compact and Human Rights Framework. See page 53 for detailed information.

PROMOTING ZERO HARM

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

ZERO HARM

Safety

We and our member companies remain committed to the industry's goal of zero harm for all people working at our operations – employees and contractors. The Minerals Council continues to be actively involved in several initiatives and partnerships aimed at eliminating fatalities and injuries in the mining industry.

Our Safety and Sustainable Development discipline plays an important facilitative and co-ordinating role in the implementation of the industry's 2024 milestones for mine health and safety in a manner that accelerates achievement of the industry's goal of zero harm. We achieve this through the Minerals Council's Occupational Health and Safety Policy Committee, the MOSH Learning Hub, the Rock and Engineering Technical Committee and the CEO Zero Harm Forum. We also engage with regional associations, including the regional tripartite forums, Association of Mine Managers

of South Africa and the South African Colliery Managers' Association; the DMR and organised labour, through the Mine Health and Safety Council (MHSC); and with international industry bodies through the Minerals Council's membership of the ICMM.

National Day of Safety and Health in Mining

In August 2018, the Minerals Council launched the National Day of Safety and Health in Mining campaign as part of its recommitment to the shared goal of zero harm. The launch signalled the start of a month-long initiative where member-companies and non-member companies visibly and publicly reaffirmed their commitment to safety and health. The Minerals Council's CEO Zero Harm Forum led the highly visible and concerted effort.

The industry saw the deteriorating safety trend as a crisis and reacted accordingly, making it very clear – across the industry – that the safety

performance at the time was not acceptable (*see Safety and health industry performance review 2018*). In total, member companies successfully hosted some 93 health and safety day events at their operations. While this was one of many concrete steps taken by the companies, we believe the initiative had a helpful impact on several levels:

- It brought together a number of different parties – management, unions, suppliers, employees and the inspectorate – uniting them in one common goal.
- Companies, CEOs and various other people came together, sharing ideas of best practice as well as pitfalls. Collectively sharing and learning from experience has always been a key component in improving performance in health and safety.
- The industry engaged with and involved employees at operations across the industry, at every level, in every sector, in every province across the country.





The National Day of Safety and Health in Mining campaign fulfilled the objectives of the *Annual Company Health and Safety Days* outlined in the tripartite pledge signed at the Mine Health and Safety Summit held in November 2016. The pledge declared a set of actions aimed at improving the industry's occupational health and safety performance by changing behaviour and improving the organisational safety culture in mining operations. It may be too early to identify trends in safety performance data, but it could indicate progress following these actions that only 19% of fatalities occurred in the final quarter of the year.

CEO Zero Harm Forum

The CEO Zero Harm Forum, established in 2012, continues to be a leader in health and safety by sharing experiences to effectively address key health and safety challenges.

One of the key focus areas of this Leadership Forum continues to be falls of ground as this remains the major cause of fatalities. Other areas of focus include transport and machinery, dust, noise, HIV/AIDS and TB, and safety

culture transformation. Some of the successful changes that have been implemented with the support of the CEO Zero Harm Forum include:

- Industry-wide adoption of the 'Early Entry Examination' method to ensure we reduce employees' exposure when entering a workplace for the first time after it has been blasted.
- Introduction of bolts and nets on the face, which has made the most dangerous area, between the last line of support and the face, much safer.
- The CEO-supported collision management systems project and MOSH Learning Hub's proximity detection systems (PDS) which are leading practice to deal with transport and machinery risks. They complement the research project conducted by the University of Pretoria under the auspices of the MHSC. The project successfully achieved the following deliverables in 2018:
 - There has been successful interaction with the DMR on clarification of trackless mobile machinery regulations.

- Minerals Council members continue to support the initiative with the majority having developed strategies and implementation plans. There is also greater awareness that the Traffic Management Plans proposed by the MOSH Learning Hub will reduce risk and as a result the effect of collision avoidance. Support for the process is increasing and pilot sites are being prioritised.
- Development of Level 9 collision avoidance technologies is gaining momentum with laboratory-scale evaluations being conducted by the University of Pretoria at Gerotek, confirming the maturity of the solutions and assisting suppliers to move forward.
- After rigorous discussions, a majority of OEMs have a roadmap for providing the necessary controllers. Where OEMs are unable to provide solutions, third-party integrators have been identified.
- The Minerals Council and member companies have participated in workshops organised by the ICMM Working Group, focusing on the development of collision avoidance systems for effective management of vehicle interaction in mining operations. In light of the significant progress that South African mining companies have made in this area, the Minerals Council has offered to host a workshop in South Africa for ICMM members to demonstrate progress made in the development and implementation of collision avoidance systems for surface and underground mines.

In response to the spike in seismicity-related accidents, with the support of the CEOs, the Minerals Council intensified its focus on critical engineering controls to effectively address the causes of

PROMOTING ZERO HARM CONTINUED

these catastrophic events. A set of rockburst leading practices has been identified for sharing with all companies involved in deep-level mining. The Industry Ground Control Framework has been implemented in the Northern Cape and Mpumalanga mining regions. This Minerals Council initiative complements those of the DMR, MQA, MHSC and South African Institute of Rock Engineers that are aimed at combating seismic and gravity-induced fall of ground accidents.

Strategically, the Minerals Council is committed to leading by example in promoting and demonstrating mining's progress to zero harm (including sharing best practice). For most of 2018, and within the context of a regression in safety performance in 2017 for the first time in a decade, this strategic focus was at risk, although accompanied by marginal improvements in occupational health over-exposures. A reflection on this situation prompted CEOs to agree to a proposal to engage in a Heartfelt Conversation, the purpose of which was to establish the personal role of CEOs in bringing about the step-change necessary to turn the regressive and plateauing safety performance.

To this end, a CEO Heartfelt Conversation about health and safety was held on 25 January 2019, attended by 34 CEOs and relevant executives, including four Minerals Council office-bearers, to reflect on the state of the industry's health and safety performance and determine what was required from leadership to accelerate the achievement of zero harm in the mining industry. The outcomes of this CEO conversation workshop will complement other health and safety initiatives of the Minerals Council in 2019 and beyond.

Tripartite collaboration

Mine Health and Safety Council

The Minerals Council's interactions with the MHSC help accelerate the achievement of the industry's goal of zero harm.

The MHSC was set up in 1996 to direct health and safety in the mining industry, and to respond to industry challenges. Funded by the mining industry, the organisation comprises a tripartite board represented by the state, employers and organised labour, under the chairmanship of the Chief Inspector of Mines.

The MHSC's primary tasks include advising the Minister of Mineral Resources on occupational health and safety legislation, and research with outcomes focused on improving and promoting occupational health and safety in South African mines.

The MHSC is a valuable platform for tripartite collaboration in accelerating the improvement of the industry's occupational health and safety performance through shared vision and aspirational 10-year milestones. The Minerals Council is encouraged by the commitment displayed by tripartite stakeholders at the 2018 Mine Health and Safety Summit to the achievement of the MHSC's 2024 health and safety milestones.

MHSC Centre of Excellence and Industry 4.0

In November 2014, the MHSC principal tripartite stakeholders launched a Centre of Excellence (CoE) to conduct world-class research, to build research capacity and to facilitate the implementation of research outcomes to accelerate the industry's journey to zero harm. In partnership with stakeholders from government and organised labour, the Minerals Council oversaw the completion of eight MHSC CoE quick-win research projects. It is envisaged that the implementation of the outcomes of these research projects will have a high impact on the improvement of the industry's occupational health and safety performance.

The tripartite stakeholders at the MHSC have embraced the Fourth Industrial Revolution (Industry 4.0) and the opportunities for the improvement of occupational health and safety in the South African

mining industry, while ensuring this is based on just transition and people-centric principles. In February 2019, the Minerals Council participated in the MHSC-organised workshop on the Fourth Industrial Revolution.

Building a safety culture

Research shows that an entity's culture has an impact on safety. Building and maintaining a health and safety culture in the mining industry, in particular among frontline employees, supervisors and managers, is vital to achieving the industry goal of zero harm. To this end, the Minerals Council and its member companies have been implementing various initiatives that relate to the pillars of the Culture Transformation Framework (CTF) for the South African mining sector. The CTF is an initiative that seeks to control risks by transforming the culture of health and safety in the workplace, developed by the MHSC and approved at the 2011 Health and Safety Summit.



The following initiatives are to be fully achieved by 2020, as stipulated in the 2024 milestones on occupational health and safety.



Review of bonuses and performance incentives to prioritise safety ahead of production



Risk management aimed at reducing risk at source and investigating root causes of incidents



Encouraging leadership to lead by example and walk the talk of zero harm



Leading practice as a unified approach to identifying and facilitating the adoption of effective occupational health and safety practices and research



Diversity management aimed at eliminating racism, gender bias and any other forms of discrimination



Data management to monitor and evaluate progress of CTF implementation and mine health and safety performance

In 2018, the Minerals Council facilitated the piloting of the MHSC milestone reporting system established towards the end of 2017, a system designed to monitor industry progress on the implementation of the occupational health and safety milestones. By the end of 2018, more than 150 mining operations had loaded data indicating implementation progress on various



CTF pillars into the reporting system. The Minerals Council participated in the MHSC's popularisation of annual programmes focusing on Women in Mining and the Right to Refuse Dangerous Work Guideline in regional tripartite forums.

In line with the objectives of the CTF, the Minerals Council has been facilitating the improvement of accident investigation methods, modification of bonus systems to further prioritise safety, and the promotion of visible felt leadership approaches which have already had positive impacts in some companies.

The significance of building a sustainable culture of safety was most evident at the 2018 Mine Health and Safety Summit as the breakaway sessions included discussions by delegates on the implementation progress of a safe and healthy production bonus system (the zero harm operations bonus system), health and safety leadership and employees' right to withdraw from an unsafe working area. The Minerals Council will facilitate and oversee the implementation of the recommendations made by Summit delegates on the CTF pillars.

Learning from incidents and sharing leading practices

The Minerals Council is committed to inculcating a culture of learning in the industry's quest for zero harm. Intensive investigations have been undertaken around each accident and incident, the outcomes of which have provided greater insight and guidance to all on the way forward, and these learnings are being shared across the industry.

The Minerals Council's Learning from Incidents Working Group has developed an information sharing repository that will enable companies to share flash reports and videos on high potential incidents (HPIs) and success investigations to ensure that we effectively learn from one another to avoid repeat events. The Minerals Council, through the MOSH Learning Hub's fall of ground task team, is collaborating with the MHSC, the Council for Geoscience and the South African National Institute of Rock Engineering to share leading practices on rockbursts across the industry with the aim of addressing the challenge of seismicity and fall of ground accidents in general.

PROMOTING ZERO HARM CONTINUED

MOSH Learning Hub

The Minerals Council established the MOSH (Mining Industry Occupational Safety and Health) Learning Hub in 2009 to encourage mining companies to draw and learn from the areas of excellence that exist throughout the industry. The process involves identifying, documenting, demonstrating and facilitating the widespread adoption of those leading practices with the greatest potential to address the major risks in health and safety areas including falls of ground, transport and machinery, dust and noise.

In 2018, the MOSH Learning Hub, recrafted its strategic direction. It is envisaged that this new strategic direction will put the Learning Hub on a new trajectory to add value to the industry and advance the goal of zero harm.

MOSH process review

An independent consultant was engaged to improve efficiencies in the MOSH adoption process across the three adoption stages and 16 adoption steps. The Learning Hub team also initiated and conducted an internal review process streamlining the 16 adoption steps.

Behaviour and human factors

In 2018, new behaviour and human factors projects were initiated while work continued in some of the strategic areas identified in 2017. The focus was on leadership assessment and development, change management and the promotion of a socio-technical systems approach to health and safety.

Leadership assessment and change management

The Minerals Council developed an assessment tool for leadership based on the critical skills for future work as researched by the World Economic Forum. The assessment tool for individual development purposes was designed through a robust

engagement and focus group process with a number of Minerals Council members. The assessment tool will be subjected to user experience and technical piloting in 2019 before dissemination to industry.

The management of change is a constant theme in any industry but is even more prominent in mining as a high-risk and dynamic sector. The Minerals Council has therefore assisted its members in dealing with change focused on health and safety through several interventions, including systematic execution of the MOSH adoption methodology, and assessments and dialogue on change management in the sector.

Socio-technical systems

Health and safety incidents are not the product of simple failures but the result of multiple complex failures in external, internal and personal domains. It is essential that industries such as mining understand the complexity of risk by unpacking all social and technical drivers and aspects leading to unwanted events. The Minerals Council has therefore emphasised the use of socio-technical approaches to complex problems throughout industry, while including experts from academia and other institutions to bolster capacity of the Behaviour Interest Group, formed a few years ago to champion behaviour and change management initiatives.

MOSH internships

The MOSH Learning Hub initiated the first formal internship programme for four graduates in partnership with the MQA and the skills discipline. The first monitoring and auditing process conducted by the MQA identified some areas for improvement which were dealt with immediately. Three of the four interns were permanently employed outside of the mining industry.

Monitoring and evaluation

Potential adopting mines

A comprehensive list of potential adopting mines for new leading practices was compiled as part of the monitoring and evaluation process. A total of 219 operations were identified as having potential to benefit from two newly-launched MOSH leading practices. The list includes various types of operations, from quarries to large open pit and underground mines.

Leading indicator monitoring

There was a big monitoring and evaluation drive to assist mines that adopt leading practices to start recording and monitoring leading indicators and incorporate this into their risk management plans. The two new leading practices launched by MOSH in 2018 included a guideline on leading indicators related to the practice.

Surveys

Various surveys were conducted during the launch and training on leading practices in the industry to understand some of the challenges and the effectiveness of the MOSH Learning Hub's initiatives. The outcomes of the surveys were applied to improve outreach efforts by the Learning Hub and to ensure that leading practices are well entrenched in the mining industry.

Leading practice adoption

The MOSH Learning Hub continued to facilitate the development of emerging leading practices and their evaluation and adoption in health and safety. In 2018, there was a focus on transport and machinery, falls of ground, noise and dust.

Transport and machinery

The transport and machinery team remained focused on supporting the new vision and strategy of the Minerals Council.



Stakeholder relations

The team has been able to build relationships with the DMR's machinery advisor and machinery inspectors in Mpumalanga, the Northern Cape and KwaZulu-Natal through the MOSH Traffic Management Leading Practice as well as its impact on collision avoidance technology. A strong relationship has also been established with the Northern Cape Mine Managers Association's Engineering Workstream. In addition, the team is actively encouraging positive relationships between employers, the state and organised labour. The team has been requested to share the content and progress of the Traffic Management Leading Practice at various regional tripartite forums.

Collision avoidance technology

The team is represented on the Consulting Mechanical and Electrical Engineering Committee's Collision Avoidance Task Team, where it provides regular feedback on the Traffic Management Leading Practice and promotes the separation controls of the practice to reduce the risk of vehicle and pedestrian collisions to below significant levels. The catastrophic impact that the unsuccessful introduction of the technology would have on open cast mines is continuing to inspire the team to challenge mines not only to consider the issue of slowing down and stopping machines but also how the technology will impact the mine's ability to operate. In further support of the introduction of collision avoidance technology, the team obtained approval of a special project to develop communications material to support the rollout of collision avoidance technology. This work will be done in 2019 to be ready for use by industry from 2020.



Traffic Management Plan Leading Practice

This practice, for open pit mining operations was promoted in all provinces except the Western Cape and Eastern Cape. The practice holds significant benefit for mines as it is a comprehensive revisiting of the philosophies that drive the movement of pedestrians and vehicles at these operations.

With the resource constraints that are associated with the current state of the local mining industry, mines are finding it difficult to get traction with the practice. Due to the limited resources of the team, the community of practice for adoption (COPA) in the Northern Cape was put on hold until such time as the lead adopter mine has made some progress. The potential cost of infrastructure changes (mainly routes and roads) required to effect separation of vehicles and pedestrians is a stumbling block for many mines.

Most mines have not yet built life of mine cost models for the introduction of collision avoidance technology at their operations and therefore

objective trade-offs are not possible. As the mines progress with collision avoidance technology challenges and the building of these models, the benefits of adopting the MOSH Traffic Management Leading Practice will become more apparent. The lead adopter mine in Mpumalanga has shown real commitment to the leading practice and has embarked on a pilot project with a view to introducing effective controls for vehicle and pedestrian collisions higher up in the hierarchy of control and thus not requiring collision avoidance technology. This project will be a watershed for demonstrating the benefits of the leading practice in real life.

Risk assessment

While applying the MOSH Traffic Management Risk Assessment process, the team realised that there are potentially gaps in the way mines execute their risk assessments. The team started to gather international views and initiated a small research initiative to verify its observations and quantify the potential benefits of closing the gaps for the industry as a whole.

PROMOTING ZERO HARM CONTINUED

Underground Traffic Management Practice facilitation

In generating a pipeline of leading practices within the transport and machinery space, the team agreed to facilitate the development of a Traffic Management Practice for Underground Hard Rock mines. Unlike that for open cast operations, the specific focus for this one is on trackless mobile machinery (TMM) and pedestrian movement.

Falls of ground

Through the community of practice for adoption (COPA), the falls of ground team continued to monitor the adoption rate of the existing leading practices, namely:

Trigger action response plan

A total of 45 mines reported 100% adoption of the trigger action response plan. Assistance was given to the lagging mines outside of the COPA structure in order to bring them to full adoption.

Ledging Planning Leading Practice

Three COPAs were established to enable the widespread adoption of the practice by the industry in the Free State, North West (Rustenburg) and Gauteng Central, including north west Klerksdorp. Seventeen mines registered to adopt the leading practice. In all, nine COPA meetings were held with an average attendance of 90% of registered mines. The total adoption rate was 40% by year end.

Drilling and blasting

A reference document was completed in the third quarter, consisting of several components of drilling and blasting. It is envisaged that these components will be extracted individually as leading practices.

Industry ground control framework

The ground control framework was completed with the CEO Zero Harm Forum supporting its piloting

at several mines to determine its efficacy as a fall of ground management system.

Rockfall and rockburst task teams

In partnership with the MHSC and research institutions, two task teams on rockfalls and rockburst were established to identify possible solutions to address seismicity challenges.

Noise

Industry Buy and Maintain Quiet Initiative

The MOSH noise team continued to facilitate the IBMQI as a noise source elimination initiative focused on promoting the management of the noise hazard at the equipment design phase. The following milestones were completed during the reporting period.

Screening of equipment

Following the successful evaluation of the Critical Noise Equipment Screening Tool, the noise team facilitated the screening and identification of the 10 noisiest equipment items for each commodity in the South African mining industry.

This tool aims to assist mining operations in the prioritisation of noisy equipment, on a risk-based approach with a risk-ranking output.

Equipment identified will form the basis of further evaluations, analyses and engagements with equipment manufacturers.

Guidance Note for Noise Measurement of Equipment

Following development of the Guidance Note for Noise Measurement of Equipment to ensure conformance with MHSC milestones, the IBMQI Committee identified a need for this Guidance Note to be professionally peer reviewed to ensure that it possesses the credibility required for referral

during possible future noise litigation processes. This resulted in the Guidance Note being subjected to a detailed independent third-party specialist review and validation by subject matter experts, facilitated by the North West University Niche Area Leader: Occupational Hygiene and Health Research Initiative.

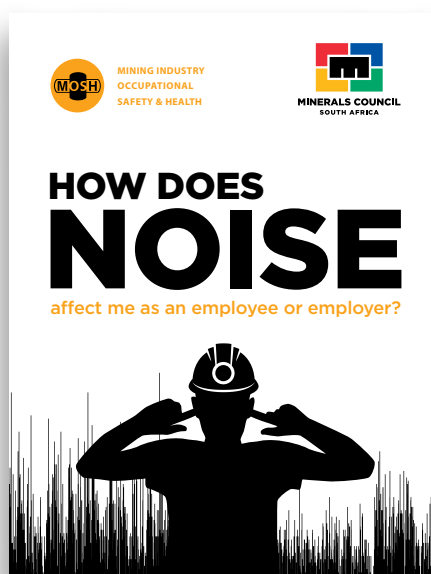
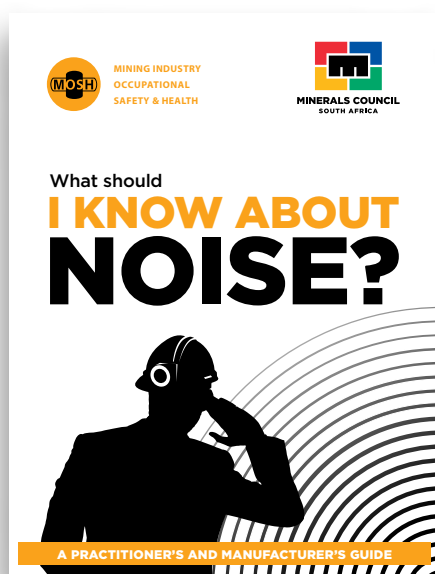
This initiative identified five independent international and national noise experts and/or occupational hygiene professionals, with no conflicts of interest, to perform the review – two international noise experts (one each from Australia and the United States of America) and three national reviewers (employed previously or currently at South African universities).

Following the conclusion of the professional peer review, the MOSH noise team aligned the Guidance Note with improvements suggested by the independent noise experts and formally published and communicated the Guidance Note to the South African mining industry.

Development of noise awareness materials

Following engagements with mining operations, a need was identified within the industry for noise awareness materials. This resulted in the drafting of two information booklets aimed at providing guidance to stakeholders on general noise awareness of the risk of exposure to noise as well as the IBMQI process.

The booklet titled 'How does noise affect me as an employee or employer?' targets the audience of employees and employers on important applicable noise information, while the booklet titled 'What should I know about noise?' targets practitioners and manufacturers on important applicable noise and IBMQI information.



Tyre Deflation Noise Reduction Leading Practice

With the identification process of the next noise leading practice concluded, the MOSH noise team proceeded with documenting of the Tyre Deflation Noise Reduction Practice at the Sishen Iron Ore Mine, the source mine for this practice.

This practice primarily focuses on mitigating the noise risk for employees, by isolating the noise

source position and remotely releasing it further away from the employee's potential exposure zone and assisting mines to achieve the noise milestone, when performing tyre maintenance activities involving the deflation of mobile equipment tyres.

The practice was successfully documented and peer reviewed, and is scheduled to be launched to the industry for adoption during the first quarter of 2019.



Tyre deflation noise measurement

Dust

The dust team continued to focus on the industry adopting leading practices, supporting the underground fiery collieries' endeavour to adopt continuous real-time monitoring (CRTM), and identifying industry gaps in achieving the 2024 dust milestones.

CRTM of airborne pollutant engineering controls

The testing of CRTM in underground fiery collieries began in 2016 and the preliminary report was completed at the end of 2018. In 2018, adoption of CRTM by all operations, inclusive of Minerals Council members, was 81.4% compared to 62% in 2017. The 50 adopting operations comprise 20 collieries (six of which are open cast); 26 gold mines; one platinum converting plant; one manganese mine; one diamond mine; and one iron ore mine. There was a decline in the number of adopting operations from 61 at the end of 2017, as certain operations were placed under care and maintenance.

Underground Colliery Working Group

The underground colliery working group was formed in March 2016 to address the concept of airborne dust monitoring with a real-time dust monitor on-board a continuous miner. The group collectively share, discuss and update the sector's progress on piloting CRTM for adoption, which includes progress on underground static real-time monitors, and other real-time dust monitoring pilots, for example in LHD vehicles. The forum also discusses and shares group specific R&D critical airborne pollutant engineering solutions that can benefit other groups, one of which is the continuous miner improvement project approved by the Coaltech Research Association. The following project deliverables continue to be monitored and reported at each working group meeting:

PROMOTING ZERO HARM CONTINUED

- Continuous real-time monitoring for dust on continuous miners and the data displayed in surface control rooms
- Improved dust suppression engineering control systems for continuous miner production sections
- Improved methane ignition risk reduction by optimising ventilation supply into coal headings

Pipeline of Dust Leading Practices

The team completed its quest to identify new generation potential practices with the highest promise through a series of commodity specific planning workshops which culminated in an industry-wide planning workshop. The process involved engaging with the gold and coal industries, including mining operations in the Northern Cape. The gold and coal engagements followed an exercise that was aimed at identifying the top most potentially high-risk activities and/or occupations. The following six new generation potential practices were identified:

Powered air mining helmet. The powered air mining helmet is a piece of PPE that replaces the current hard hat with the aim of engineering out respirable dust from the users' breathing zone for specified occupations.

Half-face dust mask. This is an item of PPE that replaces the dust mask currently in use with the aim of engineering out respirable dust particles from the user's breathing zone.

In-stope atomiser dust suppression system. This is a water atomising system which is used to water down a panel during dust creating and liberating activities at stopes and uses both compressed air and water at a right mixture ratio to create vapour.

Conveyor belt automated transfer-point fogging dust suppression system (CBAT-fogging system).

This system creates mist/vapour curtains at the source of dust emissions. The CBAT-fogging system is fully automated with audio, sonar, UV, and mechanical trigger mechanisms; and the objective of the practice is to suppress dust at the conveyor belt-transfer points with the correct mist/vapour curtain to avoid the challenges inherent in other fogging dust suppression systems.

Shuttle car air curtain. This protects operators from over-exposure to dust. However, this was still in research and development stages during the final industry planning workshop.

Continuous miner remote control camera. The intent is to isolate the operator by placing him/her in a demarcated safe area with the continuous miner being operated remotely using a control camera. This, too, was in research and development stage during the final industry planning workshop.

Outcomes of the MOSH dust industry planning workshop

At the final industry planning workshop held in September 2018, only the conveyor belt automated transfer-point fogging dust suppression system (CBAT-fogging system) for the coal commodity and the in-stope atomiser dust suppression system for the gold commodity were selected for further investigation. This was because these two practices mitigate dust at source. The two PPE-based practices were noted. However, industry recognised the challenges inherent in using PPEs, particularly since their effectiveness is dependent on end-user adherence to wearing them at all times.



Ntsimbintle – Tshipi é Ntle Manganese

Governance structures

Engagements with adoption team sponsors continued to provide strategic guidance with one of them geared to assume the chairperson role of the CEO Zero Harm Forum. Reporting to the CEO Zero Harm Forum also continued, to elevate leading practice adoption issues related to health and safety, which led to the decision to convene a CEO Heartfelt Conversation workshop on health and safety. The MOSH task force continued to provide oversight on the MOSH Learning Hub work programme.



Health

At the MHSC Tripartite Summit held in 2014, mining industry stakeholders agreed on milestone targets to be achieved by 2024 to improve the performance of occupational health and safety to realise zero harm.

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

Data collected in 2017 on the system showed that compliance with data submission on hygiene exposures by the members was between 81% and 93% from 2015 to 2017, which indicates continual improvement and excellent participation by members. For occupational medicine data, the number of companies that submitted data on the system increased from 30 in 2016 (representing 380,548 employees) to 33 companies in 2017 (representing 431,622 employees). Employees represented on the database stood at 92.9 % of the mining industry's workforce at the end of 2017.

For data on how the industry is performing against the milestones, see page 14.

Masoyise iTB

Masoyise iTB (Let's beat TB) is a multi-stakeholder initiative that is led by the Minerals Council and aims to have a meaningful impact on the TB challenge in the country by reducing the current high incidence rate, while seeking to ultimately eliminate TB.

The Masoyise iTB project was established in 2015, with its purpose to offer all employees in the mining sector HIV counselling and testing



Sibanye-Stillwater – Gauteng gold operation

(HCT) and TB screening annually, over a three-year period from 2016 to 2018.

The project has a Steering Committee, chaired by the Vice President of the Minerals Council, and a Project (technical) Committee. Several activities embarked on contributed to reducing TB in the industry: supporting contact tracing at small mines; access to diagnostics; and increasing communication to mineworkers.

Rapid appraisal of former mineworkers with TB

The rapid appraisal was a study conducted following concerns regarding the number of workers who were retrenched in the industry and had to go home while on TB treatment. A sample of eight companies was studied and it was found that five had service level agreements with TEBA to follow

up workers who had gone home, one had internal mechanisms for following up on the workers, while two had no mechanisms for follow up. Recommendations were made and these were adopted by the Masoyise Steering Committee as well as the Minerals Council Board. The Steering Committee continues to monitor the implementation of the recommendations.

Eastern Cape health screening

At the World AIDS Day held in Mthatha in December 2017, the Chairperson of the Masoyise Steering Committee pledged to support the Eastern Cape province with health screening and tracking and tracing of ex-mineworkers who have unclaimed benefits. The pledge was fulfilled when the South African Business Coalition for Health and AIDS conducted the screening from March to May 2018.

PROMOTING ZERO HARM CONTINUED

In all, 7,500 people in rural areas were screened. A 7.9% HIV positivity rate was found while 3,150 people needed further screening for TB, with 1,009 of these having partners at the mines. High levels of poverty, teenage pregnancy and no schooling were observed and it was recommended that screening be done yearly at these localities. The successful tracking and tracing was done in collaboration with the CCOD.

United Nations high-level meeting on TB

For the first time, on 26 September, the United Nations General Assembly, held a high-level meeting to focus exclusively on the global health challenge posed by TB. Under the

theme *United to end tuberculosis: an urgent global response to a global epidemic*, the meeting provided critical impetus to combatting the disease – much as similar meetings did for the fight against HIV/AIDS and against malaria.

The Minerals Council was intimately involved with developments leading up to the UN meeting and attended the consultative meeting in June 2018 as well as September's high-level meeting. The experiences of the mining industry with Masoyise iTB and its success in reducing TB and HIV were showcased in various forums at the meeting. The Minerals Council also supported a resolution spearheaded by the International

Commission on Occupational Health for inclusion of language in the final declaration that encourages countries to reduce exposure to silica. This language was adopted by the heads of state and government.

UNAIDS Programme Committee Board meeting

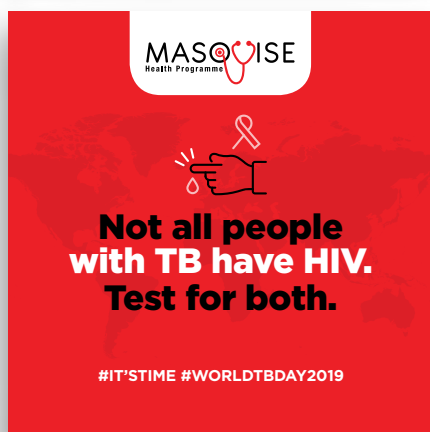
In October, the Chairperson of Masoyise iTB hosted the UNAIDS Programme Committee Board, which is the highest decision-making body of UNAIDS, with representation from several countries. Masoyise shared their experiences with the team and this was a great honour and recognition for the project. The delegation commended the project and provided suggestions.



New strategy for Masoyise iTB

The most significant development for Masoyise iTB was the review of the three-year project and the adoption of a new strategy, the Masoyise Health Programme. The Board of the Minerals Council approved the programme which is to run from 2019 – 2021. The Masoyise Health Programme has a wider focus beyond TB and HIV. A wellness approach that incorporates non-communicable diseases and occupational lung diseases has been adopted. The vision of the programme is 'A mining industry that protects and maximises the health and wellness of its employees'. Its goal is to reduce the impact of TB, HIV, OLDs and non-communicable diseases as occupational health threats in the mining sector.

The programme will continue to recognise international, national and industry targets and improve collaboration and resource mobilisation. Its monitoring and evaluation framework has been widened to cater for the additional conditions. It is envisaged that this programme will assist in improving the overall health of employees in the industry.





REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT

The Minerals Council assists in reducing the industry's environmental footprint. We play a leadership role in managing the debate on climate change, and help guide debates on lowering the industry's environmental footprint in the areas of energy and water use and efficiency, environmental rehabilitation, emissions monitoring, and leading practices on overall environmental management in the mining industry.

Climate change and emissions

As part of its leadership role, the Minerals Council represents the mining industry in various multi-stakeholder engagements on environmental issues. This includes the DEA's National Climate Change Committee where climate change policy development and mitigation measures are discussed. The Minerals Council made oral and written contributions to the following policy developments during 2018:

- Carbon Tax Bill
- Carbon Offset Regulations
- Low Emissions Development Strategy
- Draft Climate Change Bill
- Draft Technical Guidelines for monitoring, reporting and verification of greenhouse gas emissions by industry

For more information on the Minerals Council's role in the Carbon Tax Bill and climate change policy, see pages 67 and 70.

Integrated Resource Plan 2018

The Environment discipline contributed to the Minerals Council submission on the Integrated Resource Plan draft policy, particularly to ensure alignment of the country's energy policy with climate change discourse and carbon tax policy considerations.

Mining industry intensity benchmarks

On behalf of its members, the Minerals Council conducted the project: *The Development of the Greenhouse Gas Intensity Benchmarks within the Gold and PGM sub-sectors in the South African Mining Industry*. If these benchmarks are approved by the National Treasury, they will help companies in the gold and PGM sectors to benefit from a 5% allowance under the Carbon Tax Act. The Minerals Council will develop intensity benchmarks for other commodities at a later stage once approval of those for the gold and PGM sectors has been obtained.

Water self-assessment reporting tool

The Minerals Council and the DWS have over years collaborated in the development of tools to help implement a water conservation and water demand management (WCWDM) programme. One of the recommendations of the programme was to develop a reporting tool for operations, in line with the reporting requirements of the approved Strategic Water Accounting Framework. The objective was to link the reporting tool with the Water Use Licence Application and Authorisation System. However, this has not happened due to delays emanating from the DWS.

The Minerals Council has since gone ahead with the development of a WCWDM self-assessment reporting tool which will be used at operational level to ensure uniform and consistent reporting of operational water activities and water balance data to the DWS by its members.

A catalyst for mainstreaming biodiversity into mining

The Minerals Council acknowledges the need for mining to be done in an environmentally sustainable manner, ensuring that biodiversity issues are dealt with appropriately through the various stages of a mine's life.

Biodiversity consideration is achieved through:

- making sure that member companies integrate biodiversity information into the planning of mining operations
- effective mitigation of
 - potential impacts (by avoiding most sensitive areas)
 - actual impacts (by carefully designing projects, managing them to the highest possible environmental standards, and rehabilitating impacts as far as is feasible)
 - residual mining impacts (by offsetting remaining impacts after those that can be avoided, minimised and rehabilitated have been addressed)

This work is facilitated through the South African Mining Biodiversity Forum (SAMBF) which is convened by the Minerals Council. SAMBF brings together stakeholders from industry, conservation bodies, civil society, labour unions and government, which provides opportunity for cross-sectoral interaction and co-operation to improve biodiversity conservation, management and performance in the mining industry.

STRATEGIC GOAL 5



Continually
improve
effectiveness
and performance

IN THIS SECTION

- 97 Ensuring our effectiveness and efficiency
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ENSURING OUR EFFECTIVENESS AND EFFICIENCY

The Minerals Council works to improve the organisation's effectiveness and performance for the benefit of its members and the mining industry as a whole.

Improved structures

As would be apparent from other sections of this report, the Minerals Council has put intensive strategic effort into further raising the performance of a variety of its structures and establishing new ones where required, including the commodity- and region-specific leadership forums and the policy committees. All these are now central to developing industry positions for engagements with government and other stakeholders on the industry's needs.

Human resources strategy

The Minerals Council introduced a human resources strategy in 2016, followed by a revised remuneration policy and performance management system in 2017. This resulted in the Minerals Council being able to successfully attract, motivate, engage and retain high-performing individuals. A competitive rewards programme is offered within a total rewards (non-financial and financial) framework. The organisational structure and capacity are designed to meet the requirements of the Board-agreed strategic plan and budget. In 2018, the emphasis was shifted from developing skills to embracing a culture of continuous learning. An integrated talent management and succession planning policy and processes were implemented focusing on transformation and gender parity.

Risk management

Risk management is integrated with management and budget processes. During 2018, a risk-based approach was followed to identify and formulate special projects which are linked to specific risk bowties. A process of risk analysis and cause and effect identification makes possible the design of projects to serve as preventative or mitigating actions to effectively manage risk.

Governance

There is continuous improvement in our internal governance and the governance of structures on which the Minerals Council is represented. Governance policies are in place and reviewed regularly. The Minerals Council adopts a zero-tolerance approach to any form of bribery, fraud or corruption.

The following governance structures are in place to oversee the governance function:

Regular internal and external audits

Audit and Risk Committee

Ethics policy

Annual declarations of interest

External Remuneration Committee

Externally monitored ethics line

Rebranding

Following extensive research, the Board agreed that the organisation would change its identity and name to be more reflective of what we are and strive to be. On 23 May 2018, the Chamber of Mines of South Africa changed its name to the Minerals Council South Africa, a name and brand that better reflects the work that the organisation and its members now do, and in line with our changing ethos. We continue to inculcate our new brand and values internally and externally with each of us embracing the role of brand ambassador. For more information, see page 54.

Health and safety

The Minerals Council embraces a culture of health and safety. We have programmes in place to ensure a safe working environment, and health and wellness programmes, ranging from healthy eating to employee wellness initiatives, are offered to all employees on a regular basis.



Minerals Council fuel cell

Reducing our environmental footprint

The Minerals Council embarked on a study to assess the feasibility of using waste heat from our fuel cell to heat our foyer and lift lobby areas. This project will be commissioned in 2019.

ENSURING OUR EFFECTIVENESS AND EFFICIENCY CONTINUED

Organisational modernisation

The programme to renovate and modernise our building and our information technology systems continues, in keeping with our modern ethos and with the aim of making optimum use of our assets. Each aspect of our modernisation is considered and planned in detail before being embarked upon, ensuring cost-effectiveness and efficiency and an environment that is conducive to productive work which is as automated as possible. Cyber security remains a major challenge and systems have been implemented to combat this threat as far as possible.



Impala – Stampede outside 44 Main Street

Corporate social investment

Our corporate social investment project, which involves participation in an urban agriculture initiative has been expanded and now is able to support three individuals.

We also participate in and contribute to the City Improvement District of Main Street which has a mining theme and which attracts the Red Bus Tourist operators to the area, giving international tourists a positive view of our mining industry.

Data Project 4.0

The Minerals Council is in the process of establishing a foundational and enabling data and information management structure for Minerals Council employees and stakeholders. The structure will make available data that is accurate and easily-sourced. The structure is intended to:

- increase confidence in the integrity of the content available ('one version of the truth')
- improve efficiency
- optimise and streamline associated business processes
- improve regulatory and legislative compliance
- reduce costs
- mitigate risk
- provide a faster turnaround and improved response (agility)

The ultimate goal is to make the right information available, while ensuring its integrity, to empower the right people at the right time, allowing for better decision-making, advocacy, and stakeholder expectations management.



Evaluating performance and providing feedback

During 2018, a survey was introduced among Board members to assess the overall performance of office bearers and Minerals Council executive leadership. The survey is used to identify areas of strength and highlight areas that require improvement. The survey helps gauge performance on the execution of strategic objectives. It is envisaged the survey will be extended to the leadership forums and policy committees.

SECTION 8

SUPPLEMENTARY INFORMATION

IN THIS SECTION

- 100 Abbreviation and acronyms
- IBC Contact details and administration

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ABBREVIATION AND ACRONYMS

AMCU	Association of Mineworkers and Construction Union	JSE	Johannesburg Stock Exchange	NUM	National Union of Mineworkers
AMMSA	Association of Mine Managers of South Africa	LAC	Labour Appeal Court	ODMWA	Occupational Diseases in Mines and Works Act
ASISA	Association for Savings and Investment South Africa	LHD vehicles	Load, haul and dump vehicles	OEM	Original equipment manufacturer
BASA	Business and Arts South Africa	MEMSA	Mining Equipment Manufacturers of South Africa	OLD	Occupational lung disease
BBBEE	Broad-based black economic empowerment	MHSA	Mine Health and Safety Act	PAYE	Pay As You Earn tax on personal income
BEE	Black economic empowerment	MHSC	Mine Health and Safety Council	PDAC	Prospectors & Developers Association of Canada
BLSA	Business Leadership South Africa	MIASA	Mining Industry Association of Southern Africa	PGMs	Platinum group metals
BUSA	Business Unity South Africa	Mining Charter	Broad-based Black Economic Empowerment Act: Broad-based Socio-Economic Empowerment Charter for the Mining and Minerals Industry	PLF	Platinum Leadership Forum
CBAT	Conveyor belt automated transfer	MITHAC	Mining Industry TB and HIV Advisory Committee	PPC	Parliamentary Portfolio Committee
CCMA	Council for Conciliation, Mediation and Arbitration	MOHAC	Mining Occupational Health Advisory Committee	PPE	Personal protective equipment
CCOD	Compensation Commissioner for Occupational Diseases	MOSH	Mining Industry Occupational Safety and Health	PRI	Principles for Responsible Investment
CEO	Chief Executive Officer	MoU	Memorandum of Understanding	QCTO	Quality Council for Trades and Occupations
CLF	Coal Leadership Forum	MPRDA	Mineral and Petroleum Resources Development Act	R&D	Research and development
CoE	Centre of Excellence	MQA	Mining Qualifications Authority	RDI	Research, development and innovation
COIDA	Compensation for Occupational Injuries and Diseases Act	MRDS	Mine Residue Deposits and Stockpile	RCS	Respiratory crystalline silica
COPA	Community of Practice for Adoption	NADAB	National Artisan Development Advisory Body	SAHRC	South African Human Rights Commission
CPI	Consumer price index	NCMLF	Northern Cape Mines Leadership Forum	SAPS	South African Police Service
CRTM	Continuous real-time monitoring	NCSMT	National Co-ordinating Strategic Management Team	SARS	South African Revenue Service
Cosatu	Congress of South African Trade Unions	NDP	National Development Plan	SDGs	The United Nations Sustainable Development Goals
CTF	Culture Transformation Framework	Nedlac	National Economic Development and Labour Council	SIMRAC	Safety in Mines Research Advisory Committee
DEA	Department of Environmental Affairs	Nersa	National Electricity Regulator of South Africa	SLP	Social and labour plan
DMR	Department of Mineral Resources	NEMA	National Environmental Management Act	TB	Tuberculosis
DOH	Department of Health	NEMLA	National Environmental Management Laws Amendments	TLS	Training Layoff Scheme
DWS	Department of Water and Sanitation	NGO	Non-governmental organisation	TMM	Trackless mobile machinery
EBITDA	Earnings before interest, taxes, depreciation and amortisation	NHI	National Health Insurance	TVT	Technical and vocational training
GDP	Gross Domestic Product	NIHL	Noise-induced hearing loss	UASA	A labour union active in the mining sector
HCT	HIV counselling and testing	NSA	National Skills Authority	UIF	Unemployment Insurance Fund
HEG	Homogeneous exposure group	NSDP	National Skills Development Plan	UN	United Nations
IBMQI	Industry-wide Buy and Maintain Quiet Initiative			UNEP	United Nations Environment Programme
ICMM	International Council on Mining and Metals			UNGPs	United Nations Guiding Principles on Business and Human Rights
ILO	International Labour Organization			VCT	Voluntary counselling and testing
				WCWDM	Water conservation and water demand management
				YES	Youth Employment Service

CONTACT DETAILS AND ADMINISTRATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

A voluntary employers' organisation tasked with lobbying and advocacy to achieve a policy, legislative and governance framework, which is widely supported and which will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

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