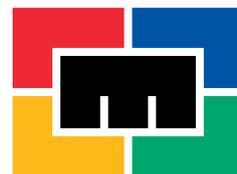


INTEGRATED ANNUAL REVIEW

# 2020



**MINERALS COUNCIL**  
SOUTH AFRICA



#MakingMining  
**Matter**

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

## The Minerals Council South Africa represents



# 90%

of South African mineral production, by value

- 14** Coal
- 12** Platinum
- 10** Other minerals
- 6** Gold/Uranium
- 6** Manganese
- 5** Chrome
- 4** Diamonds
- 4** Contractors
- 3** Diversified minerals
- 3** Zinc/Copper
- 3** Associations
- 3** Corporates
- 3** Investment companies
- 2** Iron ore
- 2** Exploration

## THE MINING SECTOR IN 2020



employed  
**451,427**  
people



contributed  
**R27.2 BILLION**  
in taxes to South Africa



contributed  
**R372.9 BILLION**  
to GDP

### About this report

This is the Minerals Council South Africa's (Minerals Council's) integrated annual review and it covers the financial year 1 January 2020 to 31 December 2020. This report has been structured around our strategic goals and covers noteworthy events and developments during this period and, in some cases, up to the date of publication. The report was prepared using the International Integrated Reporting Framework as a guideline and is also aligned to the Sustainable Development Goals (SDGs).

The separate consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards for small and medium-sized entities. The report aims to provide the Minerals Council's members and key stakeholders with a holistic view of its performance, as well as its challenges and opportunities.

This report, including the financials, is available on the Minerals Council website at: [www.mineralscouncil.org.za/industry-news/publications/annual-reports](http://www.mineralscouncil.org.za/industry-news/publications/annual-reports)



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## VISION

To ensure mining matters for South Africa.



## MISSION

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



## VALUES

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

The five values of the Minerals Council are:



Responsible citizenship



Respect



Trust



Honesty



Accountability

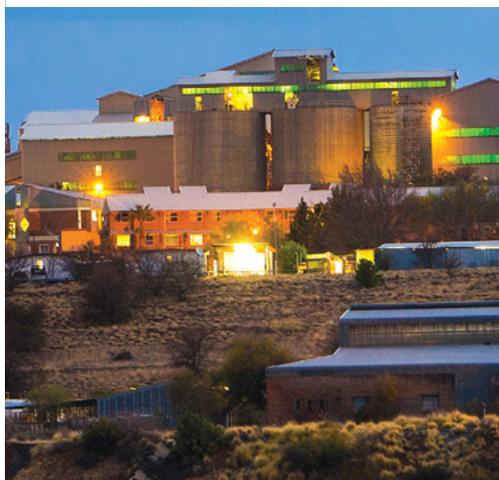
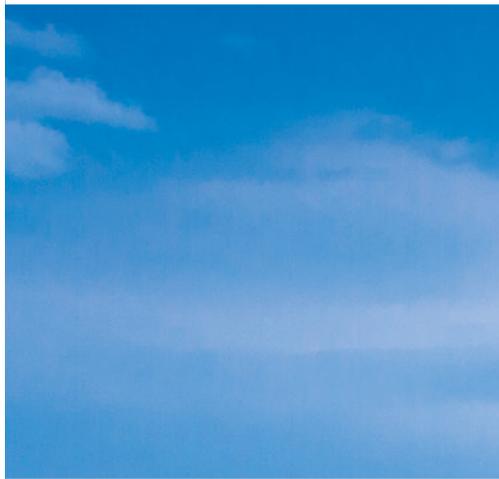
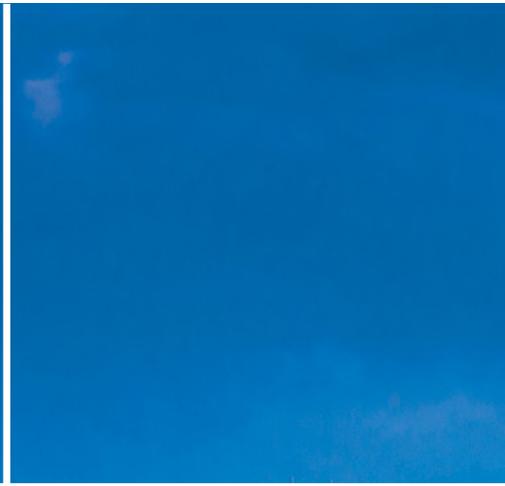
## SECTION 1

# ABOUT THE MINERALS COUNCIL AND HOW WE CREATE VALUE

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The Minerals Council supports and promotes South Africa's mining industry



# ABOUT THE MINERALS COUNCIL SOUTH AFRICA

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

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

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

These matters frequently need to be taken up at government level: the Minerals Council is the industry's primary advocacy body tasked with negotiating, consulting, and

lobbying. The Minerals Council also communicates with the public at large on these matters, and about major policies endorsed by its members.

## Repositioning mining in South Africa

The Minerals Council has developed a vision to reposition the mining sector in the eyes of its stakeholders through its actions, with clear recognition of the industry's legacies in South Africa. It seeks to create an environment that promotes competitiveness and growth, to increase real investment in the mining sector by 2030, and to grow mining contribution to at least 10% of gross domestic product (GDP). Such an outcome would be a positive and game-changing catalyst in helping the country achieve its economic growth, development and transformation targets as articulated in the National Development Plan (NDP).

## Member benefits

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

The Minerals Council participates in several international bodies

to further strengthen social, environmental, and economic performance in the South African mining industry. The organisation is a member of the International Council on Mining and Metals (ICMM) and the Mining Industry Association of Southern Africa (MIASA), and supports the World Platinum Investment Council (WPIC).

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

# 2020 HIGHLIGHTS



Mineral export sales:

**R414.5 billion**



Employee earnings:

**R152.6 billion**



PAYE by mining employees:

**R26.2 billion**

# OUR MEMBERS

The Minerals Council South Africa is a respected body of members more powerful than the sum of its parts.

## Coal

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

*Anglo American Coal, Uthaka Energy, Exxaro Resources, Glencore Coal, Jindal Africa, Kuyasa Mining, Ledjadja Coal, Mbuyelo Group, MC Mining, Msobo Coal, Sasol Mining, Seriti Resources, South32 – South Africa Energy Coal, and Vaalburg Mining*

## Platinum

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

*Anglo American Platinum, Barplats, Bauba Platinum, Impala Platinum, Ivanhoe Mines, Nkwe Platinum, Northam Platinum, Platinum Group Metals, Royal Bafokeng Platinum, Sedibelo Platinum Mines, Siyanda Resources, and Wesizwe Platinum*

## Other minerals

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

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

## Gold and uranium

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

*DRD GOLD, Gold Fields, Harmony, Pan African Resources, Theta Gold, and Village Main Reef*

## Manganese

Manganese has numerous industrial and metallurgical applications, particularly in the manufacture of steel, as well as in batteries and chemicals. Given its importance as an alloying element, manganese is the fourth most traded metal commodity in the world. South Africa hosts 80% of the world's known resources of manganese. Six of the country's manganese miners are members of the Minerals Council:

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

## Chrome

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

*Chrometco, Glencore Alloys, Merafe Resources, Samancor Chrome, and Tharisa Minerals*

## Diamonds

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

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

## Contractors

The Minerals Council also counts four contractor companies that provide much-needed services to the mines as members:

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

## Diversified minerals

Several South African mining companies are wholly diversified in their activities and mine several products across the commodity spectrum. Three of these diversified miners are members of the Minerals Council:

*African Rainbow Minerals, New Venture Mining Investment Holdings, and Sibanye-Stillwater*

## Zinc/Copper

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

*Black Mountain Mining, Orion Minerals, and the Palabora Mining Company*

## Associations

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

*ASPASA, the Clay Brick Association of South Africa, and the South African Diamond Producers' Organisation*

## Corporates

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

*Anglo American South Africa, AngloGold Ashanti, and Rio Tinto*

## Investment companies

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

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

## Iron ore

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

*Kumba Iron Ore, and Sedibeng Iron Ore*

## Exploration

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

*Lethabo Exploration, and White Rivers Exploration*

## OUR BUSINESS MODEL

# HOW WE CREATE VALUE

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

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

## WHAT WE DO



### IDENTIFY

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



### COLLABORATE

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



### COMMUNICATE

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



### GUIDE

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



## KEY RISKS

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

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

## OUR BUSINESS MODEL CONTINUED

### Minerals Council – primary capital inputs employed in delivering value

#### HUMAN CAPITAL

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

#### SOCIAL AND RELATIONSHIP CAPITAL

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

#### INTELLECTUAL CAPITAL

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

#### NATURAL CAPITAL

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

#### FINANCIAL CAPITAL

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

## VALUE CREATED IN 2020:

### STRATEGIC GOALS



01



02



03



04



05

#### For the Minerals Council:

##### GOAL 01

- Continued to drive the promotion of ethical leadership and good governance, both internally and externally
- Valuable engagement with members – member companies are represented at senior level on either the Board or in the ten leadership forums
- Led and facilitated an engagement with the top six business associations – Association for Savings and Investment South Africa (ASISA), Banking Association South Africa (BASA), Business Unity South Africa (BUSA), Business Leadership South Africa (BLSA) and Business for South Africa (B4SA) – to ensure a more ‘assertive’ role for organised business in 2021

##### GOAL 04

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

##### GOAL 05

- Ensured the continued improvement in the communication performance of the Minerals Council, with a focus on raising the bar
- Ensured the implementation of a modernised organisational structure aligned to the strategic plan
- Implemented a comprehensive performance management system

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

#### For the mining industry:

##### GOAL 01

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

##### GOALS 02 03 04

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

##### GOAL 02

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

##### GOAL 03

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

# 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.

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

- Mining and protected areas
- Climate change policy design
- Mercury risk management
- Indigenous peoples and mining
- Transparency of mineral revenues
- Tailings governance
- Mining partnerships for development
- Water stewardship

## Human Rights Framework

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

# ICMM'S 10 principles

PRINCIPLES				
<b>1</b>		<b>2</b>		
Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.		Integrate sustainable development in corporate strategy and decision-making processes.		
<b>3</b>		<b>4</b>		<b>5</b>
Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.		Implement effective risk-management strategies and systems based on sound science and which account for stakeholder perceptions of risks.		Pursue continual improvement in health and safety performance with the ultimate goal of zero harm.
<b>6</b>		<b>7</b>		<b>8</b>
Pursue continual improvement in environmental performance issues, such as water stewardship, energy use and climate change.		Contribute to the conservation of biodiversity and integrated approaches to land-use planning.		Facilitate and support the knowledge-base and systems for responsible design, use, re-use, recycling, and disposal of products containing metals and minerals.
<b>9</b>		<b>10</b>		
Pursue continual improvement in social performance and contribute to the social, economic, and institutional development of host countries and communities.		Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.		

# SUSTAINABLE DEVELOPMENT CONTINUED

## The Sustainable Development Goals

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

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 NDP.



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 NDP.

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

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

# HOW MINING CONTRIBUTES TO SOUTH AFRICA

# Snapshot



\* Fiscal year

# HOW MINING CONTRIBUTES TO SOUTH AFRICA CONTINUED

## Mining GDP and sales

Mining GDP declined in nominal terms by 0.9% in 2020 to a value of R372.9 billion.

After allowing for the more than 24% rise in commodity prices, the inflation adjusted decline is 10.9%, in line with the Minerals Council's forecast of a contraction of between 10% and 13% due to the COVID-19 lockdown disruptions in 2020.

These trends are in line with our estimates of sales/turnover of R609 billion, which, after adjusting for commodity price escalation is 11.3% lower than during 2019. It is also in line with our estimates of the physical production declines during 2020. It is quite clear that the mercurial rise (between 35% and 40%) in commodity prices (those that are important to South African exports) have had a major impact on the recovery of mining turnover (+10%) and exports (+24%). It is also clear that physical production is not making a similar recovery (between 10% and 12% lower) and that logistical problems (rail, harbour, road, and people movements) had, and are still having, a negative impact on mining resuming its pre-lockdown levels of activity.

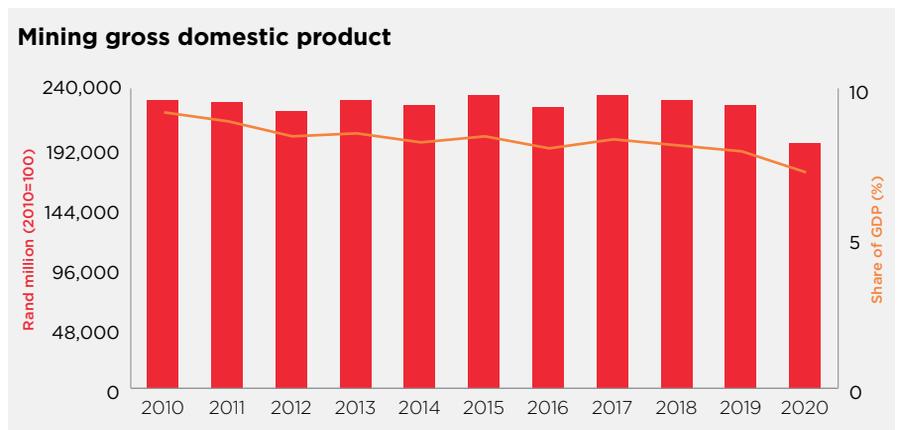
Comparing the experience of the global financial crisis with the COVID-19 impact confirms these trends, but also shows marked differences.

## Production data

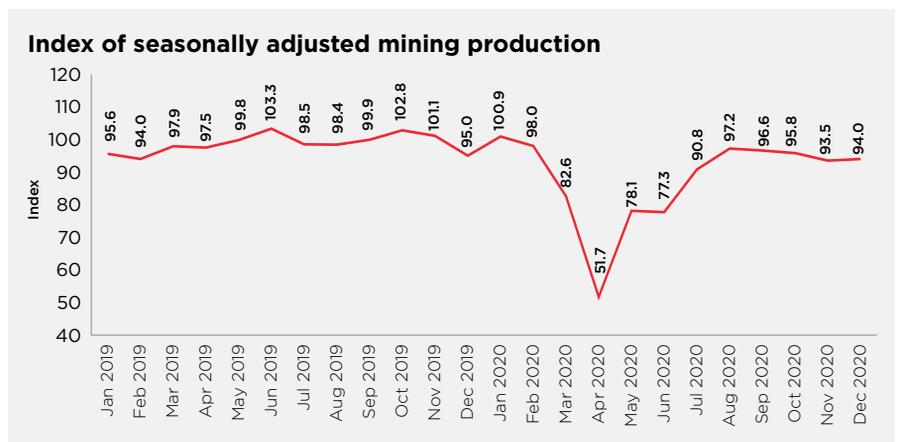
In 2020 mining production declined by 10.7% when compared to 2019.

These graphs indicate:

- Sharp declines in production in the first two quarters of 2020, and an equally strong recovery in the third quarter (+37.2%). The overall decline was 11% for the year and was not enough to regain previous levels.
- Latest activity levels are slightly below the monthly averages compared to 12 months ago (-1.1%), January 2020 (-6.8%) and pre-lockdown averages (-4.2%), indicating difficulties in regaining momentum.



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



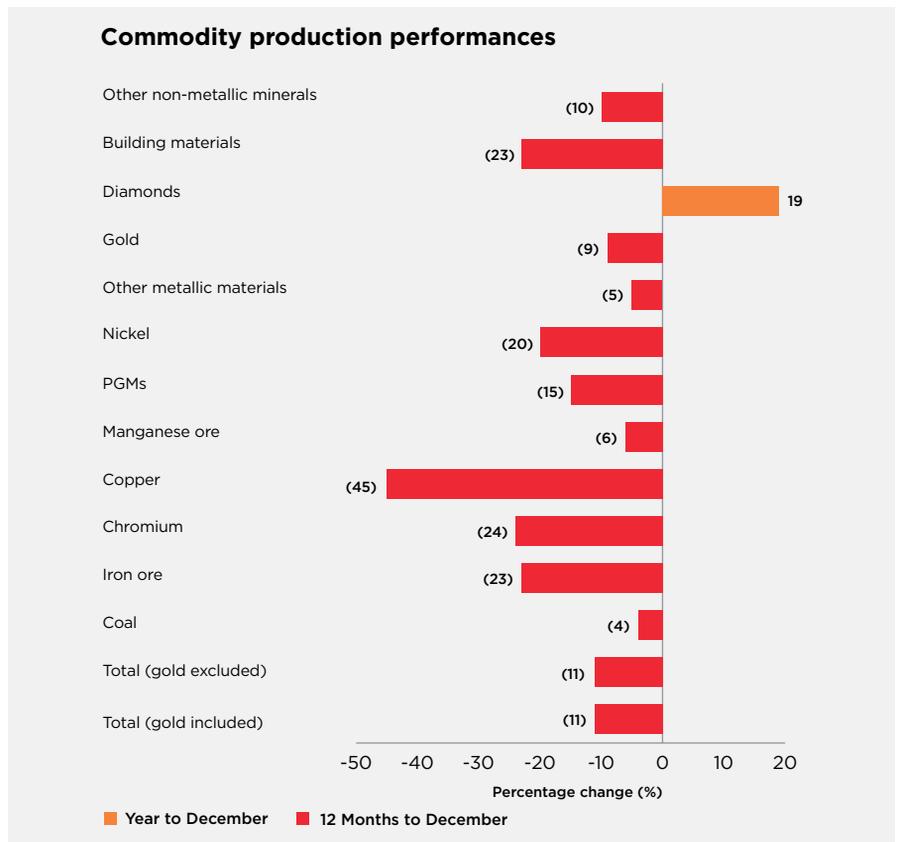
Sources: Statistics South Africa, Minerals Council South Africa

# HOW MINING CONTRIBUTES TO SOUTH AFRICA CONTINUED

The graph alongside shows individual commodity production performances during 2020 compared to 2019. Barring diamond production, all commodities show varying declines in physical production levels – total production contracted by 11%. Among the reasons explaining the decline are reduction in global demand (even though prices for precious metals were buoyant) and new operational protocols to cope with logistical challenges. Inadequate and intermittent electricity supply are also to blame; as are electricity tariffs that continue to escalate by margins above annual consumer price inflation (CPI).

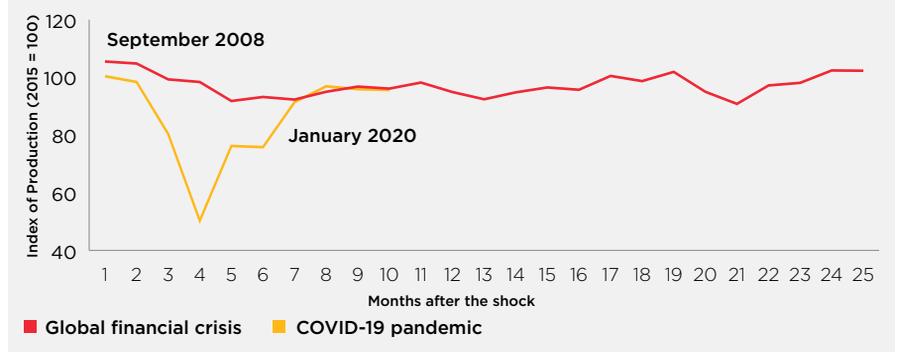
## Comparing COVID-19 with the global financial crisis (GFC)

Comparing the response to the COVID-19 pandemic with that of the GFC shows the following: the latter contraction was not as deep but took nearly two years to reach pre-GFC levels, whereas the former was shorter, deeper and recovery is not certain yet.



Sources: Statistics South Africa, Minerals Council South Africa

## Comparing COVID-19 with GFC



Sources: Statistics South Africa, Minerals Council South Africa

# HOW MINING CONTRIBUTES TO SOUTH AFRICA CONTINUED

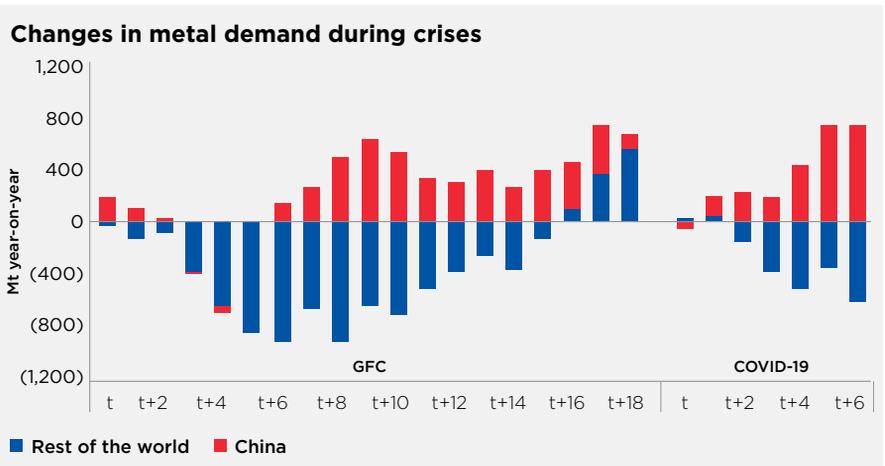
## Commodity price trends

The main differences between the two events seems to be changes in world demand for metals and its impact on commodity price movements. Research by the World Bank shows the differential demand responses to the two crises (annual data); Chinese demand confirms a small, and short-term impact due to the COVID-19 situation compared to the GFC (like the rest of the world).

The end result is the impact on the relevant commodity prices.

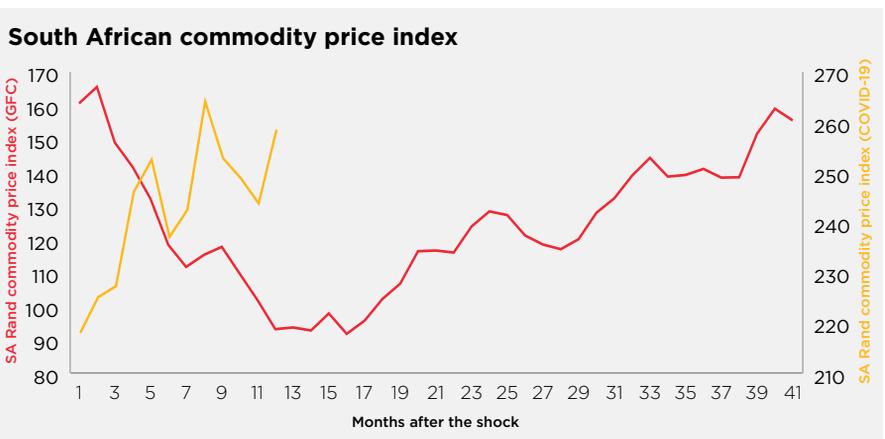
## Marked difference in commodity price movements between the GFC and COVID-19 pandemic

- Prices were only 17% higher in January 2020 than nine years earlier, after prices recovered from the GFC
- After the start of the GFC it took 40 months for prices to recover, first dropping by 45% (16 months) and then recovering by 76% (over 25 months)
- Immediately after the COVID-19 shock, on aggregate, Rand commodity prices rose steeply, driven by better Dollar prices and a weakening exchange rate. In three months, prices increased 4.25%, in six months 8.76%, and over a 12-month period 18.6%.



Source: World Bank Commodities Outlook, October 2020

The South African commodity price improvements had a marked impact on sales and exports.



Sources: Statistics South Africa, Minerals Council South Africa



# HOW MINING CONTRIBUTES TO SOUTH AFRICA CONTINUED

## Total commodity sales and exports

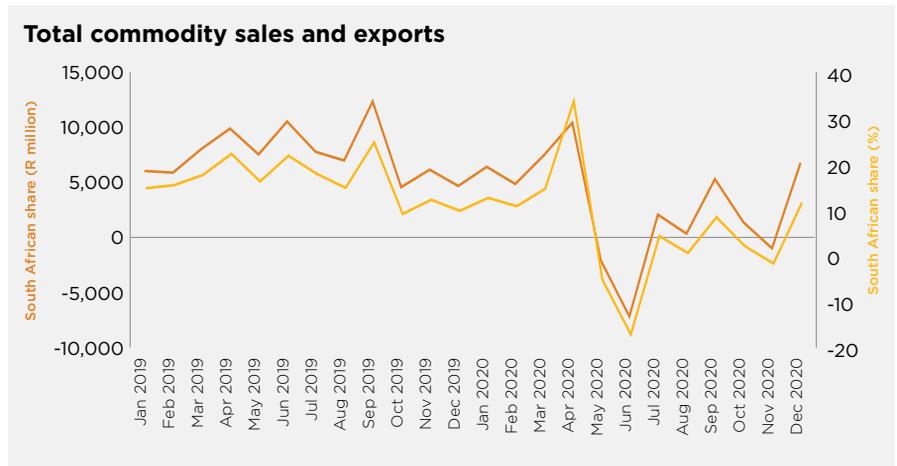
Due to the lockdown restrictions and relative to the South African economy, the domestic share of commodity demand has virtually halved between 2020 and the previous two years. This conclusion is supported by the market share (%) as well as the physical value of commodities bought by South African companies.

The combination of better commodity prices and the less-than-expected contraction of world demand during the COVID-19 crisis, has resulted in the value of exports growing at a surprising rate, ending at an estimated 24% higher during 2020 than in 2019. This compensated for lower physical production (-11%) and exports (-4.5%).

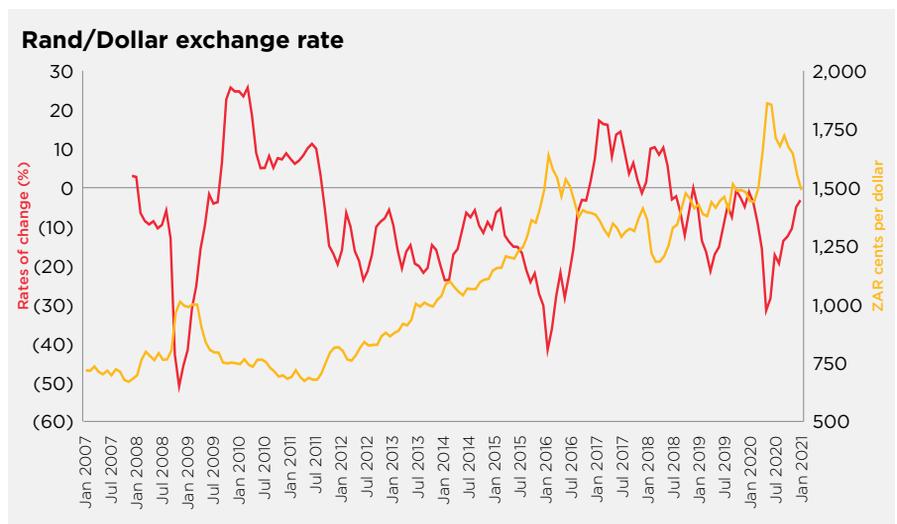
## Rand/Dollar exchange rate

The Rand/Dollar exchange rate plays a significant role in the Rand price realised for South African commodities as the depreciation during the second and third quarters showed.

Although the Rand is still 12% weaker over a 12-month period, it has strengthened by 25% since its weakest point in April 2020.



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



Sources: South African Reserve Bank, Minerals Council South Africa

# ENGAGING WITH OUR STAKEHOLDERS

## The Minerals Council's primary stakeholders are:

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

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



## GOVERNMENT

### 2020 priorities

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

#### Performance

The Minerals Council was actively involved in the development of the B4SA accelerated economic strategy aimed at achieving higher levels of inclusive economic growth to recover from the COVID-19 crisis and the economic crisis that preceded it. It has engaged with government, business, labour, and civil society to achieve a better outcome for the future.

We note the South African Economic Reconstruction and Recovery Plan presented by President Ramaphosa on 15 October 2020 to a Joint Hybrid Sitting of Parliament, and welcome mining-related inclusions.

The government plan, while a positive contribution to stabilising the economy, centres on what government can do in a massive infrastructure programme, promoting greater local procurement for industrialisation and on public and social job creation processes.

#### Going forward

The Minerals Council will continue to strengthen its engagements with government to ensure that we are able to improve on the successes achieved thus far.

## ENGAGING WITH OUR STAKEHOLDERS CONTINUED



### NON-GOVERNMENTAL ORGANISATIONS (NGOs)

#### 2020 priorities

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

#### Performance

The Minerals Council engaged NGOs on the industry's response to the COVID-19 pandemic. A briefing held covered our assistance to government and communities in combatting the pandemic, as well as work done within the industry to protect our workforce and contain the spread of the virus.

#### Going forward

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



### POLITICAL PARTIES REPRESENTED IN PARLIAMENT

#### 2020 priorities

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

#### Performance

The legislative role of Parliament was impacted by the COVID-19 pandemic, with most of its committee work carried out through virtual platforms. This meant that legislative work that was deemed not to be urgent had to be put on hold.

The following pieces of legislation of interest to the mining industry were tabled or processed by Parliament during 2020:

- The Select Committee on Land Reform, Environment, Mineral Resources and Energy continued to process the National Environmental Management Laws Amendment (NEMLA) Bill. We reported previously that the Minerals Council took a decision to monitor the NEMLA Bill process at the Select Committee level, as submissions had been made when the bill was at the Portfolio Committee. At the time of reporting, we were satisfied with the work of the Select Committee on the NEMLA Bill.
- The Ad Hoc Committee on the amendment of Section 25 of the Constitution embarked on a provincial roadshow to give the public an opportunity to make oral inputs on the amendment of Section 25 to allow for the expropriation of land without compensation. The Minerals Council had made written submissions and still awaits an opportunity to make a verbal presentation in support of those submissions.
- The Portfolio Committee on Public Works and Infrastructure published the Expropriation Bill calling for submissions. The Minerals Council will be making submissions as per the request.

The Minerals Council continues to engage with Parliament to ensure a simplified legislative environment makes it easy for our members to run their operations. The COVID-19 economic recovery plan was presented to political parties represented in Parliament to ensure we have a more effective engagement with Members of Parliament. We are confident that this type of interaction will strengthen the work we have been doing with various Portfolio Committees.

#### Going forward

The primary objective of our parliamentary work is to ensure that the Minerals Council and our members are assisted in achieving their objectives through the amendment and introduction of policies and legislation that address the challenges faced by our industry – especially the creation of a simplified legislative environment.

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

# ENGAGING WITH OUR STAKEHOLDERS CONTINUED



## MEMBERS

### 2020 priorities

**Providing a platform for members to raise concerns**

**Implementation of the industry's Human Rights Framework**

### Performance

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

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

### Going forward

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



## COMMUNITIES

### 2020 priorities

**Regional presence of the Minerals Council**

**Collaboration in the mining industry**

**Collaboration on the industry response to the COVID-19 pandemic**

### Performance

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

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

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 focused on sharing leading practices in community development over and above legislated compliance requirements. As a result of COVID-19, collaboration in the Far Eastern Limb (Limpopo and Mpumalanga) was extended to the whole mining region.

Being a "black swan event", the onset of the COVID-19 pandemic galvanised the industry into action in all mining jurisdictions, including the Eastern Cape, a key area from which employees are drawn. The industry's collaborative response included the supply of medical and emergency equipment, personal protective equipment (PPE) and other measures to help manage and contain the spread of the virus in mining communities. Mines also provided water and food parcels to disadvantaged communities.

In addition to the initial COVID-19 response of assistance with the procurement and distribution of food parcels, assistance was extended to the education sector when schools reopened. Assistance provided to learners and educators included PPE, water and sanitation, e-learning and broadband infrastructure.

### Going forward

In 2021, the Minerals Council will continue to facilitate and support industry efforts to achieve positive outcomes in various socio-economic development endeavours. Emphasis will be on the extension of collaboration in the rollout of the District Development Model by CoGTA in key mining districts. The creation of alternative economic opportunities will continue to be the yardstick by which industry performance is measured in terms of socio-economic development.

Lessons that have been learned from the industry's experience with the COVID-19 pandemic will be used to sharpen the industry's developmental focus in all mining jurisdictions.

## ENGAGING WITH OUR STAKEHOLDERS CONTINUED



### MEDIA, ANALYSTS, AND SHAREHOLDERS

#### 2020 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 that is useful, relevant, up-to-date, and easy to access.

Our media relations function is outsourced to an external public relations agency as part of our drive to engage proactively with the media. During the year, a proactive media relations programme continued to ensure that the industry’s position is always communicated accurately and timeously, including on the management of the COVID-19 pandemic.

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

#### Going forward

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



### BUSINESS

#### 2020 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 the B4SA initiative to revitalise the South African economy and mining post COVID-19. We called for greater focus on structural and institutional reforms required to boost competitiveness, accelerate investment, and raise inclusive growth.

We believe these structural reforms should include greater private sector participation and competition in infrastructure (electricity, ports, pipelines, rail); more sustainable fiscal policy and balanced budgets; and institutional reforms (a smaller, more efficient, and more capable state).

The Minerals Council believes that the Nedlac process to discuss key structural and institutional reforms must be accelerated on an urgent basis.

#### Going forward

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

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW

The Minerals Council’s Strategic Goal 4 and Strategic Objective 14 seek to demonstrate progress on occupational health and safety by accelerating the industry’s journey to zero harm.

## Safety performance

As of the time of publication, the DMRE had not officially released the 2020 occupational health and safety statistics. The 2020 industry safety performance statistics in this report are therefore provisional.

Up to 14 December 2020, there were 58 fatalities reported compared to 51 fatalities at the end of 2019. This marks a provisional increase of 12% in the number of fatalities year-on-year. While it is not possible to calculate the fatality rates until the safety data is finalised, it is estimated to be worse than 2019 as there were significantly less people at work in 2020 due to COVID-19 restrictions. The impact that the pandemic may have had on safety performance will be examined in detail in 2021.

## Safety performance by commodity

The gold sector recorded 25 fatalities compared to 18 in 2019 (39% regression) and the ‘other’ category of mines’ fatalities increased from six in 2019 to seven in 2020 (17% regression). The platinum sector is the only sector that recorded a decrease of 16% (16 fatalities in 2020 compared to 19 in 2019). The coal

sector recorded a 67% regression (10 fatalities in 2020 compared to six in 2019). Gold and platinum mines accounted for 71% of the fatalities reported in 2020. The gold sector contributed to 43% of fatalities reported in 2020.

## Safety performance by quarter

There were more fatalities (18) reported in the fourth quarter of 2020, confirming challenges associated with the end of the year. The last quarter of 2019 was similarly challenging. It is therefore important that vigilance is heightened during this period. 14 fatalities were reported in the first quarter, 11 fatalities in the second quarter, and 15 fatalities in the third quarter of 2021.

## Causes of fatalities

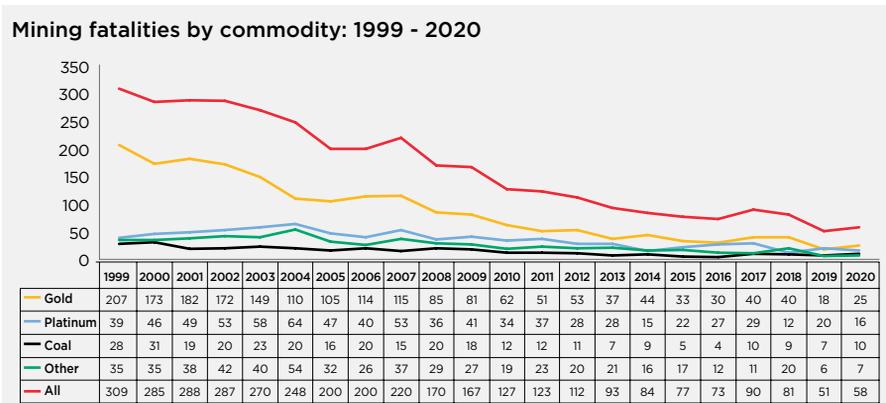
The industry safety performance is still plagued by the challenge of fall of ground (FoG), transport and general accidents. 21 of the 58 fatalities (35%) reported in 2020 were caused by FoG, eight by transport and five from the general type of accidents. Miscellaneous causes of fatalities increased, with seven reported, including employees collapsing in the workplace due to breathing difficulties.

In the last four years, FoG fatalities have decreased with 33 in 2017, 22 in

2018, 20 in 2019 and 21 in 2020. This suggests the industry has managed to reduce rock-burst related fatalities since the spike in seismic events in 2017 that saw deep-level gold mines recording 14 rock-burst related fatalities. There were 12 rock-burst fatalities in 2017, seven in 2018, six in 2019 and four in 2020. Industry initiatives focused on in-stope pre-conditioning appear to have paid off in the prevention and management of rock-burst related accidents. The instruction issued by the Council for Geoscience (CGS) in April 2020 for the reporting of seismicity seems to have heightened attention to the monitoring of seismicity.

Rock-fall (gravity-induced FoG) related fatalities have increased over the past three years. There were 15 rock-fall fatalities reported in 2018, 14 in 2019 and 17 in 2020. While the adoption of the leading practices has enabled the industry to reduce FoG related fatalities, the flat trend of the last three years reveals that a step change is needed to effectively manage FoG related fatalities.

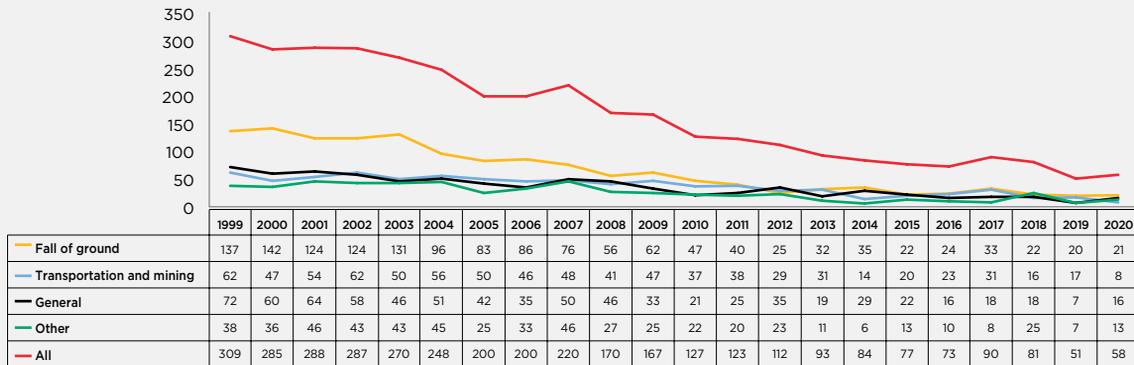
FoG fatalities are concentrated in gold and platinum mines using conventional mining methods; rock-burst accidents are prevalent in deep-level gold mining.



Source: Department of Mineral Resources and Energy

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

Causes of fatalities: 1999 - 2020



Source: Department of Mineral Resources and Energy

## Injuries

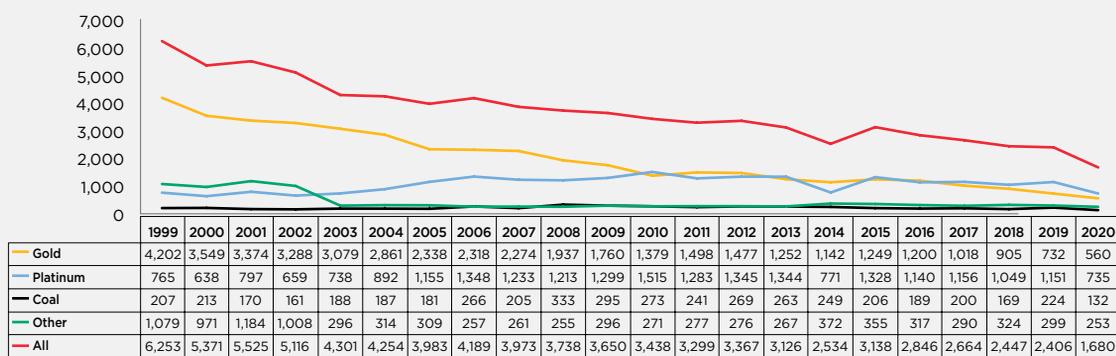
By 14 December 2020, the industry recorded a 30% decrease in injuries from 2,414 in 2019 to 1,680 in 2020. This reduction is the highest improvement recorded in the last five years, above the annual milestone reduction target of 20%. The number of injuries in the gold sector decreased from 755 in 2019 to 560 in 2020 (26% reduction), the coal sector injuries decreased from 224 in 2019 to

132 in 2020 (41% reduction) and platinum injuries decreased from 1,130 in 2019 to 735 in 2020 (35% reduction).

The 'other' commodities is the only sector that did not reduce the number of injuries below the milestone reduction target of 20% with 253 injuries reported in 2020 compared to 305 injuries reported in 2019 (17% reduction).

Injuries classified under 'general' were the largest contributor with 929 (55%) of the overall number of injuries reported. The second largest contributor was transport at 299 (18%) and FoG at 282 (17%). Much more work is required to reduce general injuries to ensure continued improvement above the annual milestone reduction target of 20%.

Injuries by commodity: 1999-2020



Source: Department of Mineral Resources and Energy

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

## National Day of Health and Safety in Mining 2020 with a focus on COVID-19

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

In July 2020, the third annual National Day of Health and Safety in Mining was held virtually under the Khumbul'ekhaya health and safety strategy banner to demonstrate and support industry's recommitment to the shared imperative of zero harm. Every year, the National Day of Health and Safety calls on member companies to devote a day to renew management and employees' focus on health and safety. In 2020, the commemoration was focused on reinforcing behaviour change – at home and at work – in the face of COVID-19.

## Occupational safety milestones performance

Since 1994, the mining industry has maintained a gradual reduction in fatalities. During the 2014 Mine Health and Safety Council (MHSC) Summit, all stakeholders agreed that the industry should accelerate the elimination of fatalities. Although the industry has not achieved the aspirational target of a 20% reduction in fatalities, it has been able to perform at levels that are comparable to international benchmarks. The industry has also experienced a gradual decline in the number of serious injuries in the last five years.

In 2020, all commodities reduced serious injuries with only 'other' types of commodities reducing serious injuries below the 20% annual milestone reduction target. Overall, the industry's performance – when

measured against the tough milestones set in 2014 – is largely mixed. However, it is evident that the trends are headed in the right direction and that, by continuing to collectively to push additional efforts collectively, the industry can meet all the milestones.

## Virtual tripartite engagement: working together

In August 2020, the Minerals Council hosted the Khumbul'ekhaya virtual tripartite engagement. The purpose was to strengthen collaboration in health and safety, review the progress of the Khumbul'ekhaya programme, plan for the sustainability of the strategy within the constraints of the COVID-19 pandemic, and to discuss observations openly and recommendations amongst stakeholders. This engagement resulted in several actions being identified, including:

- Strategies to deal with gender-based violence
- Resolution for redundancy during COVID-19
- Investigation into wearing of masks over long periods
- Investigation of social distancing in cages
- Focus on mining communities
- Protection of vulnerable employees
- Rapid recovery of the economy
- Attention to the wellness of employees

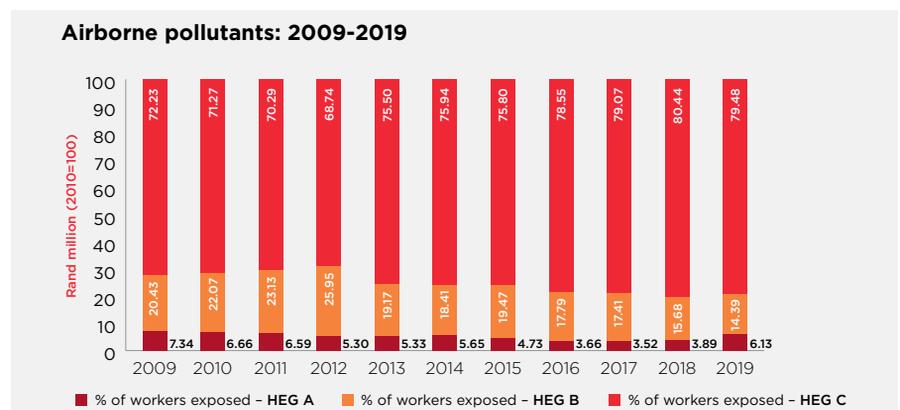
## Health performance Introduction

The goal of the Health Department is to achieve zero harm from occupational health exposures and to improve the general health of employees in the industry. This performance update covers performance on milestones/targets set by the MHSC as well as those the Minerals Council has set for itself.

This health report draws on data published by the DMRE for 2019 as well as 2019 data from the Minerals Council reporting system. It is still not possible to report on health data for 2020 as some reports, particularly hygiene reports, are only concluded 60 days after the end of the Minerals Council reporting period.

## Airborne pollutant exposures

The percentage of employees in the homogeneous exposure group (HEG) A in relation to the occupational exposure limit (OEL) has not improved since 2015, with 4.73% to 6.13% of employees in HEG A between 2015 to 2019 (see graph below). The significant increase in overexposure is particularly noted in the following commodities: gold increased from 7.25% in 2018 to 11.83% in 2019, coal increased from 5.45% in 2018 to 12.32% in 2019, iron ore increased from 2.79% in 2018 to 13.52% in 2019 and copper increased from 0.00% in 2018 to 5.02% in 2019.



Source: Department of Mineral Resources and Energy

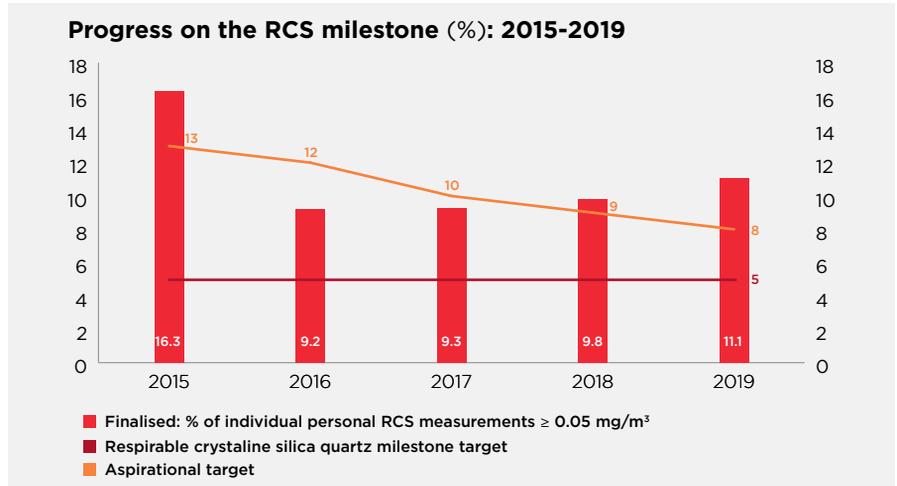
- HEG A – exposures ≥ the OEL or mixtures of exposures ≥ 1
- HEG B – exposures ≥ 50% of the OEL and < OEL or mixtures of exposures of ≥ 0.5 and < 1
- HEG C – exposures ≥ 10% of the OEL and < 50% of the OEL or mixtures of exposures of ≥ 0.1 and < 0.5

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

## Respirable crystalline silica quartz (RCS) milestone:

By December 2024, 95% of all exposure measurement results will be below the milestone level of respirable crystalline silica of 0.05%mg/m<sup>3</sup>.

While the RCS performance by Minerals Council members in 2015 was well within the target of 12% from 2016 to 2019, the industry regressed and did not meet the aspirational targets. At the current trajectory, the industry needs to redouble its efforts to reduce RCS dust exposure further in order to meet the RCS milestone.

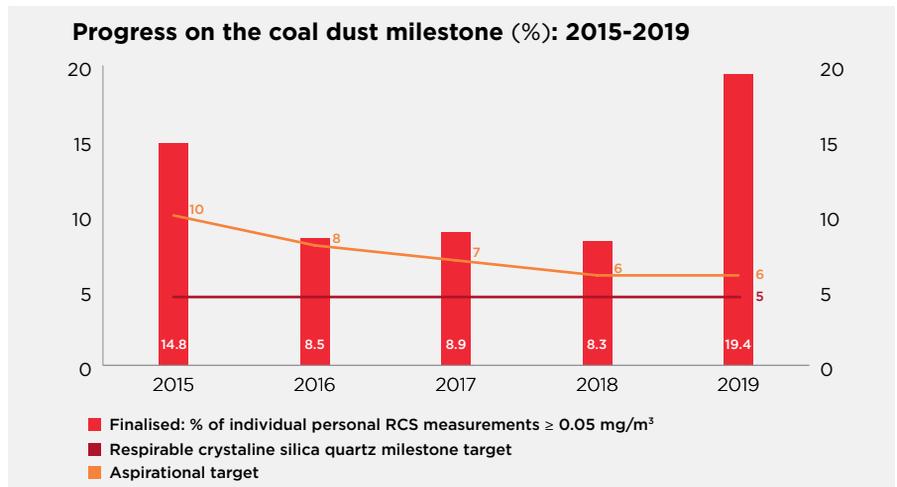


Source: Minerals Council South Africa

## Coal dust milestone:

By December 2024, 95% of all exposure measurement results will be below the milestone level of coal dust respirable particulate of 1.5mg/m<sup>3</sup>.

This milestone also showed a deteriorating performance from 8.5% in 2016 to 19.5% in 2019, both of which are off the target to reach the milestone in 2024. As indicated in the graph alongside, the aspirational target in 2019 for coal dust was 6% and several companies did not meet this target. The industry is not doing well in its drive to meet the milestone target for respirable coal dust.

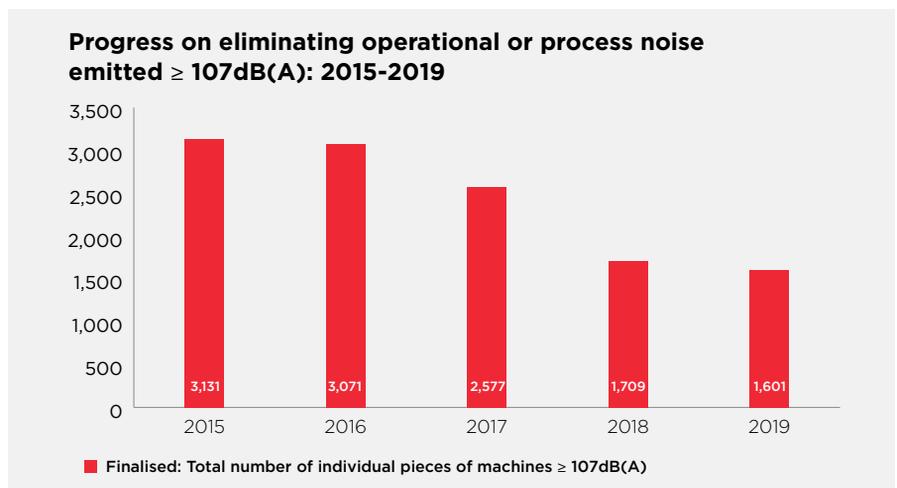


Source: Minerals Council South Africa

## Noise induced hearing loss (NIHL) milestone:

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

Much progress has been made in reducing the number of machines emitting more than 107dB(A), with a 51% decrease from 2015 to 2019, as indicated in the graph alongside. There is; however, an increase in employee overexposure to excessive noise in the gold industry from 0.02% in 2018 to 1.34% in 2019, chrome from 0.02% in 2018 to 0.12% in 2019, and PGMs from 0.1% in 2018 to 0.75% in 2019. Most non-compliant machines were in the platinum mining sector.



Source: Minerals Council South Africa

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

## Compliance with reporting requirements

Member companies committed to finalising and submitting 100% of health reports (quarterly and annually) on the Minerals Council Health Information Management System. As shown in the table below, reporting declined in 2019 to 80.6% of reports submitted.

### Pneumoconiosis milestone:

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

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

DMRE statistics indicate the number of employees diagnosed with silicosis has been reducing consistently while, as shown in the table alongside, cases of coal workers' pneumoconiosis have not shown a reduction.

### Noise induced hearing loss (NIHL) milestone:

By December 2016, no employee's standard threshold shift (STS) will exceed 25dB from the baseline when averaged at 2000, 3000 and 4000 HZ in one or both ears.

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

## Compliance in reporting on milestones: 2018-2019

Activity	Milestone	Industry performance 2018	Industry performance 2019
Compliance to reporting milestones	100% reports should be finalised and submitted	92.0%	80.6%

Source: Minerals Council South Africa

## Cases of coal worker's pneumoconiosis: 2016-2019

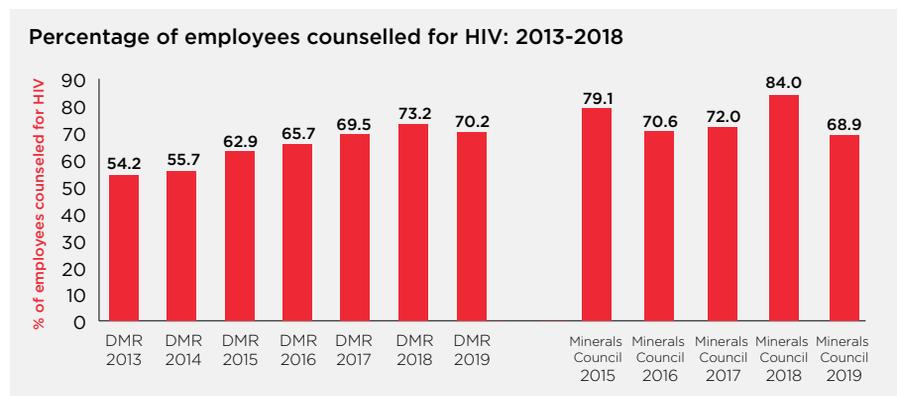
Coal worker's pneumoconiosis reported to the DMRE			
2016	2017	2018	2019
58	66	27	47

Source: Department of Mineral Resources and Energy

### HIV programme milestone:

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

As shown in the graph alongside, the performance of the industry on counselling for HIV declined drastically in 2019 to 68.9% from 84.0% in 2018. This is concerning considering that COVID-19 was not a factor.



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



Harmony - Tshepong

# SAFETY AND HEALTH INDUSTRY PERFORMANCE REVIEW CONTINUED

## Tuberculosis (TB) screening

The Masoyise Health Programme target is to screen 100% of employees in the industry for TB every year. The graph alongside shows that from 2016 to 2019 the number of screenings has remained constant at around 90%, below the 100% target.

### TB incidence milestone:

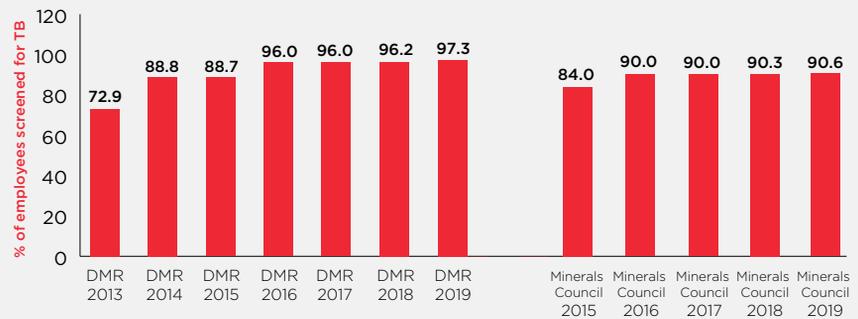
**By December 2024, the TB incidence rate should be at or below the national TB incidence rate.**

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

### Non-communicable diseases

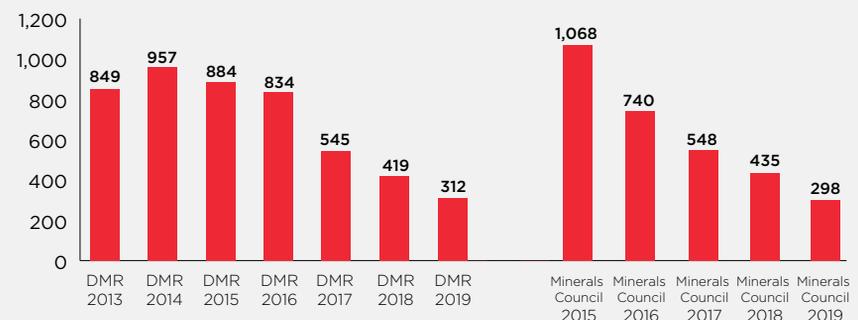
The Masoyise Health Programme target is for companies to screen 100% of employees for hypertension and diabetes annually. Reporting on non-communicable diseases (NCDs) only commenced in 2019 and, as shown in the table alongside, the target was not met and improvements are required.

Percentage of employees screened for TB: 2013-2019



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

TB incidence in mining industry (per 100,000 population): 2013-2019



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

### Industry performance on screening for hypertension and diabetes

	Milestone	2019	2018
NCDs	Screen all employees for hypertension	63.2%	N/A
	Screen all employees for diabetes	57.6%	N/A

Sources: Minerals Council South Africa

## Conclusion

A major concern in 2019 regarding the monitoring of occupational health milestones was the decline in reporting by companies onto the Minerals Council health reporting system. This declined further in 2020 as a result of the COVID-19 pandemic.

There was also regression in several milestones such as dust control and the Masoyise targets. The industry is not going to achieve the milestone targets on respirable crystalline silica quartz and respirable coal dust if it does not invest in the continuous real time

monitoring systems that are linked to the critical controls.

In order to improve on occupational health exposures, the Minerals Council's members have committed to adopt continuous real time monitoring systems, and progress on the adoption with performance on occupational health exposures will be presented to CEOs on a quarterly basis.

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



**Minerals Council's members**  
have committed to adopt continuous real time monitoring systems.

# INDUSTRY RESPONSE TO COVID-19

By the time the WHO had declared COVID-19 a global pandemic in March 2020, the Minerals Council and the CEOs of member companies were already alert to this threat and were adopting a risk-based approach in response.

In early February 2020, the Minerals Council developed and issued its first advisories to members on COVID-19, combined with communications material for employees.

## 10-point plan

Just a week after the WHO declaration of COVID-19 as a pandemic, the Minerals Council adopted its COVID-19 Preparedness Plan, which later became known as the 10-Point Action Plan. These steps included:

- Employee education and health promotion
- Health worker readiness
- Ensuring access to consumables (masks, sanitisers, testing kits) and hardware (such as temperature monitors)
- Proactive influenza vaccination, which the industry undertakes and promotes every year
- Understanding the potential impact on employees who may be immunocompromised
- Case definition and management of suspected cases or contacts of cases
- Isolation of employees, should the need arise
- Travel advice

- Reporting and communication in the industry in the event of a case
- Monitoring

## Standard Operating Procedure

By the end of March, the Minerals Council had published a *Standard Operating Procedure* (SOP) that provided for processes before employees arrive at work, after they arrive at work, isolation areas and follow up, continuous measures to deal with COVID-19 and reporting. The Minerals Council's SOP later became the basis for the *Guidelines for a Mandatory Code of Practice to Mitigate and Manage the Outbreak of COVID-19* published by the Chief Inspector of Mines in May 2020.

## Recovery from the lockdown

The release of the SOP coincided with the announcement by President Ramaphosa of a national lockdown that resulted in the significant scaling down of mining activities. Only operations supplying Eskom and the synfuels industry continued to operate to ensure energy security. Value-adding mining infrastructure, especially refineries and smelters that could not easily be switched on and off, also continued to operate, while ensuring that due care was taken with preventative and monitoring measures to protect the staff involved. Further, activities that continued involved internal essential services, including security, ventilation, cooling and pumping, refrigeration, tailings facilities, specialised maintenance, the provision of water and other supplies to communities as well as services to staff residences, where required.

The partial and increasing resumption of mining activities began following an announcement by the President on 23 April and was made possible through the effective measures put in place by the industry to

prevent the spread of COVID-19, and the collaboration between the DMRE, unions and companies in implementing and observing strict protocols and restrictions.

## Protection of vulnerable employees

Even when the industry was allowed to ramp up to full capacity, vulnerable employees continued to be assessed under the Minerals Council's *Guidance on COVID-19 and Vulnerable Populations*, encouraging companies to take informed decisions in managing employees who were vulnerable to COVID-19.

## Collating and using information

From the beginning of the outbreak of the pandemic, the Minerals Council developed tools for collating information on cases, screening and testing, and deaths, and has reported these transparently and regularly on its website. More than that, data and data analysis has been used as a fundamental tool in understanding the impact of the pandemic, its patterns and for early warning signs of potential outbreaks.

## Increasing testing

By September 2020, it had become clear that the existing testing resources, both public and private, were severely constrained. As a result, the Minerals Council, together with its members, sought to increase its COVID-19 testing capacity, both for companies and in support of the country's overall testing imperative.

The driver behind the industry's high testing rates that have been sustained throughout the pandemic is the belief that testing is a fundamental part of any country's response, in the knowledge that those countries that have been able to test more comprehensively have had greater success in flattening the COVID-19

## INDUSTRY RESPONSE TO COVID-19 CONTINUED

curve. Any individual who tests positive can be isolated until he or she recovers, and his or her contacts may be traced and similarly tested and isolated, effectively reducing the rate of transmission. Further, appropriate testing will mean that individuals, especially those who are potentially vulnerable, may receive the medical treatment they need as soon as possible.

The industry has been guided by the criteria stipulated by the National Institute of Communicable Diseases, and this guidance is the minimum standard with which the industry complies. But, given the exigencies that exist within the mining operations themselves, and the fact that the nature of the pandemic has been a high level of asymptomatic cases, the mining industry should modify its protocols. Several mining companies procured and established their own testing capacity (machines, testing kits and reagents, and qualified staff), or entered into arrangements with private facilities to secure access to increased testing capacity.



### Leadership

A hallmark of the industry's response to COVID-19 has been the intensity of leadership focus and the range of disciplines involved. COVID-19 has been considered and discussed at every Board meeting since March 2020 and has been the subject of several dedicated Board meetings. The CEO Zero Harm Forum has taken a very active role in addressing COVID-19, with an increased intensity of meetings and focus on addressing the pandemic, with the aim of saving lives and livelihoods with empathy and care. In line with the forum's compact that health and safety start with CEOs, they shared and challenged each other in-depth on all aspects of managing this new risk, thus accelerating the learning curve at executive level throughout the industry.

A COVID-19 industry working group was convened from May 2020 to February 2021, followed by the establishment of eight regional working groups covering mining operations in Gauteng, Northern Cape, Western Cape, Free State, North West, Mpumalanga, Limpopo, and KwaZulu-Natal. The meetings were convened to share company testing strategies, provide medical updates on COVID-19, facilitate greater cooperation for isolation and quarantine facilities, and convey current information on COVID-19 treatment and management. In the national and regional working groups, updates on testing strategies and protocols, testing kits, global vaccines under development, review of the testing undertaken in the mining sector, positive COVID-19 cases disaggregated across mining commodities, provinces, occupations, gender, and age has been provided to companies. The advantage of the regional cluster approach was demonstrated in joint support for isolation, quarantine and hospital facilities, and partnerships to facilitate additional testing capacity to the industry. In specific instances the cooperation at district level enabled the sharing of quarantine and isolation facilities in collaboration with the Department of Health. Over and above the updates on the status of COVID-19 in the mining sector, additional information has been disseminated on new testing protocols in respect of antibody testing, antigen testing and rapid point of care testing kits, effects of long term COVID-19, emerging updates on vaccine development, and global research on COVID-19.

Regular meetings of the industry's communications executives also shared knowledge and material on communications strategies. Other Minerals Council disciplines involved in COVID-19-related activities were Employment Relations, Legal and Skills Development.



### Fundamental research

Very early on in the pandemic, the CEO Zero Harm Forum took the decision to re-allocate research funding to focus on three COVID-19-related initiatives in order to support the mining industry and others in dealing with the impact of COVID-19.

Three research streams were approved:

1. To understand the nature of COVID-19
  2. How to change behaviours to stop the spread of the virus
  3. A geographic information system (GIS) mapping system to enhance decision-making
- Several discrete research projects were undertaken under this stream. First, the Aurum Institute was contracted to conduct an analysis of the cases and deaths very early in the pandemic to improve and accelerate learnings. Arising from the analysis, a further in-depth study was commissioned on what was thought to be a higher mortality rate in the gold sector. Specifically, the research was set to determine levels in mortality among COVID-19 patients at two selected gold mining companies, and to describe COVID-19 treatment outcomes and factors related to mortality among COVID-19 patients. Findings from these analyses suggest that being elderly, having a history of TB or compromised respiratory capacity, or having one or more comorbidities may increase the risk of death. As a result, risk mitigation strategies, including vaccinations should be prioritised for these groups.

Next, the Minerals Council also commissioned the University of South Africa to conduct a study on the effectiveness of all the control measures in place across the mining industry and whether these were achieving the intended objectives and what improvements were required.

## INDUSTRY RESPONSE TO COVID-19 CONTINUED

Another significant body of research was the COVID-19 seroprevalence survey that was undertaken at two mines in different provinces. The study aimed to determine the prevalence of COVID-19 infection among key groups, measured by serology; understand the range of clinical presentation (symptoms, duration of symptoms, requirement for hospitalisations), and risk factors for COVID-19 infection (age, occupation, gender, past medical conditions among miners aims to characterise COVID-19 infection in South Africa); and to evaluate the effectiveness of infection prevention and control measures. The first phase of the three-phase study revealed that the first wave of COVID-19 infected approximately 21% of the workforce at the studied mines. One of the key outcomes of the study to date was that obesity can be a major risk for contracting COVID-19, and wellness programmes to reduce obesity among workers can help reduce this risk.

- Work was undertaken with mining companies and behaviour change experts focused on sharing and understanding leading practices and lessons to change behaviour among employees and in communities. The aim was for a collective effort on researching healthy and safe behaviours to prevent and control COVID-19; identifying and assessing leading practices across the mining industry; and developing practical field guides to share the findings and improve the industry's efforts. Two field guides were published: the first, *Within the Mine Gate*, is for use on mines, while the *Beyond the Mine Gate Field Guide* looks at empowering employees as agents of change and promoting and supporting healthy and safe behaviours within communities.

- The Minerals Council sponsored the development and implementation of a GIS system to inform decisions and mitigate the risks associated with transmission. The system outlines the prevalence of transmissions in communities and provides an overview of the coping mechanisms in place in different areas, such as hospitals and clinics, thus enabling improved decision-making for companies.



### Coordinated, phased return of foreign mineworkers

Following the national lockdown and the subsequent prohibition of non-South Africans from entering the country, the Minerals Council approached government for a special dispensation to allow the facilitated return of foreign mineworkers to South Africa. The agreement reached meant that an integrated and coordinated approach was needed, and that the Minerals Council would take responsibility for such facilitation and coordination; that an agent be appointed to facilitate the coordination, screening, testing, border logistics and transportation of employees to quarantine sites in mining areas; that mines would assume full responsibility for the quarantining of returning employees; and that all costs would be for the account of the mining companies concerned.

The Minerals Council developed an integrated and coordinated approach and appointed Teba as an implementing agent. Critical actions included:

- Screening of employees in their home countries (with those not passing the test provided with medical care at home)
- Travellers being provided with PPE, including masks and hand sanitiser; as well as travel packs containing all the necessary documentation

- Teba transporting workers to ports of entry, and then to quarantine facilities in mining areas
- Employee onboarding at quarantine facilities according to the individual mining company's onboarding protocols

Around 20,000 of the approximately 45,000 foreign mineworkers employed in the sector returned home when Disaster Management Regulations were promulgated in March 2020. By 15 December 2020, another 15,500 employees had returned to work.

With the move to Level 1, new regulations required valid negative COVID-19 test results from any persons entering the country. The Minerals Council sought, and was granted, further exemption owing to the logistics of getting valid COVID-19 testing in some neighbouring countries. The Minerals Council was granted a further exemption to allow the facilitated and phased return of foreign mineworkers to their home countries in December, and a facilitated, phased return afterwards. In total, 17,110 foreign employees went to their home countries for the festive period break and 16,700 returned after the shutdown.



### Community initiative and the 'Oxygen is life' project in the Eastern Cape

In late 2020, just prior to the second wave in South Africa, the Minerals Council announced that several mining company members – African Rainbow Minerals, Anglo American (representing De Beers, Kumba Iron Ore, Anglo American Coal and Anglo American Platinum), AngloGold Ashanti, Exxaro, Fraser Alexander, Glencore Alloys, Gold Fields, Harmony, Impala Platinum, Northam Platinum, Royal Bafokeng Platinum, Seriti and Sibanye-Stillwater – together contributed R4.7 million

## INDUSTRY RESPONSE TO COVID-19 CONTINUED

towards oxygen and oxygen-related products for the Eastern Cape.

During the year, the industry undertook intensive efforts in addressing COVID-19 at their operations, in communities, in their province of operation and nationally. Some of these initiatives included: sensitisation and awareness programmes with communities; assistance with community screening and testing campaigns; provision of testing kits for community use; provision of training to healthcare workers at community clinics; company occupational health practitioners provision of services at community clinics; provision of accommodation for frontline healthcare workers and nursing staff; provision of PPE for healthcare workers; provision of PPE and sanitisers for communities; and provision of food parcels and water and sanitation infrastructure to meet the basic social and physical needs of these communities in distress during the crisis. Mining companies also made substantial contributions to the national Solidarity Fund and other funds.

But the Eastern Cape stands out as a mining-affected province, without mines. Historically, the industry has drawn many thousands of employees from the Eastern Cape and, even currently, around 61,000 mining employees (around 15% of members' current workforce) originate from the Eastern Cape. At the same time, this is a province in dire need – it is the poorest province in the country, it suffers from a lack of infrastructure, and is known to be under-resourced in terms of healthcare facilities, supplies, and personnel.

The project delivered oxygen support equipment: oxygen flow meters, oxygen concentrators, oxygen regulators, nasal cannula, desktop pulse oximeters and fingertip pulse oximeters, non-rebreather masks,

and ventilation full-circuit face masks. The latter item was in support of the efforts made by the national ventilator programme, which had already supplied ventilators to the region; an initiative also supported by the Minerals Council via its support of the prototype developed by the Council for Scientific and Industrial Research (CSIR). These oxygen support items were distributed to clinics and hospitals in the OR Tambo and Chris Hani Districts.



### Support for government-led vaccination initiative

There is no doubt that access to an effective vaccine and the significant rollout of a vaccination programme is crucial in the fight against COVID-19; to help re-open the economy in order to save lives and save livelihoods.

The Minerals Council and its members have voiced their strong support for the expeditious rollout of an effective vaccine programme.

Minerals Council members have developed plans to assist in the vaccine rollout using the sector's significant healthcare infrastructure and delivery capability.

The Minerals Council and its members have decided to play an active role, in partnership with our social partners, to help with the vaccine rollout. While government is primarily responsible for funding the vaccine rollout and is the single buyer; the industry can play a material role in accelerating the vaccination programme on mines and in mining communities. The Minerals Council has estimated that, if vaccines are available, its members would be able to get between 60,000 and 80,000 people vaccinated per day – employees, family members, and community members. In total, the industry would be able to vaccinate up to 3 million people and has allocated around R300 million to deliver this programme.

In February 2021, the project also included support for the vaccine rollout programme in the mining industry in respect of coordination with the private sector initiatives run by the BUSA initiative that is driving private sector support to the national government to deal with COVID-19, but in particular the vaccine rollout programme for South Africa. This included the coordination and communication to the mining companies in respect of registration of vaccine sites, registration of vaccinators and curators, training requirements, and communicating suggested workflow processes to be administered at vaccine sites to ensure proper governance and controls of the vaccination rollout.



### Collaboration

Together, the Minerals Council and labour unions - AMCU, NUM, Solidarity and UASA – have convened a working group to discuss the prevention of the spread of COVID-19, and to combat its impact on the mining industry, its employees and mining communities. All parties have committed to collaborate to ensure that COVID-19 vaccines are secured and efficiently rolled out to employees and host communities, where possible, and to address misinformation to ensure voluntary and informed decision-making and participation to enable as many people as possible to take up the opportunity to be vaccinated.



### Overcoming vaccine hesitancy

The Minerals Council has convened a working group of members and a task team with unions to develop messaging and tools to understand and deal with vaccine hesitancy, and to provide employees and community members with sound, fact-based information to enable and encourage the acceptance of vaccines.

## SECTION 2

# OUR STRATEGY, LEADERSHIP, AND STRUCTURE

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

# OUR STRATEGY AT A GLANCE

## STRATEGIC PLAN



	OBJECTIVES
Drive industry agenda for ethical leadership, good governance, and positive transformation	<b>Play leadership role in setting business agenda for transformative change, ethical leadership and good governance.</b> Do this through organised business: BUSA, BASA, ASISA, BLSA. Consider modifications to the Membership Compact to ensure ethical supplier conduct.
Help drive development of a shared vision for the sector, one that can be supported by all stakeholders	<b>Rebrand, rename, and reposition organisation</b> against a milestone plan that co-ordinates finalisation of a reconciliation process, significant progress on legacy issues, completion of an industry vision for competitiveness and growth, and a stronger commitment to the core values statement. Emphasis on enhanced communications and the promotion of a positive image.
Reboot process to enable social pact between stakeholders, which has as its cornerstones policy and regulatory certainty, and good governance	<b>Implement meaningful acknowledgement</b> process to acknowledge the past (good and bad), based on fundamental precepts in the Zambezi Protocol. <b>Successfully resolve a significant portion of legacy issues</b> – migrant labour, accommodation, living conditions, social wage – in collaboration with stakeholders. Accelerate pay-out of pension funds to ex-mineworkers and compensation for occupational lung disease.
Develop a framework for promoting and respecting human rights; and support our members in its implementation	<b>Implement bottom-up grass roots approach</b> to engaging members and communities – establishing pilot regional offices to foster collaboration and partnership, and <b>better transformation outcomes.</b> <b>Form alliances with key business, labour, community, government, Parliament, religious groupings.</b> Establish mechanisms for ongoing collaboration and engagement on strategic country and mining industry issues. <b>Effectively engage members</b> through bilateral meetings and Minerals Council committees. Broaden the Minerals Council’s membership to include more emerging miners; and ensure their voice on the Board.

# OUR STRATEGY AT A GLANCE CONTINUED



**Strategic goal 02**

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

## OBJECTIVES

**Create enabling policy environment for mining sector.**

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

**Create an enabling legislative and regulatory environment for the mining sector.**

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

**Create an enabling operating environment for the mining sector.**

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



**Strategic goal 03**

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

## OBJECTIVES

**Promote local economic and community development.**

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

**Promote innovation and R&D for the sector.**

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

**Help expand a cost-competitive and efficient infrastructure base for mining.**

Facilitate discussions on new capacity in rail, ports, water, and electricity (including potential private sector participation and concessioning).

# OUR STRATEGY AT A GLANCE CONTINUED



**Strategic goal 04**

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

## OBJECTIVES

**Promote zero harm.**

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

**Promote and enable effective transformation.**

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

**Reduce mining industry's environmental footprint.**

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



**Strategic goal 05**

**Continually improve effectiveness and performance**

## OBJECTIVES

**Filter external issues and ensure alignment with the Minerals Council strategic plan.**

Only issues of strategic importance should be prioritised and tackled.

**Ensure the effectiveness and efficiency of the Minerals Council.**

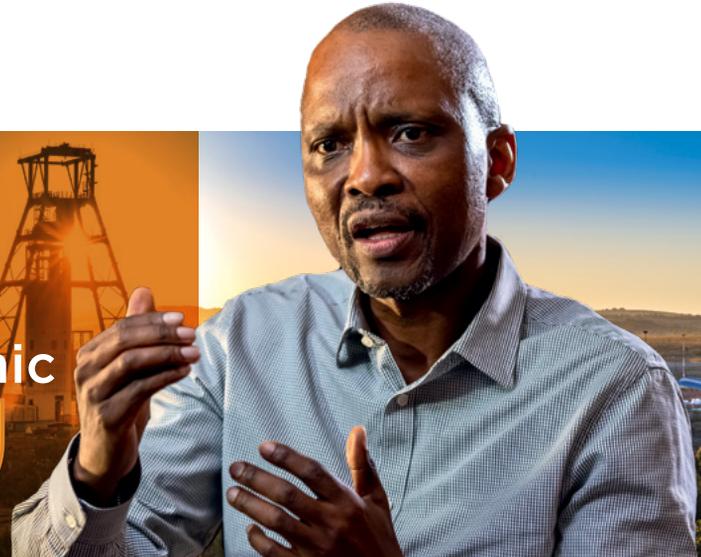
Effective implementation of the human resources strategy to attract and retain a professional team (including implementation of performance monitoring system, and short and long term incentive plans). Effective implementation of the risk register process and its alignment with strategic plan objectives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

**Evaluate the performance of the Minerals Council and provide feedback to members.**

Provide appropriate progress report feedback to the Board. Conduct regular strategic reviews, guided by the Office Bearers and the Board.

# LETTER FROM THE PRESIDENT

“ Our response to the **COVID-19** pandemic has been our top priority. ”



**Mxolisi Mgojo**  
President – Minerals Council South Africa



## ASSESSMENT

**Any assessment of the mining industry’s activities in 2020 has to start with an assessment of our response to the COVID-19 pandemic. We are no different from the rest of the world insofar as it has had to be our main focus and our top priority.**

With the COVID-19 news filtering out of China, and the consciousness growing in the mind of anyone who follows the work of the World Health Organization, the Minerals Council realised during the course of January that it was going to have a significant impact on the industry, even if we did not realise at that early stage the full extent of what that impact would eventually be.

Still, we believe we can say with honesty that, from the earliest stages, the Minerals Council, through its interactions with medical, operational, and other experts from our member companies, did all that we could to mitigate the impacts of the virus on our employees, while ensuring the industry’s sustainability through a year in which a significant portion of production was lost through restrictions on operations, including for a period for most of the industry, a lockdown and only a gradual return to anything approaching

full production. It started with early adoption of sanitising, social distancing, and the wearing of masks; and moved on to support for government’s initial lockdown measures and, during that period, the development, in close cooperation with national and international experts, of detailed guidelines that would be the foundation of a return to work. Those guidelines ultimately became the basis, not only for the COVID-19 regulatory system under which our industry now operates, but offered guidance to much of the rest of the economy too.

By the end of 2020, in addition to maintaining the hygiene protocols, each and every day close on 400,000 employees were being screened and, where necessary, tested. The industry made a positive impact on the country’s testing capacity, and enhanced capacity in mining communities too.

By year end, 66,400 employees had been tested; 14% of the workforce, compared with 11.3% of the population as a whole. By 10 May, that percentage had risen to 29.4% (compared with 18.2% countrywide). We are also gratified that the high quality of medical care provided to employees has meant that deaths as a proportion of positive cases, at 1.13% by latest measure, is only a third of the national average.

Nonetheless, we mourn the 394 colleagues we have lost to COVID-19 complications, including Board member, Shadwick Bessit, as at 10 May 2021. We cannot afford to be complacent. The second wave through which we passed in December and January 2021 was painful both for the industry and the country. And that is why we cannot let our guard down with a third wave imminent – it may well be underway at the time this report is published. We need to continue taking precautions as seriously as we did at the very beginning of the pandemic.

## LETTER FROM THE PRESIDENT CONTINUED

The only light at the end of the tunnel is the achievement of herd immunity for our employees, our communities, and the country as a whole through a large-scale vaccination programme. That is why we are working closely with government and with organised labour to acquire additional vaccines, as we did with testing equipment a year ago, and to use all our medical capacity to administer vaccines to employees and communities, thus enhancing the country's capacity to achieve herd immunity at the earliest possible point in time.

Regrettably, we cannot claim as effective a performance in 2020 in respect of mine safety. Measured by fatalities due to accidents, our journey to zero harm took a backward step in 2020 following the gratifying improvement we saw in 2019. In 2019, we recorded the lowest ever number of fatalities on record in our mining history and, while we know that it was a good achievement, we recognise that it is not good enough. We continued with our Khumbul'ekhaya – which means remembering home – strategy with a focus on eliminating fatalities as a result of safety and health incidents. That programme continued in 2020. That we recorded an increase in fatal accidents in 2020, and this despite shutdowns and reduced operations during the lockdown, is extremely disappointing to us. We cannot accept regressions of this sort. Industry CEOs and their colleagues have been examining the causes of this regression.

A targeted approach is being put in place to address major causes of fatalities across the various commodities. Falls of ground are a significant challenge in the platinum and gold sectors, while transport-related accidents have mostly affected the coal and

platinum sectors. Gravity-related rock falls remain a larger challenge in comparison with seismic-related rock bursts; an area where extensive progress has been made in recent years at our deep-level mining operations.

These are all matters for which the leaders of the industry take and accept responsibility, even as we know that co-operation with our social partners is necessary to achieve optimal performance. There are areas, though, for which we need strong commitment from government too.

One is exploration. Between 2000 and 2018 Canada attracted, on average, US\$2 billion in exploration a year. Australia attracted US\$1.8 billion. South Africa saw only US\$194 million, or 1% of total world exploration spending, in the same period. Our country fares even worse in greenfields exploration. In 2019, South Africa accounted for only 0.1% of greenfields exploration.

A survey of Minerals Council member companies conducted in December 2020 indicated that they have projects worth about R20 billion that have been prevented from being developed due to slow government processes, including delays in the approval of permits and mining right transfers, as well as the issuing of water-use licences and environmental permits.

We have been deeply engaged with the Minister of Mineral Resources and Energy and his Director General over ways to resolve these challenges, and to re-energise the mining industry which, in these positive commodity market conditions, would be growing rapidly were it not for these and other unnecessary regulatory obstacles.

This is what we are seeking:

- Discard of the unsatisfactory South African Mineral Resources Administration System (SAMRAD) application system and development of a new, electronic, transparent, and reliable online mining cadastral system
- Crackdown on corruption
- Clarity in confusing statutory provisions
- Speeding up of licensing timing
- Regular DMRE reporting on licence applications

The final point I would like to address is the issue of power self-generation. We are taking steps in the right direction in this regard. But those steps are slow, tentative, and short.

For the first time, we have an Eskom CEO who recognises that the organisation will not be able to meet the economy's needs and has acknowledged the critical role of private sector contributions to the power grid.

Government can surely do far, far more to facilitate self-generation in a shorter space of time.

In conclusion, I would like to thank my fellow Office Bearers and Board members, and Minerals Council executives, managers, and staff for their extraordinary contributions to our industry during a quite extraordinary year. Your contributions ensured that we emerged wiser and, in many ways, stronger.

**Mxolisi Mgojo**

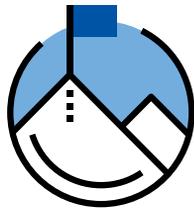
President – Minerals Council  
South Africa  
12 May 2021

# CEO'S REVIEW

“ Our testing rates are  
**75% higher**  
than the national average. ”



**Roger Baxter**  
CEO - Minerals Council



# CHALLENGING

The mining industry's risk-based approach to business meant that it was prepared to handle the pandemic on a global level, and especially in South Africa.

## In conversation with Roger Baxter, CEO, Minerals Council South Africa

**?** In reflecting on 2020, COVID-19 stands out as a game-changer. Would you agree?

2020 is undoubtedly going to be remembered as the year of the pandemic: its huge impact on humanity, and also how unprepared the world was to manage the shock. But, in the midst of this crisis, there were also positives - where certain industries, including mining, showed great resilience. The mining industry's risk-based approach to business meant that it was one of the few sectors prepared to handle the pandemic on a global level, and especially in South Africa.

I think that the industry can be proud of what it achieved in 2020 in terms of keeping people safe, through preventative and mitigating controls;

to save lives and to save livelihoods. This was a demonstration of real leadership, and it showed we could work well with government and organised labour. The pandemic is a humanitarian crisis, but it has also been an incredibly important catalyst for us to work together as critical partners and stakeholders in the sector.

The mining sector's ability to re-open after a short period of lockdown, and the massive contribution it made to the fiscus in an otherwise dismal year, speaks volumes about what the sector could do if its potential were unleashed.

2020 was also the start of a bigger, broader conversation, directly and through business entities such as BUSA and B4SA, about how we can get mining back on track. And this bodes well for 2021 as the year of implementation: the Minerals Council and the DMRE have established six task teams that are working on how we revive mining post-COVID.

We have already made some progress. The exploration task team has developed a proposed way forward, including the implementation of a new mining cadastre, which is receiving attention. We have submitted to the DMRE details of all the outstanding licensing applications currently holding back approximately R30 billion of committed investment by companies that cannot be spent owing to red tape. We have engaged with the Minister of Mineral Resources and Energy and Eskom on the electricity crisis and how to unblock it - the progress on self-generation is a result of this. We continue to have constructive engagements on unblocking infrastructural constraints, and continue to work with Transnet, including establishing joint technical task teams.

So, if there was a report card at the end of the year, I would say that the Minerals Council played a critical leadership role in all these conversations and activities.

## CEO'S REVIEW CONTINUED

Could we have done better? It would have been better had mining been declared an essential service at the outset of the pandemic, or if we had been able to bring our full complement of staff back to work sooner. Ultimately, though, there was clear recognition by the Minister and others that we needed to get the sector back to work to help save the economy.

**?** **You have often lamented the 'lost' decade, and that the economy was in trouble even before COVID-19. Do you think enough progress is being made?**

There has been some progress. It is not enough, but it is a start. The Minerals Council played a leadership role in the BUSA and B4SA processes which led to the initial discussions with President Ramaphosa in July – which, in turn, led to the establishment of the Nedlac seven-a-side dialogue. The mining industry made a significant contribution to the B4SA proposals and submissions to government on an economic reconstruction and recovery plan. It was disappointing that the plan published by government did not fully reflect our inputs. And there are some areas where we patently disagree – such as the role of government in infrastructure and the impossible requirements for local procurement. Although the document did not focus sufficiently on structural reform issues, there was an agreement that these would be a big part of the agenda for 2021.

Could we have done any differently on the issues? We engaged as effectively as we could in this process. The economy did suffer – we saw a 7% decline in GDP, we saw several million jobs being lost, we saw the fiscal deficit ballooning up to 14%. But we made a massive contribution to saving lives and saving livelihoods. And the mining sector was able

to make a significant positive contribution to the fiscus through higher royalties and taxes.

**?** **Were there some absolute negatives in 2020?**

The starts and stops in production took their toll, as did load shedding. The most significant disappointment was that, in addition to the loss of 394 mining employees to COVID-19 as at 10 May 2021 (including Board member, Shadwick Bessit), we lost 58 people as a result of mining accidents in 2020. We do not know what the underlying reasons were for this. Has the strain of the pandemic perhaps led to more behavioural risk taking? We are investigating and are intent on returning to a continuing downward trajectory to achieve zero harm. On the other hand, progress was made in respect of other occupational diseases, for example TB. The bottom line is that we are learning to do things differently.

**?** **Were there any positives on the health and safety front? And what's next?**

The industry's approach to COVID-19, which you can read about in detail on page 24, has been a monumental effort, and our management, unions and healthcare staff are to be congratulated on what they have achieved. Our testing rates are 75% higher than the national average, and our deaths per positive case are half that of the national average.

The need for effort is not over, though. COVID-19 is with us for the foreseeable future, and we need to keep up our guard and continue to embed preventative measures into our lives, at home and at work. Our response and initiatives in the face of the April holiday season and the impending third wave are further evidence of the industry's

concerted collaborative approach, developed in alignment with the DMRE and unions.

Of course, the next major challenge and opportunity is the rollout of South Africa's vaccine programme. The industry is fully geared to support government to actually get 'jabs in arms'.

It is a great disappointment that South Africa has been so far behind in procuring vaccines – this has and will continue to cost lives. The situation will only change when a significant portion of the population is vaccinated.

It is our reality that, in South Africa, we must vaccinate those who are economically active as soon as possible to ensure they can stay economically active. In mining, for instance, around 60,000 people have still not been able to return to work because they are particularly vulnerable. That has placed a burden on them, their families, their companies, and ultimately the country.



### The industry's approach to COVID-19

has been a monumental effort, and our management, unions, and healthcare staff are to be congratulated on what they have achieved.

## CEO'S REVIEW CONTINUED



**Turning to the issue of competitiveness, which you have spoken about often. The Fraser Institute's 2020 annual survey of mining and exploration companies released in early 2021 showed a further shocking regression in perceptions relating to South Africa. Is this relevant, and what can be done about this?**

It is definitely relevant. Perceptions drive reality, and investor perceptions drive or halt investment.

Moreover, these perceptions are based on reality. Make the comparison between South Africa and Botswana, for example. In the just over 50 years between 1966 and 2019, Botswana grew its economy (as measured by an annual GDP growth rate) by 8.3% per year. In the same period, South Africa achieved a 2.6% annual growth rate. In the last decade, this rate has been slightly under 1.7%. There is no doubt that the last decade was a lost decade, because our economic growth did not even match population growth – we were basically treading water on GDP per capita growth.

So, why has Botswana been so incredibly successful? They changed their Mines and Minerals Act in 1999 and they have not changed it since. In Botswana it takes 20 days to get a mining right for a major project, and 40 days for a prospecting right. It's a clear and very simple process and there is very limited discretion in the hands of the bureaucracy.

By comparison, in the last 25 years South Africa has experienced enormous changes to its mining laws and framework. Some of this has been necessary, of course, but the changes should be sensible, clear, predictable, and stable and, ultimately, they need to be globally competitive. The allocated

time for a prospecting right is 245 working days and 355 working days for a mining right. We are simply not competitive.

And these realities are seen in the rankings: Botswana has been the top-ranking African country in the Fraser Institute survey for more than two decades. Its average score for investment attractiveness is 73 out of 100, while South Africa's is 42 out of 100. In 2020, Botswana scored 100 in six of the 18 areas of the survey; 14 of the 18 measurements were in the top quartile. South Africa scored one in the top quartile and not a single 100.

So, clarity on the Mining Charter and the working group outcomes are critically important. If we do not sort out these regulatory certainty issues, South Africa is going to remain at the wrong end of the investment attractiveness index, and that is despite having an estimated resource of more than \$2.5 trillion worth of non-energy minerals, which is bigger than Russia's and, possibly, than Australia's. It is clear that, even with incredible resources, without a framework in place allowing long-term investment, investors simply will not come.

We have made material progress in engaging the DMRE on the areas where we think there are constraints, and to working in partnership to unlock the real capability of the private sector.



**Another area that has been close to your heart in 2020 has been women in mining. Do you think sufficient progress has been made?**

We have been very fortunate that this has been championed by our CEOs and led by two of our Office Bearers. To me, the tragedy is twofold. The first is that, while 51% of people living in South Africa are women, we simply do not tap into their vast talents by not employing enough women in mining, particularly at a

leadership level. The second is the tragedy of endemic gender-based violence. We believe that the mining sector has a critical role to play in changing behaviour with regard to gender-based violence, not just on designated days of the year, but every day.

We have made some progress, but we can do so much more. And to do that, the industry needs to modernise and to grow. How do you attract good, capable talent into the industry, both male and female, if your sector is shrinking?



**So, looking forward, if you could wish for three major changes in the year ahead, what would they be?**

The first and most obvious is the expeditious rollout of COVID-19 vaccines. That is a national priority. The mining sector has given its full support to the national vaccine effort and has put in place practical plans to vaccinate three million people – both employees and community members – in two months.

Secondly, we have to unlock all of the growth inhibitors, the regulatory and licensing constraints, and remove policy uncertainty. If these issues do not get resolved during 2021, South Africa is going to take a lot longer to get itself back onto the investment radar screen.

Third, is the need to unlock the capability of the private sector, particularly in respect of infrastructure. If we could do this, then South Africa would be a completely different country from an economic trajectory perspective.



**In closing, do you see any other opportunities for the sector in the year ahead?**

The issue of a just transition to a lower-carbon economy is a major opportunity. While South Africa's coal

resources are likely to be the source of energy for the next 50 years, bringing on stream coal-fired power stations like Medupi and Kusile (that use new technologies with a lower carbon footprint) will actually decrease our emissions. In terms of the Integrated Resource Plan 2019, approximately 11GW of older generation coal plants will be decommissioned over the next decade. However, there will be significant gaps in new electricity supply – we need to do everything possible to unlock private sector investment in new generation, and especially renewable generation. We, as an industry, are very aware of climate change, and committed to playing our part.

We also think that government can unlock private investment in energy generation at a much faster pace, particularly in respect of renewables.

More than that, though, we need to transition to a different view of our energy future. We are involved in exciting conversations about designing South Africa's hydrogen economy roadmap. The country could play a major, leading global role in the use of hydrogen for mobility, using platinum-based hydrogen fuel cells. We have the opportunity to demonstrate to the world that we can be real leaders in this change and develop the intellectual property that could set South Africa on the path for good from an industrialisation perspective. Mining can play a very large part in this evolution.

Our central purpose at the Minerals Council is Making Mining Matter. We have done so this year, I believe. And we can do more in the future.

**Roger Baxter**

CEO – Minerals Council South Africa  
12 May 2021

**We have the opportunity to demonstrate to the world that we can be real leaders in this change and develop the intellectual property that could set South Africa on the path for good from an industrialisation perspective.**

# Mining can play a very large part in this evolution.

■ Implats – Impala Rustenburg operations

# OUR STRUCTURE

## OFFICE BEARERS



**Mxolisi Mgojo**



**Nolitha Fakude**



**Neal Froneman**



**Zanele Matlala**



**Steve Phiri**

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

The Board is made up of representatives of Minerals Council members and a representative of the Junior and Emerging Miners Leadership Forum. Board representatives nominate and elect five Office Bearers – the President and four Vice Presidents – at the annual general meeting.

### **Mxolisi Mgojo**

**President** (appointed in May 2017)

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

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

### **Nolitha Fakude**

**Vice President** (appointed in May 2020)

BA and BA (Hons)(Psychology)

Nolitha Fakude has over 30 years of experience across a diverse range of industry sectors, including oil and gas, petrochemicals, financial services, and retail. Prior to her appointment as group director, she was a non-executive director of the Anglo American plc Board. She also holds the position of a non-executive director of the JSE Limited and serves on the boards of Discovery Bank Holdings and International Woman's Forum South Africa (IWFSA). Nolitha served on various boards, including Sasol, Harmony Gold and Woolworths Holdings, among others, and is a former President of the Black Management Forum (BMF).

### **Neal Froneman**

**Vice President** (appointed in May 2016)

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

Neal Froneman has been at the helm of Sibanye-Stillwater since January 2013 and has 30 years of operational, corporate development, and mining

industry experience. Previously he was Chief Executive Officer of Gold and Uranium One (formerly 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.

### **Zanele Matlala**

**Vice President** (appointed May 2019)

BCom, BCompt (Hons), CA(SA)

Zanele Matlala joined the Merafe Resources Board as an independent non-executive director in 2005, becoming the Chief Financial Officer in October 2010. She was appointed CEO in June 2012. Zanele has served as a non-executive director on the Board of Kagiso Media Ltd, an independent non-executive director at Gold Reef Resorts Ltd, Group Finance Director at Kagiso Trust Investments Pty Ltd, and Chief Financial Officer for the Development Bank of Southern Africa Ltd. She is also a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings, RAC Limited, and Old Mutual Investment Group Holdings.

### **Steve Phiri**

**Vice President** (appointed in May 2017)

BJuris; LLB; LLM; Dip Corp Law

Steve Phiri has been the CEO of Royal Bafokeng Platinum since April 2010. Prior to this, he was the CEO of ferrochrome producer Merafe Resources. 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 an admitted attorney of the High Court of South Africa.

# MINERALS COUNCIL EXECUTIVES

## Roger Baxter

**Chief Executive Officer**

BCom (Hons)

Roger Baxter joined the Minerals Council in 1992 and was appointed CEO in 2015. He has close on 30 years of high-level advocacy and strategy experience in the business and mining sectors. He was involved in the first mineral policy discussions with the ANC in 1992 and has participated in (and often led) discussions on all aspects of mining, economic investment, transformation, and tax policy with government. He previously chaired the BUSA Econpol and Growth Task Team. Roger has played a key leadership role in repositioning the Chamber of Mines of South Africa as the Minerals Council South Africa. He is a member of the Minerals Council Board, the BUSA Board, and the Board of the TEBA Trust. He chairs the WPIC and is Vice Chair of the International Associations Working Group within the ICMC. He is Chair of the MIASA.

## Tebello Chabana

**Senior Executive:** Public Affairs and Transformation

BA (Law); LLB

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

## Nikisi Lesufi

**Senior Executive:** Environment, Health, and Legacies

BSc (Hons); MSc

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

## Harry Groenewald

**Senior Executive:** Finance and Administration

BCom; MBL

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

## Sietse van der Woude

**Senior Executive:** Modernisation and Safety

MSc; MBL

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



Roger Baxter



Tebello Chabana



Nikisi Lesufi



Harry Groenewald



Sietse van der Woude

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

## SENIOR MANAGEMENT



# A WEALTH OF EXPERIENCE



**Mustak Ally**  
Head: Skills Development



**Thuthula Balfour**  
Head: Health



**Ursula Brown**  
Head: Legal



**Jeannette Hofsajer-Van Wyk**  
Head: Administration



**Alex Khumalo**  
Head: Social Performance



**Henk Langenhoven**  
Chief Economist



**Stanford Mamoshito Malatji**  
Head: Learning Hub



**Motsamai Motlhamme**  
Head: Employment Relations



**Stephinah Mudau**  
Head: Environment



**Sizwe Phakathi**  
Head: Safety and Sustainable Development



# DISCIPLINES

## Economics

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

## Health

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

## Public Affairs and Transformation

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

## Social Performance

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

## Environment

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

## Employment Relations

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

## MOSH Learning Hub

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

## Junior and Emerging Miners Desk

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

## Legal

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

## Safety and Sustainability

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

## Finance and Administration

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

## Communications

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

## Skills Development

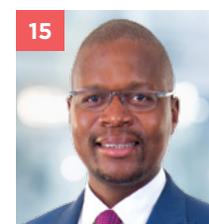
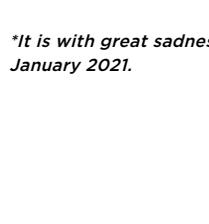
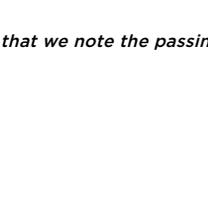
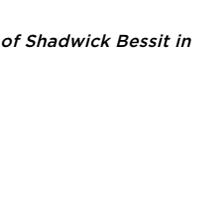
The Skills Development discipline plays a role in advocating the creation of an environment that enables the mining industry to develop skilled employees for advancement and deployment.

## Modernisation

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

# MINERALS COUNCIL BOARD

AS AT 31 DECEMBER 2020

 <p><b>01</b></p>	 <p><b>02</b></p>	 <p><b>03</b></p>	<p><b>01. Mxolisi Mgojo</b>  <b>Minerals Council:</b> President  <b>Exxaro:</b> CEO</p>	<p><b>02. Nolitha Fakude</b>  <b>Minerals Council:</b>                  Vice President  <b>Anglo American South Africa:</b> Chair of Management Board</p>	
 <p><b>04</b></p>	 <p><b>05</b></p>	 <p><b>03</b></p>	<p><b>03. Neal Froneman</b>  <b>Minerals Council:</b>                  Vice President  <b>Sibanye-Stillwater:</b> CEO</p>	<p><b>04. Zanele Matlala</b>  <b>Minerals Council:</b>                  Vice President  <b>Merafe Resources:</b> CEO</p>	
 <p><b>07</b></p>	 <p><b>06</b></p>	 <p><b>09</b></p>	<p><b>05. Steve Phiri</b>  <b>Minerals Council:</b>                  Vice President  <b>Royal Bafokeng Platinum:</b>                  CEO</p>	<p><b>06. Ayanda Bam</b>  <b>Kuyasa Mining:</b>                  Executive Chair</p>	
 <p><b>07</b></p>	 <p><b>08</b></p>	 <p><b>09</b></p>	<p><b>07. Roger Baxter</b>  <b>Minerals Council:</b> CEO</p>	<p><b>08. Shadwick Bessit*</b>  <b>Sibanye-Stillwater:</b>                  Executive Vice President:                  South Africa Operations</p>	
 <p><b>10</b></p>	 <p><b>11</b></p>	 <p><b>12</b></p>	<p><b>09. Paul Dunne</b>  <b>Northam Platinum:</b> CEO</p>	<p><b>10. Werner Duvenhage</b>  <b>Richards Bay Minerals:</b>                  Managing Director</p>	
 <p><b>11</b></p>	 <p><b>12</b></p>	 <p><b>13</b></p>	<p><b>11. Michael Fraser</b>  <b>South32 Africa:</b>                  President and COO</p>	<p><b>12. Japie Fullard</b>  <b>Glencore Alloys South Africa:</b>                  CEO</p>	
 <p><b>13</b></p>	 <p><b>14</b></p>	 <p><b>15</b></p>	<p><b>13. Jinghua Han</b>  <b>Palabora Mining Company:</b>                  Executive Director and CEO</p>	<p><b>14. Murray Houston</b>  <b>Glencore Coal South Africa:</b> CEO</p>	
			<p><b>15. Lucky Kgatle</b>  <b>Sasol Mining:</b>                  Managing Director</p>		

*\*It is with great sadness that we note the passing of Shadwick Bessit in January 2021.*

## OUR STRUCTURE CONTINUED



16

**16. Moses Madondo**

AngloGold Ashanti:  
Head SA Operations



17

**17. Themba Mkhwanazi**

Kumba Iron Ore: CEO



18

**18. Nico Muller**

Implats: CEO

**19. July Ndlovu**

Anglo American Coal:  
CEO



19

**20. Barend Petersen**

De Beers Consolidated  
Mines: Executive Chair



20

**21. Nico Pienaar**

ASPASA: Director



21

**22. Martin Preece**

Gold Fields:  
Executive Vice President:  
South Africa

**23. Niël Pretorius**

DRDGOLD: CEO



22

**24. Wayne Robinson**

Sibanye-Stillwater:  
EVP: SA PGM operations



23

**25. Mike Schmidt**

African Rainbow Minerals:  
CEO



24

**26. Errol Smart**

Orion Minerals: CEO

**27. Peter Steenkamp**

Harmony: CEO



25

**28. Mike Teke**

Seriti Resources: CEO



26

**29. Nombasa Tsengwa**

Exxaro:  
Executive Head of Coal  
Operations



27

**30. Natascha Viljoen**

Anglo American Platinum:  
CEO

**31. Charles Walters**

Assore: CEO



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# THE MINERALS COUNCIL BOARD

is the highest decision-making structure of the organisation.

# OUR LEADERSHIP FORUMS

# OVERVIEW

There are ten leadership forums that meet on a regular basis during the year, and on which member companies may have representation. These forums streamline and promote collaboration, and create a platform for engagement with our members and for our members to engage with government on sector-specific matters.

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

<b>10</b> <b>LEADERSHIP FORUMS</b>		<b>1</b> <b>CEO ZERO HARM FORUM</b>	<b>2</b> <b>WOMEN IN MINING LEADERSHIP FORUM</b>
<b>3</b> <b>PLATINUM LEADERSHIP FORUM</b>	<b>4</b> <b>COAL LEADERSHIP FORUM</b>	<b>5</b> <b>CHROME LEADERSHIP FORUM</b>	<b>6</b> <b>DIAMOND LEADERSHIP FORUM</b>
<b>7</b> <b>NORTHERN CAPE MINES LEADERSHIP FORUM</b>	<b>8</b> <b>JUNIOR AND EMERGING MINERS LEADERSHIP FORUM</b>	<b>9</b> <b>EXPLORATION LEADERSHIP FORUM</b>	<b>10</b> <b>ASSOCIATIONS LEADERSHIP FORUM</b>

# OUR LEADERSHIP FORUMS

## 1

### CEO ZERO HARM FORUM

The CEO Zero Harm Forum is premised on the belief that the industry's CEOs must lead by example, drive health and safety initiatives in the industry, and address key challenges to accelerate the industry's journey to zero harm.

#### Overview and approach

The forum's objectives include:

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

The CEO Zero Harm Forum ordinarily meets three times a year and includes: African Rainbow Minerals, Anglo American Coal, Anglo American Platinum, AngloGold Ashanti, ASPASA, Assore, De Beers, Exxaro, Glencore Alloys, Glencore Coal, Gold Fields, Harmony Gold, Impala Platinum, Kumba Iron Ore, Sasol Mining, Seriti Resources, Sibanye-Stillwater, South32, Vedanta Resources. In 2020, the frequency of its meetings was for the most

part increased in response to the COVID-19 pandemic.

#### Activities and focus

The work of the CEO Zero Harm Forum is guided by the Khumbul'ekhaya CEO-led health and safety strategy, which has reconfigured the work plan of the CEO Zero Harm Forum. All work performed and all future targets are measured against the strategy's key principles. Khumbul'ekhaya is an unwavering commitment that health and safety begin with the CEOs who direct and guide the industry, and it is the step change required to eliminate fatalities in mining.

#### Step change initiatives in 2020

The CEO Zero Harm Forum reaffirmed commitment to zero harm, including elimination of fatalities on health within and beyond the mine gate through the following:

- Showing heartfelt leadership in learning from each other and from other industries in the form of shares on health and safety incidents, and diversity and inclusion, as well as fatal-free performances
- Continued recognition of the significance of CEO-ship, focusing specifically on the personal role of the CEO in health and safety
- Decisively repurposed the Khumbul'ekhaya health and safety strategy in response to the COVID-19 pandemic
- Provided heartfelt leadership on monitoring, evaluation, and communication by:
  - Keeping an updated scorecard based on robust, holistic health and safety data showing where various organisations are in their journey (including success with critical controls), and providing the necessary support
  - Improving communications around industry health and safety achievements

The CEO Zero Harm Forum approved a dual strategy of advocacy combined with an investment in member support towards the industry alignment on Trackless Mobile Machinery (TMM) Regulations implementation readiness. This includes the need to balance saving lives and saving livelihoods, and the adoption of quick-win measures to reduce transport and related fatalities, while the ecosystem is being prepared.

The forum continued to engage with the tripartite partners on key issues of mutual interest such as responses to COVID-19, TMM Regulations implementation readiness, and occupational health and safety performance regression.

## 2

### WOMEN IN MINING LEADERSHIP FORUM

The Women in Mining Leadership Forum aims to streamline the industry's strategies to advance women in the industry with a focus on improving the representation of women in the sector, and encouraging leaders to make decisions that are in the best interest of women.

#### Overview and approach

Strategic Goal 4 of the Minerals Council Strategy is *Promoting effective transformation*. In line with this objective, the Minerals Council decided to coordinate the response of Minerals Council members on transformation of the industry to

## OUR LEADERSHIP FORUMS CONTINUED

accommodate women. The Board approved the White Paper on Women in Mining (WiM) in 2019 and in March 2020 approved the roadmap for WiM. The roadmap outlines a ‘call for action and ambition’ and ‘diagnostic’ in the first quarter, ‘strategy definition’ in the second quarter, ‘execution’ in the third quarter and ‘creating momentum through reflection and planning for 2021’ in the fourth quarter.

In accordance with the roadmap, the WiM initiative conducted diagnostic interviews to understand the current context of gender diversity and inclusion in the mining industry. From these interviews, insights into how to enhance gender diversity and inclusion were garnered. These insights can be reviewed across four focus areas: leadership commitment, attraction/recruitment, retention, and advancement/development.

### Challenges and opportunities

Owing to the effects of COVID-19, the execution of the roadmap was delayed. However, the pandemic also offered opportunities to advance gender diversity and inclusion. WiM therefore repositioned under three pillars:

- **Governance:** Adjust the WiM initiative structure, forming a leadership forum to drive and execute the enhancement of WiM
- **Communication:** Adapt the WiM communication strategy to be more dynamic and engage on relevant issues, including women’s roles in crises
- **Action:** Advance the gender diversity agenda by ensuring progress on fundamentals, while responding to health and economic crises

Six priority initiatives were identified across the three pillars to drive action in 2020:

- Establishment of a WiM Leadership Forum (WiMLF)
- Definition of an ongoing, dynamic WiM communication strategy

- Public celebration of WiM COVID-19 heroes
- Commitment from companies to deliver on the seven foundational measures
- Defining the role of women in the COVID-19 response
- Integration and inclusion of leading practices in mining modernisation

Companies are also required to deliver on seven foundational measures:

1. Reaffirm zero tolerance for gender-based violence through the Stop Abuse of Women campaign, and ensure that reporting and other mechanisms are in place to deal with this issue
2. Ensure that gender diversity and inclusion policies have been developed and are being implemented
3. Provide a reporting system for gender diversity issues
4. Initiate unconscious bias training to transform the culture of the organisation
5. Develop and deploy ongoing companywide pulse check surveys
6. Build an inclusive physical environment
7. Ensure that PPE designed for women is widely available

### Activities and focus

The WiMLF has approved action plans for 2021 to 2022 for each of the seven foundational measures. Each foundational measure has a company lead and supporters.

In recognition of the role played by women during the COVID-19 pandemic, companies were invited to nominate COVID-19 Heroes – employees who had gone above and beyond the call of duty in responding to the wide range of challenges that the pandemic had posed for companies, employees, communities, families, and individuals.

77 women working across disciplines were nominated by 24 member companies – with 10 women being selected as overall COVID-19 Heroes.

The WiM initiative is proud of the collaborations it has established during 2020. Women in Mining South Africa (WiMSA) is an integral part of the WiM Task Team (WiMTT). Collaborations have also been established with the DMRE, the MHSC, the Mine Professionals Association and the South African Institute of Mining and Metallurgy. These collaborations will ensure that there is alignment in the women in mining activities in the sector going forward.

**3**  
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

In 2020, the PGM sector was the largest component of minerals sales for the first time in the last decade. Total sales amounted to R171 billion (2019: R125 billion), of which 91% was generated by exports. Direct employment in the sector declined by close on 3%, to 163,538 employees (2019: 165,500 employees),

## OUR LEADERSHIP FORUMS CONTINUED

nonetheless, the sector remains the largest mining employer. The reason for this decline is the continuing rationalisation of the deep-level platinum mines, combined with the move towards open cast mining, which is more mechanised.

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

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

### Challenges and opportunities

The challenges experienced by the PGM sector in 2020 mirrored those of the industry as a whole, with COVID-19 dominating companies' activities.

Surges in the US\$ rhodium price (187.2%) and palladium price (44%) in 2020 were the key drivers of the basket price in 2020. The increase in rhodium and palladium prices has resulted in a notable shift in the income split for PGM producers, with the two metals now accounting for 73% of the PGM basket and platinum accounting for the balance. This shift is noteworthy when it is considered that a decade ago platinum alone accounted for 79% of the income split.

Overall, input inflation for the PGM industry increased by 6.32%, which was down from the average recorded in 2019 of 8.55%. Rising electricity costs continued to be a major cost driver.

Promoting platinum demand by stimulating global demand for platinum jewellery, and identifying novel and sustainable uses and investment opportunities remains an important focus of the PLF. Unfortunately, not all platinum companies are contributing to the important work being done by the World Platinum Investment Council (WPIC), which is focused on promoting investment demand for platinum and this was discussed by the PLF. The Minerals Council and its CEOs continue to play a driving role within the WPIC, which made major inroads in boosting platinum demand during the year, despite funding cutbacks. The PLF also worked closely with the Platinum Guild International, an organisation that promotes platinum jewellery, particularly in China and India.

Companies located on the Eastern Limb have continued to work collaboratively to improve security and to establish structures for community engagement.

The sector is also focused on playing a leading role in adopting and accelerating the rollout of the platinum-based hydrogen economy. The Minerals Council is participating in the multi-stakeholder hydrogen economy roadmap process developed by government, under the Department of Science and Innovation, in conjunction with Hydrogen South Africa. The adoption of a hydrogen strategy for South Africa may have significant benefits for platinum.

Another opportunity for the sector remains improving vehicle emission standards in the Brazil, Russia, India, China, South Africa (BRICS) economies. Local and global partnerships have the potential to drive growth in investment and jewellery demand for platinum, grow the platinum-based hydrogen economy, promote platinum as a

new reserve asset, explore new technological uses for platinum, and support the raising of emission standards in BRICS countries.

# 4

## COAL LEADERSHIP FORUM

As the largest component of mining by production volumes, coal is a critical source of primary energy driving the South African economy.

### Overview and approach

Total sales for coal in 2020 reached R132.9 billion with overall production of 252.2Mt. The coal industry directly employed 91,459 people who collectively earned R30.5 billion. In 2019, the coal industry overtook the gold industry as the second biggest employer after PGMs. In total, the coal value chain employs more than 220,000 people (ranging from power generation, liquid fuels manufacture, etc).

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

### Challenges and opportunities

The South African coal value chain is at a crossroads and must consider clean coal technologies. Downstream coal beneficiation industries already feel the effect of regulatory changes - nowhere is this more manifest than the energy sector, which consumes more

## OUR LEADERSHIP FORUMS CONTINUED

than 50% of the country's total coal production. Eskom is determined to wean itself off coal use quickly and has embarked on a Just Energy Transition programme. The Minerals Council is in discussion with Eskom to explore potential areas of collaboration resulting from the proposed closing of some power stations.

Between 2008 and 2019, the Rand price of coal per tonne grew at an annualised rate of 13.3%. Despite this, production did not respond, indicating growing structural constraints such as rail and port capacity. However, the industry's most significant challenge emanates from stricter government legislation aimed at reducing greenhouse gas (GHG) emissions.

South Africa is a signatory of the Paris Convention and is committed to reducing GHG emissions, which stem predominantly from the coal-reliant energy sector.

At the International Convention on Climate Change Conference of the Parties (COP25) in 2019, coal came under severe pressure from the NGO community and some developed countries that are promoting decarbonisation. South Africa is committed to GHG emission reduction within the context of its economic and social requirements. However, there are organisations that are vehemently opposed to coal-related projects and are even discussing the concept of stranded assets.

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

Civil society organisations have questioned the environmental and social performance of the coal mining industry, by either producing reports that highlight poor environmental management or initiating community protests that highlight their dissatisfaction with the community development initiatives at mine level.

The coal mining industry is already being affected by stricter environmental laws, with consequences including:

- A decline in project pipeline and lower investment into new coal projects
- A decline in revenue for coal mining companies
- Socio-economic impacts for affected communities as coal mines and power stations prepare to reduce production or shut down
- Slowdown and ultimate shutdown of credit lines

### Activities and focus

The CLF was mandated to consolidate coal strategies and scenario-planning research and reports into a coherent scenario framework to inform strategic decision-making. The consolidated document concluded that the best approach is to:

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

Four key risks were identified:

1. The relative cost of renewable energy continues to fall compared to coal
2. Eskom's performance incentivises South Africa to explore alternative power options
3. Emissions controls continue to tighten, placing additional pressure on coal-users and creating a negative narrative around coal

4. Local and global growth slows down, affecting overall demand for coal

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

At the centre of sustaining the coal industry in South Africa is the deployment of clean coal technologies. Many financial institutions no longer finance coal projects, including the state-owned Industrial Development Corporation. There is a need to continue engaging financial institutions on this matter. The Minerals Council continued to collaborate with other downstream and support services industries such as Transnet. Transnet ferries more than 10Mt a year of Eskom's coal.

**5**  
**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

South Africa is a global leader in chrome ore supply with its market share increasing from 49.8% in 2010 to approximately 60% in 2020. Increased demand from China mostly accounts for the increase in supply. Preliminary figures indicate that in 2020 the chrome mining industry

## OUR LEADERSHIP FORUMS CONTINUED

produced 12.6Mt with total sales amounting to R18.2 billion. Compared to 2019, production was down by 28.6% while total sales dropped by 18.1%. Total direct employment was 19,587, representing a 5.9% decline from 2019, with earnings of R6.34 billion, a drop of 0.5% compared to the previous year.

Because of inadequate logistical capacity in South African rail and port services, exporters increasingly use road transport to ship the product to China via Mozambique's port of Maputo. Road transport is typically 20% more expensive per tonne of ore when compared to rail.

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

### Challenges and opportunities

The chrome mining industry is performing below its potential. Constraints that prevent the industry from achieving its potential are primarily rail and port capacity, and power availability and tariff escalation.

#### Rail and port capacity

Two major ports are used for export purposes: Durban and Richards Bay, with volumes intended to be carried on rail. However, rail services have been problematic in recent years, with chrome ore exporters consistently getting an average of 60% of the wagons ordered.

Consistency of service is essential so that companies can plan and execute accordingly. The industry has identified that the chrome line is relatively immature because it operates below 60%, not just in

terms of capacity, but also in terms of the volumes that are moved to the respective ports. Some of the challenges include safety and cable theft, decay in the infrastructure resulting from years of inadequate maintenance, and insufficient capacity.

The cost of rail services is higher in South Africa compared to China. While the annual tariff escalation has been modest - in line with the country's Consumer Price Index inflation - it is necessary that there is a rebasing of the actual cost of the service. The high cost reduces the international competitiveness of local products.

The Richard's Bay port is constrained by the limited number of tippers, which delay off-loading. Every year between June and July chrome exporters lose about a month's worth of sales because one or both tippers are out of service (for repairs or maintenance).

#### Power

South Africa has two major problems with electricity. First, inadequate supply emanates from years of under-investment in power generation and general infrastructure. Second, tariff escalations over the years have increased the cost of production and significantly reduced the country's global competitiveness. Since 2005, in Rand terms, tariffs per kWh have increased at a cumulative annualised rate of 635%, compared to 183% in US Dollar terms. Considering that most of the industries' costs are denominated in Rands, cost escalations have resulted in several plant closures, including smelters.

#### Activities and focus

The Minerals Council's Chrome Leadership Forum is working with Transnet to identify and address the challenges experienced by the

chrome industry. Dealing with these will improve the efficiency of the chrome line, resulting in a reduction in costs and a boost in export volumes, thereby strengthening Transnet's balance sheet.

# 6

**DIAMOND  
LEADERSHIP  
FORUM**

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

### Overview and approach

In 2020, South Africa was the world's seventh largest diamond producer with 8.5 million carats. South African diamond production in 2020 increased by 12% to 8 million carats, about half of the production peak of 15.5 million carats in 2005. Despite a weaker exchange rate, total sales declined by 13.6% to R11.4 billion, as the industry grappled with the COVID-19 pandemic and associated decline in global demand and prices. Employment declined by 8.5% to 13,983 people with R4.4 billion in wages paid.

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

## OUR LEADERSHIP FORUMS CONTINUED

### Challenges and opportunities

Managing the COVID-19 pandemic through a risk-based approach by implementing preventative and mitigating controls (saving lives and livelihoods). The negative impact of the pandemic on global diamond demand saw the whole diamond pipeline constrained, and travel restrictions resulted in less diamond buyers travelling.

Locally, the collapse of the cutting and polishing industry (down from 3,000 cutters in the early 2000's to 300 in 2020), has had a major impact on domestic demand – undermining companies' ability to meet their required sales target to local beneficiaries of 15% (medium producers) and 40% (large producers). The lack of foreign buyers and the smaller domestic beneficiation base had a significant impact on domestic prices.

This has caused financial and viability challenges for the diamond mining industry. In an attempt to alleviate the crisis, the Minerals Council approached the DMRE and Treasury for relief, or at least a temporary holiday on the diamonds export levy – none was forthcoming.

At the same time, the South African Diamond and Precious Metals Regulator (SADPMR) decided to change the method of charging mining companies at the Diamond Exchange and Export Centre (DEEC), moving from a \$150 per shipment to a \$150 per parcel charge. This is despite more than a decade's precedent of a \$150 per shipment methodology. The consequence has been a several-fold increase in fees, which the mining companies can ill afford to pay.

The Diamonds Amendment Act of 2005 and the Diamond Export Levy Act of 2007, and government's legislative focus has done little to improve competitiveness. It is the view of the DLF that these measures

have in fact done the opposite and actually escalated the flight of the cutting and polishing industry offshore.

Illegal mining activities continue to plague the sector, with significant safety, environmental, and social concerns for both the miners and communities. Illegal mining activities undermine South Africa's status under the Kimberley Process. The Minerals Council is working with the national security and criminal justice agencies to address these issues.

### Activities and focus

The DLF's focus was on:

- Helping the sector manage the COVID-19 pandemic
- Engaging government on relief measures to enable the companies to survive the crisis
- Engaging government on the SADPMR fees issues
- Engaging government on the critical need for a holistic review of the entire diamond value chain in South Africa, and for a new strategy to enhance the competitiveness of the value chain
- Considering interventions that the diamond mining industry may implement as a collective and working collaboratively with other key stakeholders to create a climate conducive for growth, development, and transformation
- A clear regulatory framework for artisanal miners needs to be developed and implemented, along with increased prosecution of those involved in illegal mining. Discussions with both the DMRE and the security authorities are ongoing.

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



### Overview and approach

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

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

### Challenges and opportunities

The NCMLF decided to redirect its shared value project to focus on urgently meeting the challenge of managing the spread of COVID-19. The approach entailed:

- Understanding the Northern Cape's COVID-19 readiness
- Ensuring that information is collected from different operations, collated, and analysed to ensure an informed response is jointly crafted with the relevant authorities
- Fast-tracking decision-making to address identified gaps, as well as the provision of requisite funding over and above SLP allocations

## OUR LEADERSHIP FORUMS CONTINUED

- Monitoring the execution of projects, including procurement of health-response equipment and consumables, and short-term socio-economic responses

While the COVID-19 pandemic remained a challenge throughout 2020, it has created an opportunity for the re-assessment of developmental initiatives for consideration under the shared value project banner. While the vision remains intact, due consideration must be given to the need to strengthen the socio-economic development of the region through the creation of a diversified local economy.

A challenge in 2020 with respect to the Vaal Gamagara Water Supply Scheme (VGWSS), a critical project, was the dispute with Sedibeng Water. In order to assist Sedibeng Water in funding the VGWSS project, ahead of the finalisation of the generic offtake agreements, the NCMLF members supported the implementation of a capital raising fee (CRF) payable by companies based on water usage. In 2018, both Sedibeng Water and the Department of Water and Sanitation signed off on the CRF, and the parties negotiated an Accounting Protocol and Project Steering Committee (PSC) Terms of Reference. By February 2020, the negotiating parties agreed on the content of the documents and these were submitted for signature.

A total of R17 million of the R200 million in the CRF account was withdrawn without authorisation. The NCMLF viewed this as a serious breach of trust and a material violation of agreed practices and procedures, and called upon Sedibeng Water to provide explanations and supporting documentation regarding the transfers. Most of the funds were subsequently recovered, and the acting CEO dismissed. In November 2020, the PSC and

working group meetings with Sedibeng Water came to a halt.

To date, Sedibeng Water has not fully implemented the agreed upon accounting protocols and the NCMLF has no sight or control of transactions relating to the CRF account. The NCMLF is willing to engage and work with the new Sedibeng Water CEO appointed in January 2021. He is the first officially appointed CEO since 2016 and may bring some stability and direction to Sedibeng Water.

# 8

### JUNIOR AND EMERGING MINERS LEADERSHIP FORUM

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

### Overview and approach

The Junior and Emerging Miners Desk (JEMD) was established in 2014 to service the interests and needs of the smaller Minerals Council member companies. The JEMD currently has 34 member companies and two associations who collectively

represent a further 250 smaller entities. Juniors now represent 40% of the total Minerals Council membership base.

The members are generally smaller producers in commodities, including chrome, coal, diamonds, industrial minerals, iron ore, manganese, and PGMs. Mining contractors, explorers, and developers are also part of the junior and emerging miners sector.

Formed in 2018, the Junior and Emerging Miners Leadership Forum (JEMLF) is made up of CEOs of member companies and the JEMLF Chair is on the Minerals Council Board. The JEMLF member companies include Bauba Platinum, the Clay Brick Association, Kalagadi Manganese, MC Mining, New Venture Mining, Opal Mining, Orion Minerals, Ledjadja Coal, SADPO, Wesizwe Platinum, Tando Resources, Theta Gold and Uthaka Energy.

### Challenges and opportunities

The junior and emerging mining sector is underdeveloped in comparison with countries such as Canada and Australia, where it plays a big part in driving the overall industry. Despite this, the sector is still significant in South Africa. Importantly, it is the key driver of the future mining industry, as explorers and geologists identify new deposits for future development. Without this input the industry will slowly decline. The recent, renewed interest in this sector, particularly in exploration, indicates its strategic significance.

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

## OUR LEADERSHIP FORUMS CONTINUED

### Activities and Focus

Faced with the COVID-19 pandemic, the JEMD supported the JEMLF with the frequent dissemination of vital information to member companies.

The JEMD also conducted opinion surveys among its members pertaining to COVID-19, health, safety, and employment relations. A particular concern was the impact that COVID-19 had on the financial survival of companies, as well as on employees' livelihoods. Many members sought and received valuable advice from the JEMD, as well as other Minerals Council departments. Important collective concerns were also forwarded to the relevant authorities in government.

The JEMLF played a major part in crafting an exploration strategy, participating in the Exploration Revival Task Team comprising of the Minerals Council, the DMRE, and the CGS. This resulted in a draft document titled *South Africa's Exploration Implementation Plan*. It is envisaged that this document will form the foundation for the future promotion and management of exploration activities in South Africa.

The second major output of the JEMD and JEMLF was the development of a report on the "flow through share" (FTS) system of tax incentives to support exploration funding. This was developed with the assistance of international law firm, Fasken, as well as collaborative workshops held with the law firm, Edward Nathan Sonnenberg Africa, and the accounting firm, PwC South

Africa. In total fifteen tax experts and economists were involved in drafting the final proposal. A presentation on the FTS proposal was prepared and presented to National Treasury late in 2020.



### Overview and approach

South Africa has performed below par in attracting exploration capital, with its share of global exploration expenditure declining from 2% in 2010 to below 1% in 2020. Actual spending in US Dollars also dropped by 20.5% in 2020 (US\$77.4 million) compared to 2019 (US\$97.4 million). By comparison, exploration spending in Africa only declined by 7.8% to \$1.011 billion. South Africa is ranked sixth in Africa, behind the Democratic Republic of Congo, Côte d'Ivoire, Burkina Faso, Mali, and Ghana.

For a country so endowed with mineral resources, and with the necessary physical and financial infrastructure, this is a dismal performance and requires that drastic

measures be taken. Exploration is a leading indicator, not just of the project pipeline, but also the well-being of the sector. Countries that have managed to grow the mining industry in terms of value and employment have done so on the back of favourable exploration and mining policies.

The Exploration Leadership Forum (ELF) was formed in 2020 and its members include: Anglo American Platinum, Exxaro, De Beers, Petra Diamonds, Harmony Gold, Kumba Iron Ore, Sasol Mining, Orion Minerals, Ivanhoe Platinum, and SADPO. The ELF seeks to identify bottlenecks in the exploration component of the mining value chain and, in collaboration with other stakeholders, develop a plan to address these constraints.

### Challenges and opportunities

The Minerals Council has identified five areas that need urgent attention to boost exploration to create a stable, predictable, and competitive regulatory environment.

- Availability of pre-competitive information, and access to geophysical data: government should replace the SAMRAD with a more accessible and transparent online mining cadastre.
- Quick turnaround times for prospecting and exploration licence applications: government should implement a one-month prospective right licensing turnaround time.
- Security of tenure: it is critical that a 5-5-3-year initial approval renewal type tenure be implemented to match South Africa's mineral deposits.

## OUR LEADERSHIP FORUMS CONTINUED

- Access to funding and incentives: to boost exploration in South Africa, it is imperative that a flow-through share scheme equivalent be developed, allowing mineral exploration companies to obtain financing for expenditures incurred on mineral exploration.
- Establishing a junior miners' fund to drive the exploration agenda: junior and emerging miners are a critical part of the exploration and mining value chain. However, in most cases, their activities are constrained by a lack of capital.

### Activities and focus

In November 2020, the ELF with the DMRE, and the CGS, established an Exploration Task Team as part of a broader plan to boost overall investment in mining. In December 2020, under the auspices of the DMRE, the task team produced a draft Exploration Implementation Plan. A revised draft was finalised in mid-January 2021, incorporating additional inputs from the Minerals Council member companies. By focusing on the bottlenecks associated with exploration in South Africa, the ELF's objective is ultimately to unlock the potential of the mining sector.



**10**  
**ASSOCIATIONS  
LEADERSHIP  
FORUM**

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

### Overview and approach

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

The purpose of this forum is to enhance collaboration among association members, harnessing internal synergies and, ultimately amplifying the voice of this distinct group of members within the mining

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

### Activities and focus

One of the substantive items for discussion during the year was the Draft Artisanal and Small-Scale Mining Policy. The DMRE and the ALF participated in a pre-consultation workshop relating to the draft policy to create a dedicated policy and framework. It was encouraging that the parties had been invited to participate early in the process. Material was shared among ALF members, as well as with the DMRE after robust engagements.

However, as with other leadership forums within the Minerals Council, the 2020 agenda was dominated by all things relating to the prevention and management of COVID-19.

## SECTION 3

# STRATEGIC GOAL

# 01

## IN THIS SECTION

-  **55** Resolving legacy issues
- 56** Implementing the Human Rights Framework
- 57** Communications activities in 2020
- 59** Fostering collaboration and partnership
- 60** Alliances and collaboration



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

# RESOLVING LEGACY ISSUES



The Minerals Council and its members continued to provide support to the Department of Health (DoH) and industry retirement funds to improve access by former mineworkers to their medical and retirement fund benefits.

## Minerals Council and the Medical Bureau for Occupational Diseases

The Compensation Fund administered by the DoH through the Medical Bureau for Occupational Diseases (MBOD), in terms of the Occupational Diseases in Mines and Works Act (ODMWA), went through a period of poor administration until the appointment of the current Compensation Commissioner. This fund covers employees at mines designated as controlled mines in terms of ODMWA with claims for silicosis, TB, and four other occupational lung diseases. The MBOD and the Compensation Commissioner for Occupational Diseases (CCOD) provide medical assessments for eligible workers and ex-workers, certify medical assessments, and pay compensable claims for occupational lung diseases. The lack of resources and poor administration processes led to a build-up of significant backlogs and very slow payment rates.

Over the past 10 years the Minerals Council and its gold member companies have spent approximately R200 million contributing to improved processes at the MBOD. In 2019, the Board of the Minerals Council approved operational enhancement projects at the MBOD/

CCOD to the tune of R120 million over a three-year period. The following projects were undertaken in 2020:

- Development of front-to-end electronic solution for electronic submission and payment of medical claims
- Development of the active Mining Industry Employee Database (MIEDSA)
- Artificial intelligence (AI) development of x-ray interpretation and reporting protocols
- AI development of spirogram interpretation and development of a spirogram database
- Development of hardware required for online certification
- Establishment of a call centre
- Provision of staff
- Training of staff and service providers
- Development of a network of benefit medical examinations service providers and outreach programmes
- TEBA assistance with unpaid claims
- ODMWA legislative reform
- Decentralised office facilities
- Stakeholder engagement

The Compensation Fund reached a significant milestone as of 31 December 2020, having paid R2.5 billion for 85,559 claims over 24 years. As a result of the significant reforms over the past five years, the fund paid R1 billion for 36,933 claims. This was made possible through the support of the Minerals Council, the Gold Working Group (representing the six mining companies that concluded the class action settlement on silicosis and TB) and other social partners (Department for International Development, World Bank, and Global Fund for AIDS, TB, and Malaria).

About a third of ex-mineworkers come from the Eastern Cape and a further third from Botswana, Lesotho, Mozambique, Eswatini, and Zimbabwe. Thus, the payment of compensation

has enhanced the lives of many workers and their families. Besides TB, the other occupational lung diseases such as asbestosis, silicosis, and coal worker's pneumoconiosis are incurable and debilitating. The prevention of occupational lung diseases is a key pillar of employee health; and elimination of hazardous exposures in the workplace. To this end, the Khumbul'ekhaya health and safety strategy and the Masoyise Health Programme have provided progress in these areas.

The increase in efficiencies has led to an actuarially based reduction in annual levies from R312 million to R190 million. However, a greater and more sustainable step change is still required, which will be underpinned by the appropriate amendments being made to ODMWA to enhance good governance, operational, and administrative efficiencies.

## Unclaimed retirement and medical benefits (ex-mineworkers)

The Minerals Council has appointed a Pensions Officer, who assists mineworkers to access unclaimed retirement benefits from various industry retirement funds. During lockdown it was difficult for ex-mineworkers and their beneficiaries to contact service providers, especially for unclaimed retirement benefits. This was especially difficult, given the preference of beneficiaries for face-to-face consultation, as they can ask questions and have their documents completed speedily on their behalf when they consult in this manner. Even with the easing of various lockdown levels, ex-mineworkers still did not have full access to various retirement funds, given that staff were working from home. The Minerals Council's Pension Officer became an important link between the retirement funds and the ex-mineworkers in dealing with enquires for unclaimed benefits.

# IMPLEMENTING THE HUMAN RIGHTS FRAMEWORK

The respect for human rights is central to the work of the Minerals Council, as has been demonstrated by the adoption of the Human Rights Framework by the Minerals Council Board. This framework is based on internationally recognised human rights policies and protocols, and guides all our activities related to human rights in the mining industry.

Our work on human rights was reinforced by a series of workshops on the framework aimed at building capacity within member organisations. The objective of these seminars was demonstrating the importance of incorporating human rights matters into day-to-day mining operations. In preparation for these seminars, a meeting was held with the UN Global Compact, the UN Human Rights Commission, and other human rights-focused organisations. An agreement was reached with the UN Global Compact South Africa to establish a partnership in the delivery of Human Rights Framework seminars. Four seminars were held in 2020.

Topics chosen addressed critical areas of operation in the mining industry and were intended to empower our members. The Minerals Council Human Rights Framework; the importance of the Bill of Rights in the protection of Human Rights; Voluntary Principles on Security and Human Rights and UN Global Principles on Business and Human Rights, and Responsible Sourcing and Human Rights were discussed.

We will continue with our work to have our members internalise the Human Rights Framework, through information sharing and more workshops as needed, especially for our junior and emerging miners. The Minerals Council continues to offer support to member organisations on human rights matters when requested.



# COMMUNICATIONS ACTIVITIES IN 2020



The Minerals Council's communications activities in 2020 were focused on supporting and representing the industry on numerous issues; responding to issues pertinent to mining and the economy in the public realm; and providing valuable insight and resources to the industry and beyond.

As COVID-19 dominated the year, so it was one of the primary themes of the Minerals Council's communications activities. Even before the WHO had declared COVID-19 a pandemic, the Minerals Council had issued a statement on the matter and had developed resources to educate and inform employees.

On the back of a Minerals Council decision to collate industry information and to share this regularly and transparently, a daily COVID-19 dashboard was published on a specially developed COVID-19 portal. The portal houses statements, presentations, and other material for media, investors, and other stakeholders, as well as advisory material for use by members and beyond. This includes standard operating procedures (SOPs) and various guidance notes, as well as education and informational material. The portal was well-used during 2020, with the SOP downloaded

42,000 times. *The Economic impact of COVID-19 on the South African economy* was downloaded 20,500 times, with around 11,000 downloads of the COVID-19 dashboard. In addition, the Minerals Council hosted numerous media briefings to provide updates on COVID-19 in the industry, as well as the industry's responses.

Another core theme for the year was the Minerals Council's economic commentary. In addition to the publication of the annual *Facts and Figures Pocketbook* and *Facts and Figures 2019*, the Minerals Council supported the B4SA initiative to revitalise the South African economy.

In July 2020, the Minerals Council again commemorated a National Day of Health and Safety in Mining under the Khumbul'ekhaya banner, with dual emphasis on eliminating fatalities as a result of health and safety incidents and preventing the spread of COVID-19.

The screenshot shows a news article on the Minerals Council website. The headline is "MINERALS COUNCIL SUPPORTS B4SA INITIATIVE TO REVITALISE SA ECONOMY AND MINING POST COVID-19". Below the headline, there is a sub-headline: "WHAT IF MINING COULD MAKE A SUBSTANTIAL AND MEANINGFUL DIFFERENCE TO THE POST-COVID-19 ECONOMY?". The article text discusses the potential of mining to contribute to the post-COVID-19 economy and mentions the B4SA initiative. There are also several video thumbnails and a "MEDIA RELEASES" section on the right.

The screenshot shows a document titled "National Day of Health and Safety in Mining 2020 SUPERVISOR SPEAKING POINTS". It provides information for supervisors to use in discussions in workplaces. The document includes sections for "About the National Day of Health and Safety in Mining" and "About Khumbul'ekhaya". It lists key messages for employees and supervisors, such as "Our overall commitment to Zero Harm" and "Our new normal".

The screenshot shows a poster for the National Day of Health and Safety in Mining 2020. The main slogan is "TOGETHER WE CAN". The poster features four key messages: "Eliminate fatalities at work", "Stamp out occupational illness, such as silicosis and TB", "Slow the spread of COVID-19 at work and at home", and "Achieve Zero Harm". It also includes the hashtag #MakingMiningMatter and the slogan "STAY SAFE AND HEALTHY AT HOME AND AT WORK".

The screenshot shows a poster titled "STOP THE SPREAD: Good hygiene will slow the spread of COVID-19". It features four icons representing hygiene practices: "Wash your hands regularly for 20 seconds with soap and water", "Avoid touching your face", "Avoid close contact with people who have a fever and cough", and "Cover your mouth and nose with your elbow or a tissue when you cough or sneeze". It also includes the hashtag #MakingMiningMatter and the slogan "STAY SAFE AND HEALTHY AT HOME AND AT WORK".

The screenshot shows a poster titled "STAY SAFE AND HEALTHY AT HOME AND AT WORK". It features a large "M" logo and the hashtag #staysafe #stayhealthy.

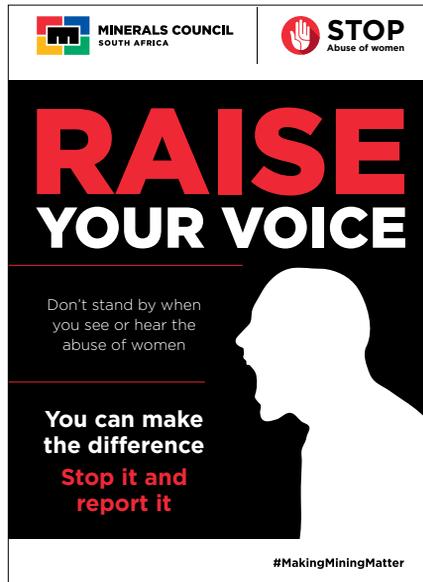
The screenshot shows a poster titled "STOP THE SPREAD: Even though we are in this together, we need to stay apart". It features four icons representing social distancing practices: "Avoid public places and crowded areas", "Keep a distance of 1.5 to 2 metres from other people where possible", "If you can't keep a social distance, make sure that you never a speak", and "Wash your hands with soap and water if you come into close contact with other people or places". It also includes the hashtag #MakingMiningMatter and the slogan "STAY SAFE AND HEALTHY AT HOME AND AT WORK".

## COMMUNICATIONS ACTIVITIES IN 2020 CONTINUED



The Minerals Council's Women in Mining Strategy was launched in March 2020, followed by a celebration of a National Day of Women in Mining in Women's Month in August 2020.

As part of and complementing this process was the launch of the Minerals Council's Stop Abuse of Women initiative. In addition to public statements, a massive internal and external communications campaign was developed.



### WEBSITE



The Minerals Council's website continues to be a major part of its communications presence and is well-frequented.

There were:

**169,000**

visits in 2020, by 114,000 unique visitors, with around 364,000 page views.

The Minerals Council is a constant and accessible industry voice. In addition to thousands of media queries fielded during the year, it:

Held 19 media briefings

Developed 11 op-eds

Published 21 speeches and presentations, six infographics and eight position papers

Issued 73 media statements

### MEDIA COVERAGE

The advertising value equivalency of the coverage generated during the year was R143.26 million, with an estimated circulation of 1.92 billion readers/viewers.

**MEDIA ARTICLE COUNT:  
2019 AND 2020**

Year	Broadcast	Print	Online
2019	387 (14%)	871 (37%)	1,250 (49%)
2020	362 (14%)	820 (28%)	1,716 (58%)

# FOSTERING COLLABORATION AND PARTNERSHIP



The ICMM defines community development as “the process of increasing the strength and resilience of communities, improving people’s quality of life, and enabling people to fully participate in decision-making”.

Over the last two and a half decades the mining industry has endeavoured to make sustainable contributions towards community development, but host communities continue to face significant challenges.

With the advent of the COVID-19 pandemic, stakeholders rallied around the creation and execution of life-saving interventions. The pandemic also revealed the devastating impact of the scarcity of economic opportunities, including employment, enterprise development, and supply chain opportunities. As a result, fostering collaboration and partnership became more important.

The Minerals Council worked to address some of these challenges collaboratively, and to facilitate coordinated engagement with other stakeholders, including local, district, and provincial governments;

development agencies; and key economic players in the mining value chain, to address some of the issues that affect host communities. For most of 2020, collaboration focused on the industry response to the COVID-19 pandemic, especially support for the education, health, and social development sectors. Despite the challenges posed by the Disaster Management Regulations and lockdowns, plans for collaboration on SLPs and other social, economic, and enterprise development initiatives continued. With the advent of the District Development Model (DDM) as a new, integrated planning model for improving and fast-tracking service delivery, stakeholder engagement was prioritised and district municipalities that host mining companies were engaged through collective platforms.

It is through these collaborative engagements that the true value of the Minerals Council’s regional presence approach was realised. In both Mpumalanga and the Northern Cape, collaboration allowed the mining industry to engage effectively with interested and affected parties on a range of issues, including the response to the COVID-19 pandemic. In Limpopo, collective engagements with the provincial government ensured that there was greater alignment in terms of the approach and response to the various economic, educational, health, and social challenges that were direct and indirect consequences of the pandemic. In 2021, the Minerals Council’s formal regional presence will be extended to Limpopo.

In the post-COVID-19 environment, regional collaborative efforts will continue to focus on sharing leading practices and execution of joint community development programmes over and above legislated social and environmental compliance requirements. Recognising that community development in small mining towns is complex, and that developmental outcomes from SLPs and CSI expenditure tend to fall short of expectations, the mining industry must extend collaboration and partnerships to other economic and social players within and outside the mining value chain. In line with the integrated approach introduced by the DDM, it is envisaged that some community development programmes will require a certain degree of realignment. The Minerals Council will facilitate engagement with key role players, including the DMRE.

Sustainable and effective collaboration, therefore, requires more than simply consulting and deciding on what initiatives would be best for host communities. Collaboration demands that multi-stakeholder consultations that include communities, all spheres of government, the mining industry, and other industrial sectors be conducted to ultimately co-create lasting solutions. Institutional alignment is a necessary precondition for successful socio-economic development and implementation of value-adding and sustainable community development initiatives.

# ALLIANCES AND COLLABORATION

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

## Southern African Development Community (SADC)

### SADC Protocol on Employment and Labour

The only meeting of the SADC Employment and Labour Sector for the period under review was the March 2020 meeting of Ministers. Here it was agreed that, since the current Protocol on Employment and Labour had not come into operation (due to a low ratification rate), the only viable option was to develop an entirely new protocol that would address the concerns raised by member states with the current protocol. On 17 August 2020, the development of a new Protocol on Employment and Labour was approved, and to this effect, the withdrawal of the existing protocol was approved. A recommendation in this regard will be presented at the 2021 meeting of SADC Ministers for adoption.

### Portability of social security benefits in the SADC region

The way the SADC Secretariat presented the issue at the senior officials' meeting was different from the decisions that had been taken in

the meetings of the technical experts and the Joint Tripartite Technical Committee held during 2019. At these meetings, it had been agreed that the Ministers and social partners would be presented with a binding instrument on portability for adoption. However, the Secretariat instead tabled a proposal for a Guideline on Portability.

Ministers and social partners adopted the proposed *Guidelines on the Portability of Social Security Benefits* and urged member states to consider the guidelines in bilateral and multilateral cooperations on social security. It was noted that Eswatini, Lesotho, Malawi, South Africa, and Zimbabwe volunteered to pilot the implementation of the guidelines. No further work was done, nor meetings convened for the rest of the period under review owing to the COVID-19 pandemic and the various lockdowns throughout the SADC region.

## Economics team

A major part of the Economics team's work was directed at different facets of the energy supply industry. The team assisted members in applying for self-generation licences directly with the DMRE and later through the BUSA structure set up for it. Collaboration with BUSA's energy subcommittee covered the 'decarbonising' of the economy, and the just energy transition.

In the follow-up sessions with the DMRE after the launch of the Economic Recovery Plan, the team was tasked with handling workstream 5 on infrastructure (covering electricity and logistics). The team was also involved in the workstream on formulating a new exploration strategy.

## Engaging with global mining and investment community

The Minerals Council continued to meet with international and local investors, and international organisations, including ratings

agencies, to provide accurate and relevant information on the South African mining sector, and to promote investment. In this role, the Minerals Council is a reliable source of information and knowledge on the country's mining industry, and is well-positioned to provide global and local investor communities with insights on national trends, relevant context, and policy.

## Skills Development

A primary role of the Skills Development department is to collaborate with various stakeholders both internationally and locally. To advance this agenda the department participates in several forums that engage on critical skills development and human capital matters. However, during 2020 many of these collaborations did not manifest or continue due to the COVID-19 pandemic. Many of the alliances and collaborations that took place during the year were centred around the pandemic.

The Skills Development department, as the employer convener and a key stakeholder at the Mining Qualifications Authority (MQA), was involved in the following activities of the MQA:

- Development and implementation of a COVID-19 stipend relief programme to ensure continuation of payment to learners in financial distress during the lockdown
- Design, development, and implementation of a new reporting system
- Continuation of the MQA and the Mandela Mining Precinct research that was commissioned to understand the impact of changing technologies, and its skills development implications for the mining sector.

## Mine Health and Safety Council (MHSC)

The Minerals Council is part of the MHSC, a tripartite organisation that advises the Minister of Mineral

## ALLIANCES AND COLLABORATION CONTINUED



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

In 2020, the MHSC established two committees, namely the Mine Occupational Safety Advisory Committee (MOSAC) and the Women in Mining Advisory Committee (WIMAC). The MHSC also implemented a new levy model that is based on production and labour numbers, which are received from the DMRE.

Following on from the engagement with the Chief Inspector of Mines on the implementation of TMM Regulations, the Mine Regulations Advisory Committee (MRAC) at the MHSC agreed on alignment regarding the implementation date of the regulations through to a holistic, risk-informed, phased approach beyond 2020.

The industry was due to host its biennial Occupational Health and Safety (OHS) Summit, but due to the COVID-19 pandemic, the MHSC hosted a virtual OHS Principals Meeting in November 2020. The aim of the meeting was to review and deliberate on the status of occupational health and safety milestones and COVID-19 management in the South African mining industry. The meeting also provided an opportunity for the tripartite stakeholders to propose solutions that would address mine health and safety issues facing the sector.

The MOSAC revised the electronic data collection tool to include COVID-19 related information for the mining industry. The tool was approved by the MHSC in November

and submitted to the Minister of Health for approval.

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

### International Council of Mining and Metals (ICMM)

The Minerals Council is an association member of the ICMM, where Roger Baxter serves as Chair of the Associations Coordination Group. The ICMM is regarded globally as a collection of thought leaders in promoting improved sustainable development outcomes by the mining industry. Its core overriding consideration is the strategic ambition of enhancing societal acceptance of the mining and metals industry.

The Minerals Council, as a member of the ICMM, is committed to the responsible stewardship of environmental resources, balancing the needs of communities, conservation interests, and the requirements of other stakeholders. This is achieved by being part of the solution to climate change, encouraging its members to improve in mine closure performance, respecting protected areas, improving the management of tailings facilities, and implementing water use efficiency measures at operational level.

The Minerals Council is a participant in various ICMM working groups. Some of the key initiatives undertaken by the working groups during 2020 include:

#### Skills for a common future

The mining industry is inextricably linked to the fortunes and futures of the communities that live alongside its operations. Mining's role in contributing to community resilience is at the heart of the ICMM Skills Initiative. The community support working group has been exploring what strengthens community resilience and what we can learn from

building better community resilience during and beyond COVID-19. This working group also produced a *Future of jobs in mining regions* briefing note which summarises key findings from the World Economic Forum's *The Future of Jobs Report 2020* focusing on data relevant to the mining and metals sector. This concise resource of sector-specific information on the future of work will assist members in planning for and preparing their upcoming workforce strategies.

#### Safe production and transport of minerals

The safe production and transport of minerals is central to the ICMM's commitment to a safe, fair and sustainable mining and metals industry. The ICMM published the *Updated guidance on hazard assessment of ores and concentrates for marine transport*, bringing the previous guidance issued in 2014 in line with recent regulatory updates from the International Maritime Organisation. Based on close collaboration between member companies and associations through ICMM's Materials Stewardship Facility, this project is an excellent example of what we can achieve by working together to support the implementation of industry standards globally.

#### Environmental stewardship

The ICMM Council approved the *Conformance Protocols for the Global Industry Standard for Tailings Management*, which will be launched alongside the *Tailings Management Good Practice Guide* in 2021. On integrated mine closure, the ICMM's South African pilot project assessing the potential of rehabilitated mine land to provide sustainable livelihood opportunities was launched; while work in Queensland, Australia, continues to assess strategic opportunities for post-mining land uses. To support the sharing of common challenges, a Microsoft Teams page has been set up for the water working group members.

## ALLIANCES AND COLLABORATION

CONTINUED

An update of the *Water Reporting Guidance* has been drafted and is under review following extensive consultation with members.

### Climate change

ICMM members recognise the need for an urgent global response to the threat of climate change across all areas of society and the economy, and are committed to being a part of the solution. Mining and metal companies have an important role to play in providing the resources required for a low carbon future, including renewable energy and battery technology.

Members assessed the current and future maturity of their vehicle fleets, with results representing 19 commodities across five different regions. Aggregated, this data assists original equipment manufacturers (OEMs), and helps the ICMM team to take more specific action to support members' acceleration towards the adoption of cleaner, safer vehicles.

### Health and safety

The Minerals Council and some of its member companies continue to be active participants at the ICMM Cleaner and Safer Vehicles (ICSV) initiative. The ICMM is a body comprising 27 mining member companies and 36 associations with the objective of improving sustainable development performance in the mining and metals industry. South African mining company members include African Rainbow Minerals, Anglo American, AngloGold Ashanti, Gold Fields, Sibanye-Stillwater, and South32.

The ICMM launched the ICSV initiative that has three working groups in 2017:

- Diesel particulate matter
- Greenhouse gasses
- Vehicle interactions

These groups are overseen by the ICSV Steering Group, chaired by the Gold Fields CEO, Nick Holland.

## MINING INDUSTRY ASSOCIATION OF SOUTHERN AFRICA (MIASA)



**The Minerals Council continued to play a key role at MIASA, a regional body of the various Chambers of Mines within the SADC region, including Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe.**

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

The Minerals Council played a key role in sharing leading practices on strategies for combating the spread of the COVID-19 pandemic for employees and surrounding communities. MIASA members were referred to the Minerals Council website from which they could download leading practices. Minerals Council staff also ran virtual workshops for MIASA members on health and safety, with a specific focus on dealing with COVID-19.

In 2020, MIASA played a key role in assisting members when there were tight cross border movements due to lockdown restrictions imposed by various governments in the region.

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

The MIASA Secretariat was invited to participate at the Europe-Africa Business Forum to draft position papers that would be presented at the Europe-Africa Heads Summit to be held in Brussels.

MIASA continued to raise its concerns about the draft Regional Mining Vision (RMV) that was adopted by the SADC Council until the SADC Secretariat agreed to review the RMV to make it more realistic and implementable at country level.

The MIASA Executive Secretary chairs the Global Fund financed Regional Coordination Mechanism (RCM) on TB in the Mining Sector (TIMS). In 2020, the RCM drafted a new funding request of US\$10.5 million for the period 2021 to 2023 for consideration and approval by the Global Fund.

## SECTION 4

# STRATEGIC GOAL 02

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

# POLICY ENVIRONMENT

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



During 2020, the Minerals Council was involved in research and engaged policy makers on various economic issues, including those related to the macro-economic policies of the country, the progressively worsening energy crisis and logistics capacity, as well as achieving much higher levels of inclusive economic growth to

recover from the COVID-19 crisis, and the economic crisis that preceded it.

The Minerals Council was involved in the Nedlac process with social partners in the formulation of the Economic Recovery Action Plan. This sets short-term measures aimed at building confidence, kickstarting the economy, deepening industrialisation through localisation, and continuing to provide relief to mitigate the impact of the COVID-19 pandemic. The objectives of the medium- and longer-term structural reforms aimed to enable sustainable and inclusive transformative economic growth on an employment intensive trajectory.

Of particular importance to mining are aggressive infrastructure investment and delivery, with a focus on secure and affordable energy and improving efficiencies and capacity of rail, ports, and road infrastructure, including decisive action to protect passenger and freight rail infrastructure from vandalism. Employment orientated strategic localisation, re-industrialisation, and export promotion, with a focus on the expansion of mining, is also critical.

Government's critical role was highlighted. Simplifying and modernising mining regulation will unleash significant investment by business in exploration and production; generating substantial employment as well as contributions to the fiscus and foreign exchange earnings. The social partners recognised the significance of the mining sector for stimulating higher inclusive growth. Specific commitments were jointly to develop a new, competitive exploration strategy within three months to target 3% of global exploration expenditure; and to reduce, by 50%, the current timeframes for mining, prospecting, and environmental licensing.

However, at the beginning of 2020, it looked as if government was

oblivious to the economic crisis.

The country experienced its longest economic downswing since 1945, unemployment rising past 29.1%, fixed investment falling to 17.9% of GDP, business confidence at a 20-year low, and government debt ballooning to 56% of GDP in 2019.

The Minerals Council urged, in early February 2020, that the following steps be taken to arrest the situation:

- The criticality of a conservative 2020 National Budget and the reining in of public service wages and wasteful expenditure
- Critical action and decisions on state-owned enterprises to stop mismanagement and unlock private sector participation in infrastructure
- The importance of a serious anti-corruption drive, including in the private sector
- The need for action on network industry inefficiencies
- The critical importance of growth enhancing policies

February's Budget began to address the economic crisis slowly, but it was the Minerals Council's view that not enough had been done to prevent a credit downgrade. A month later the COVID-19 pandemic hit South Africa, resulting in a Supplementary Budget in June. The pandemic and government's response to it has deepened the economic crisis, with the economy expected to contract by 7.2% in 2020, the largest in nearly 90 years.

However, the Supplementary Budget provided a realistic and stark perspective of the gravity of the situation. The downturn would add more to the country's debt burden. The government's response to the economic carnage has been to announce a R500 billion support package – one of the largest economic packages in the developing world. This, together with debt service costs, would take South Africa

## POLICY ENVIRONMENT CONTINUED



to a consolidated budget deficit of R761.7 billion, or 15.7% of GDP in 2020/21, which is more than double February's projection. Early projections were that gross national debt will be close to R4 trillion, or 81.8% of GDP fiscal year from 65.6% projected in February.

On 28 October, government released its Medium-Term Budget Policy Statement (MTBPS), which very clearly stated the depth of the economic crisis: South Africa faced the real risk of a full-blown sovereign debt crisis within two years unless government expenditure was significantly reduced. The Minerals Council urged government to start focusing on the critical institutional and structural reforms required to improve the country's competitiveness significantly, which would enable much higher levels of investment and inclusive growth. Achieving this would require politically contentious reforms, and needed to be discussed in the Nedlac task team established for this purpose. The MTBPS was a step in the right direction, but the further structural and institutional reforms were vital and urgent.

On 24 February 2021, the Minister of Finance presented a realistic plan for stabilising government debt at 88.9% of GDP in four years' time, and stressed the importance of fiscal discipline, which offered a real glimmer of hope that South Africa could avert a full-blown sovereign credit default. This budget statement was a positive signal on the path to competitiveness and growth under incredibly tough circumstances. Bolstered by an economy that bounced back strongly after the worst of the pandemic, a R100 billion 'tax surplus' against a projected shortfall of R40 billion in October 2020, and a constitutional court decision (on a remuneration dispute with labour) that government has the obligation to safeguard

the country's finances, there is a much higher probability that fiscal consolidation may succeed. There is a great deal that needs to be done, if the ambitions of this budget are to be achieved, however. The Minister of Finance's sentiments on the need for structural economic reform are welcomed, but more detail is required, in particular in relation to unlocking private sector investment in energy, rail, and ports. The Minister's pro-growth signals were refreshing and in line with what the Minerals Council has been advocating for some time. The reduction of the corporate tax rate to 27% brings the rate closer to international norms and is welcomed. There are simultaneously strong signals that the policing of corporate and public tax compliance will be strengthened, and that zero-based budgeting will be widely extended in the public sector, aiding fiscal consolidation.



Despite the COVID-19 pandemic having an extraordinary impact on the skills development policy environment, the Skills Development department continued to engage with the institutions and structures in this area actively, adopting a deliberate strategy of ensuring it actively participated on a host of relevant platforms.

Among others, the Minerals Council is the convener of employers on the board of the Mining Qualifications Authority (MQA), and represents business on the Human Resource

Development Council of South Africa (HRDC), the National Skills Authority (NSA), and the Quality Council for Trades and Occupations (QCTO). In addition, we also participate on the National Artisan Development Advisory Body (NADAB), Nedlac engagements related to skills development, Technical Vocational Education Training platforms, and the BUSA subcommittee on education and training. Our participation on these platforms places us in a favourable position to engage on any developments that could affect members' operations.

Many previous engagements were suspended or halted because of the pandemic. The focus shifted towards COVID-19 policy, regulations, and directives that were to be implemented, and the Skills Development department was involved in the following:

- Input to the Department of Higher Education and Training (DHET) Directive 4, unpacking how Sector Education and Training Authorities would operate during the COVID-19 pandemic and lockdown
- Input into criteria and guidelines for the gradual re-opening of trade test centres and artisan skills development providers
- Input to the extension date for the submission of workplace skills plans and actual training reports for the 2020/2021 financial year
- Engaged on the need for a levy grant holiday for business from May to August 2020
- Provided comment and input into DHET Directive 5, addressing matters relating to the continued payment of stipends to learners during lockdown
- Provided comment and input on the *Consultative Paper on Proposed Amendments to the NQF Act*
- Was part of the core team and led engagements on the Basic Education Laws Amendment Bill

## POLICY ENVIRONMENT CONTINUED



The Minerals Council's Environment discipline seeks 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, climate change, water resource management, waste management, air quality, biodiversity, and sustainable development.

The Environment discipline provides advisory services, reviews of policy and legislative frameworks, guidance, and strategic leadership pertinent to environmental issues such as mine rehabilitation and closures, environmental management policy issues, and sustainable development.

The discipline actively engaged in various stakeholder dialogues facilitated by structures such as government, other business sectors, NGOs, etc. These engagements include the Minerals Council actively engaging in the development of position papers to influence policy formulation and implementation. Other platforms the Minerals Council engages with to advocate for sustainable environmental legislation for the mining sector include BUSA, the National Committee on Climate Change, the South African Bureau of Standards, the MWCB, the Water

Institute of Southern Africa: Mine Water Division, the ICMM, and the Land Rehabilitation Society of Southern Africa.

### The following are key achievements during 2020

#### 1 Carbon market instruments

The Carbon Tax Act came into effect on 1 June 2019, and the first carbon tax payments by companies were due during the period under review. The objective of the carbon tax is to mitigate climate change as outlined in the National Climate Change Response Policy, NDP, and South Africa's intended nationally determined contribution commitments under the 2015 Paris Agreement.

In the context of economic mitigation measures around the COVID-19 lockdown, the Minerals Council put together a proposal to the National Treasury noting the feedback on the impacts of the carbon tax on the industry, especially that several marginal mines may face closure. The proposal was that the carbon tax payment be postponed by a year. This would also provide government sufficient time to finalise implementation enabling measures, as well as the carbon tax registration system.

#### 2 Climate change mitigation system

The Minerals Council has been actively involved in ongoing discussions with the DEFF around the development of a mitigation system. This system is the consolidation of measures such as carbon budgets, sectoral emission targets, and reporting of greenhouse gas emissions to ensure alignment among climate change systems. Bilateral discussions between BUSA and government have been ongoing to ensure that carbon tax aligns with the carbon budget.

#### 3 Policy certainty on managing mine residue deposit and stockpile

The Minerals Council has, for several years, engaged with the DEFF regarding the policy shift, which led to the classification of mine residue deposit and stockpile (MRDS) initially as hazardous waste and later as waste under the National Environmental Management (NEM): Waste Act. MRDS is a resource: defining it as waste threatens economic development and would cause job losses. Throughout these engagements, the Minerals Council presented a consistent message and, as a result, in 2018, the DEFF accepted that the definition of MRDS as waste was erroneous and put forward a legislative amendment through the National Environmental Management Laws Amendment (NEMLA) IV Bill to remove MRDS under the definition of waste in the NEM: Waste Act.

Unfortunately, by the close of Parliament at the end of 2020, the Bill had not been approved as an Act of Parliament. However, it is anticipated that the NEMLA IV Bill will be adopted into law in 2021.

#### 4 Policy on financial provisions for mine rehabilitation and closure

In September 2020, the Minerals Council published a policy position paper entitled *Mining Industry Promotes Sustainability Through Financial Provisions for Mine Rehabilitation and Closure*. The position paper focuses on the financial provision requirements in terms of the legal and policy framework around the planned and premature environmental closure aspects of a mine. This paper demonstrates commitment and responsible behaviour by mining companies

## POLICY ENVIRONMENT CONTINUED



towards rehabilitation, closure, and overall environmental management.

### 5 Interface between mining and agriculture

The Minerals Council continued engaging various stakeholders on the interface between mining and agriculture. At the various stakeholder engagements, the Minerals Council continued to emphasise its position of promoting mutual coexistence of mining and agriculture, as well as seeking a win-win position on how the two sectors can support each other. This policy position of equitable dispensation for the continued mutual existence of both mining and agriculture was also articulated in various submissions regarding the Preservation and Development of Agricultural Land Bill.

### 6 Mine Water Management Policy

A key focus of Minerals Council engagement with the Department of Human Settlements, Water and Sanitation (DHSWS) was concerns around the draft Mine Water Management Policy – including duplications and contradictions with the National Environmental Management Act, the MPRDA, and other legislation. The draft Policy is now awaiting Cabinet approval.

### National Eutrophication Strategy

The strategy is aimed at providing guidance to the mining industry and the water sector at large on strategies to avoid, reduce, mitigate, and manage our water resources. The strategy will give effect to the 2016 integrated water quality management policy and the objectives of the integrated water quality management (IWQM) strategy approved in 2017. The Minerals Council made a written submission on the draft strategy during the third quarter of 2020 and is awaiting a response

from the DHSWS. The DHSWS is aiming to finalise the strategy by the first quarter of 2021 after having considered inputs from key stakeholders.

### Determination of raw water use charges

The DHSWS engaged with water users to put forward proposals for raw water use charges for the next financial year. The mining industry is one of the sectors that uses water, while implementing water resource measures to protect and conserve it. To ensure that the DHSWS imposes cost-reflective water use tariffs, the Minerals Council was instrumental in providing inputs during the consultations and making recommendations on behalf of its members.

### Global Tailings Standard

The Minerals Council supports the ICMM initiative to adopt an international standard for TSFs with the aim of ensuring a step change in their safety and security management. In 2020, the Minerals Council participated in the standards consultations and submitted written comments for consideration. While the standard is not mandatory, the Minerals Council encourages its members to implement its principles.

### 7 Waste management policies

#### Section 29 industry waste management plan for tyres

The management of waste tyres by the Waste Management Bureau and the Recycling and Economic Initiative of South Africa (REDISA) did not achieve buy-in and support from stakeholders in the waste tyre industry. Subsequently the DEFF Minister issued a notice in terms of Section 29(1) of NEM: Waste Act in November 2019 requesting the CSIR to assist with the development of an industry waste management plan for tyres. The

proposed Section 29 plan drafted by the CSIR is based on the proposed Extended Producer Responsibility model where the responsibility for recovery and recycling associated with waste tyres remains with the manufacturer and importer. Of major concern to the mining industry with this draft plan is that the proposed model will only deal with new tyres - it is not clear how historic stockpiles of mining waste tyres will be addressed. The DEFF was aiming to submit the final plan to the Minister by September 2020 for approval. To date no updates have been provided to stakeholders about the status of the plan.

### 8 Minamata Convention

South Africa is party to the Minamata Convention (commonly referred to as the Mercury Convention), whose prime objective is to reduce mercury emissions and releases originating from human activity, and to manage the prevalence of mercury around the world.

The Minerals Council continued to play a pivotal role in engagements with government on a bilateral basis and in multi-stakeholder engagements. In February 2020, the DEFF hosted a workshop to present the final Minamata Initial Assessment report and to initiate the development of a national implementation plan (NIP). The government was informed that the South African gold mining industry had not used mercury in production and processing for many years, meaning that mercury prevalence is not a concern. However, mercury emissions data contained in the inventory determined through the UNEP Toolkit Level 2 suggested differently. The coal and gold commodities will, therefore undertake their own research to correct the mining sector specific data in the finalised national inventory.

## POLICY ENVIRONMENT CONTINUED

### 7 Implementation of the National Climate Change Response Policy

The Minerals Council made significant progress in promoting the development and implementation of various policy instruments provided for in the National Climate Change Response Policy developed by the DEFF. The objective of the policy is to build South Africa's effective climate change response and, in the long term, just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework. Government continued to engage stakeholders on the suite of overall mitigation and adaptation measures such as the *Technical Guidelines for Validation and Verification of Greenhouse Gas Emissions, the Risk and Vulnerability Assessment in the Mining Sector and the Low Emissions Development Strategy*.



### Labour policy engagement

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

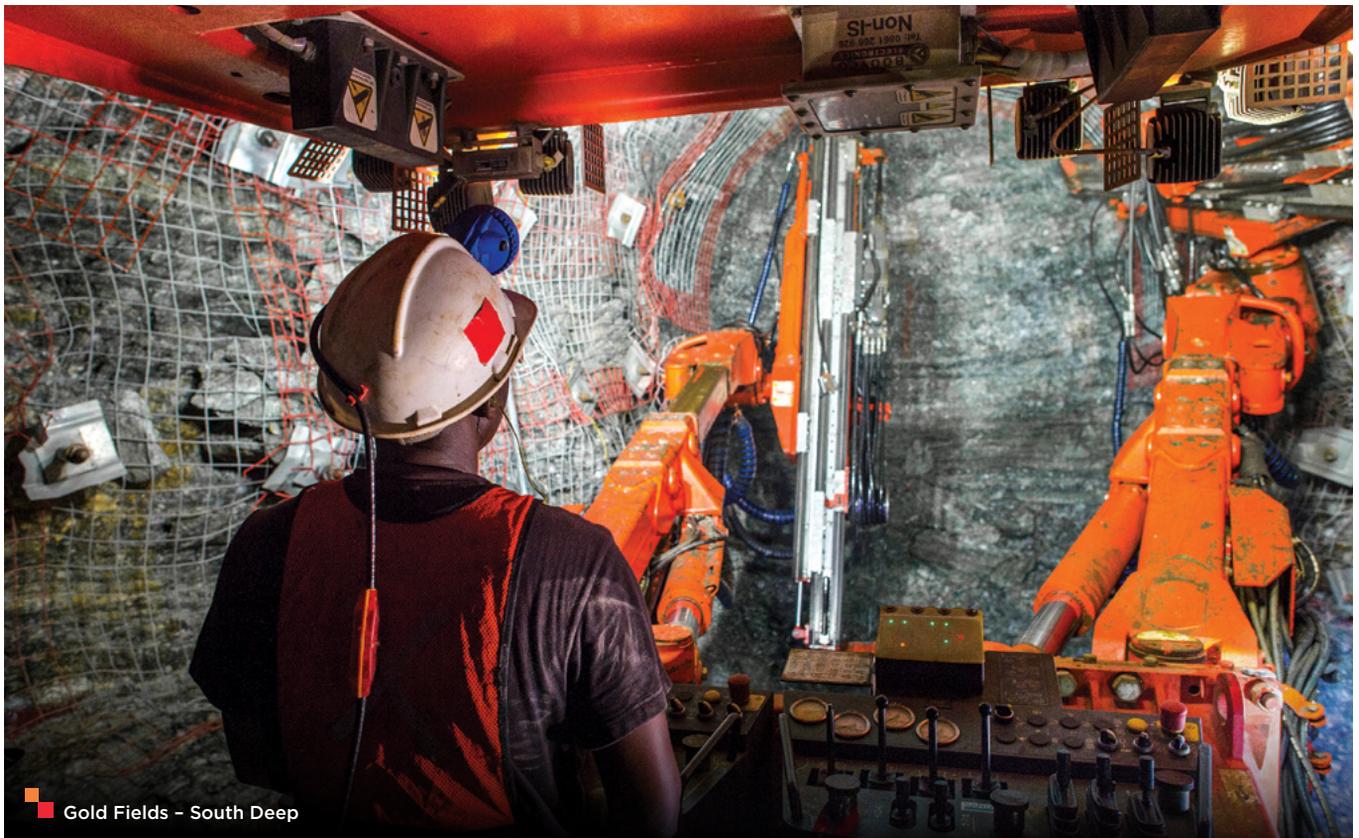
### Employment of foreign nationals

The Minerals Council continued to play a pivotal role in resolving immigration-related challenges affecting foreign mineworkers during the lockdown – including the creation of a special

dispensation for the mining industry during lockdown level 5. This enabled mineworkers to return from their home countries and resume work.

The Minerals Council made similar arrangements in December regarding the regulatory requirement for foreign nationals to produce negative COVID-19 test results upon entry into South Africa. The Minerals Council also worked to resolve the closure of inactive bank accounts of foreign employees who had not been receiving an income since the lockdown.

The Minerals Council collaborated with TEBA to resolve the issue of expired passports, temporary residence visas, and corporate worker authorisation certificates of foreign employees locked down in South Africa.



# LEGISLATIVE AND REGULATORY ENVIRONMENT



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

## Mining Charter

Although the new Charter was an advance on previous drafts, the Minerals Council remained concerned about the failure of the new Charter to recognise the continuing consequences of previous transactions fully. The Minerals Council attempted to resolve the issues through dialogue but, given that the issues were not timeously resolved, the Minerals Council had no option but to pursue the legal route to reserve its rights. This Mining Charter 2018 application and the defence of non-joinder raised by the Minister and the SADPMR was heard by the full bench of the Gauteng Division of the Pretoria High Court on 5 May 2020.

The court issued its judgment and order on 30 June 2020, upholding the Minister's defence of non-joinder, and issued directions identifying several parties to be joined as respondents to the matter. The Minerals Council has subsequently joined all the identified parties to the matter, and it is anticipated that the merits of the matter will be heard in the second quarter of 2021.

## 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 DMRE 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 2020.



## Minerals Council declaratory judgment on the “once empowered, always empowered” principle

In April 2018, the North Gauteng High Court granted a Declaratory Order in favour of the Minerals Council confirming the principle of the recognition of the continuing consequences of previous transactions, or the “**once empowered, always empowered**” principle as it is otherwise known. This technically means that mining companies would not be compelled to permanently ‘top up’ their black shareholding if existing black shareholders, for any reason, exit or dispose of their shareholdings. Although the DMRE gave notice of their intention to appeal the Declaratory Judgment on 20 April 2018, the Minister only filed his Notice of Appeal on 18 October 2019. The Minister is essentially appealing the whole judgement, arguing, amongst others, that the requirement to re-empower is perpetual and recurring.

In July 2020, the Registrar of the Supreme Court of Appeal declared the Minister's application to appeal the “once empowered, always empowered” judgement lapsed because of the failure by the Minister to deliver his heads of argument timeously. This was followed by a formal withdrawal by the Minister of his notice of appeal in August 2020,

which means that the Minister is now bound by the declaratory judgement order, which stands as a precedent.

## Land Reform: review of Section 25 of the Constitution

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

Regarding proposals to amend Section 25 of the Constitution, the Minerals Council is of the view that it should not take place until all the available instruments provided in the Constitution to bring about an effective and sustainable land reform programme have been exhausted. We believe it might be more appropriate to give effect to Section 25 of the Constitution through appropriate legislation, policy, and other measures that facilitate equitable access to land.

## Diesel rebate reform system

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

On 31 January 2020, the South African Revenue Service (SARS) issued draft rules regarding the new diesel refund scheme. The envisaged scheme seems to be in line with the information provided at workshops held in 2018 with the National Treasury, which includes a

## LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED

separate diesel refund scheme that will be administered via e-filing and will require electronic submission of contracts, purchase agreements, and asset registers. Joint ventures and contractors will be allowed to register, delinking the diesel refund system from the VAT system.

On 9 February 2021, the second draft of the diesel refund rules were published by the National Treasury and SARS for public comment and are now being considered by the industry. We anticipate further industry-specific consultations during 2021.



### Environmental legislation

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

#### NEMLA IV Amendment Bill

In 2020, the Minerals Council participated in the Parliamentary process on the National Environmental Management Laws Amendment Bill IV (NEMLA IV Bill). We also responded to the call for written submission on the NEMLA

Amendment Bill 14D, as amended and adopted by the Select Committee on Land Reform, Environment, Mineral Resources and Energy. Our submissions to Parliament included:

- Support for inclusion in the NEMLA IV Bill of the provision that removes the definition of MRDS from the NEM: Waste Act
- Changes in NEMA that empower the Minister responsible for environmental affairs to act in circumstances necessary to address significant harm to the environment caused by prospecting and mining activities

The Minerals Council also actively participated in the Gauteng Legislature public hearings on the NEMLA IV Bill during 2020. The Bill is currently with the National Council of Provinces for decision, and it is anticipated that it will be ratified into an Act during the first quarter of 2021.

#### Draft Preservation and Development of Agricultural Land Framework Bill

The Minerals Council continued to play a pivotal role in stakeholder consultations, ensuring that the implications of the Preservation and Development of Agricultural Land Bill to the mining industry were adequately discussed. The Bill proposed the additional requirement of authorisation by the Minister of Agriculture for mining activities on agricultural land, and proposes the declaration of no-go areas for mining on agricultural land.

While the mining industry acknowledged that there might be individual cases that require key consideration of agricultural matters, the Minerals Council suggested those could be easily integrated within the existing authorisation processes. In an attempt to find a sustainable solution, the Minerals Council, as a member of BUSA, proposed that a government

position on the Bill should be sought, as the difference between the mining and agriculture sector relates to a policy impasse; therefore government must pronounce its policy position on the competition between the two sectors. It is anticipated that further engagement on these issues will be taken up by Parliament during stakeholder consultations when the Bill is introduced.

#### Carbon Tax Act

The Carbon Tax Act came into effect on 1 June 2019 and payment of the tax came into effect in 2020. With it are accompanying dire financial and operational implications for the mining industry, particularly that the industry is also susceptible to potential border tax imposed by South Africa's leading trade partners. Following pressure from the business community, including the Minerals Council, the Minister of Finance on the 19 June 2020, published regulations and measures in the Act that would assist in alleviating the impact of the tax in phase one of its implementation. These include:

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

Furthermore, on 29 November 2020, National Treasury published regulations on Carbon Offset under the Act, and these were deemed effective as of 1 June 2019. Subsequently, the DMRE, as the administrator of the Carbon Offset Administration System (COAS), launched the system that went live on 23 July 2020.

## LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED



Despite the allowances provided for in the Act, the Minerals Council notes that the carbon tax has the potential to erode profitability through increasing costs and, hence, will cause the sector to contract further. The fact that the post-2022 position in terms of the continuation of the allowances and the actual alignment with the carbon budget has not been discussed creates regulatory uncertainty, which perpetuates a situation of limited business investment and further hinders planning for future tax liabilities.

### Climate Change Bill

The Minerals Council has been actively involved in discussions of the Climate Change Bill at Nedlac. The overall objective of the Bill is to build South Africa's effective climate change response and the long term just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework; and to provide for matters connected therewith. The Climate Change Bill proposes the following policy proposals, amongst others, that are pertinent to mining:

- To give effect to South Africa's international commitments and obligations in relation to climate change legislative foundation for the country's mitigation, adaptation, and just transition
- Determination of the national greenhouse gas emissions trajectory (peak plateau and decline trajectory)
- Determination of sectoral emissions targets
- Allocation of carbon budgets to emitting companies
- Provincial or municipal climate change response implementation plans aligned with sectoral priorities and targets
- Provides for the formation of the Presidential Climate Change

Coordinating Commission to give advisory support of climate change responses and a just transition to a low carbon economy

Subsequent to the withdrawal of the Bill by government in the previous year, in September 2020, the revised Bill was re-introduced in Nedlac for further deliberations. After numerous consultations, a Nedlac report on the Bill was finalised towards the end of December 2020. It is anticipated that further public consultations may be undertaken in 2021.

### National Environmental Management Act: Financial Provision (NEMA:FP) Regulations

The Minerals Council continued to engage the DEFF regarding key industry concerns on the draft regulations. These engagements highlighted concerns relating to policy and implementation challenges with the NEMA:FP Regulations, which were first published for implementation in 2015 and subsequently revised in 2017 and 2019, and which included:

- That the methodology for calculating financial provision suggests unjustifiable escalation of the financial provision with CP1+2%, provisionals and generals, contingencies and, VAT
- Withdrawal of financial provision by the Minister during non-compliance
- Onerous auditing requirements, ceding of the financial provision funds for latent and residual impact to the Ministry, transitional arrangements, tax implications, etc.

The Minerals Council awaits the finalisation and gazetting for implementation of the revised NEMA: FP Regulations – it is of major concern that this has not yet happened. The Minerals Council envisaged that the revised NEMA:FP Regulations would already have been finalised and published for implementation, given that

the June 2021 deadline date for their implementation is looming. However, it is acknowledged that the finalisation might not be achievable prior to the June 2021 deadline in which case the Minerals Council recommended to the Minister the urgent publication of a gazette to extend the implementation date. This continuous delay in the finalisation of the revised draft NEMA:FP Regulations presents the industry with further policy uncertainty.

### National Environmental Management Waste Act: Extended Producer Responsibility Regulations

In November 2020, the Minister of Environment, Forestry and Fisheries published the final regulations regarding Extended Producer Responsibility (EPR) for implementation. The Minerals Council has noted the following implementation concerns:

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

The Minerals Council made a written submission for consideration in this regard. As a result, the Minister issued a notice in 2020 to extend the date of commencement of the EPR regulations by six months and the registration by producers has also been extended by six months to allow for discussion and agreement on the required amendments prior to publication for implementation.

## LEGISLATIVE AND REGULATORY ENVIRONMENT CONTINUED

### National Implementation Plan - Minamata Convention

The Minerals Council participated in the Minamata Convention Initial Assessment (MIA) Validation Workshop held in February 2020, at which the MIA Report was discussed, and the draft national implementation plan (NIP) developed. South Africa signed the Minamata Convention in October 2013 and ratified it in April 2019.

Throughout consultations, the Minerals Council has flagged significant concerns around the validity of the methodology applied to develop the gold and coal mining sector mercury emission contribution to the level 2 mercury inventory. To that end, the Minerals Council has proposed that the gold and coal sectors be afforded the opportunity to undertake scientific investigations based on the life-cycle approach to develop an industry baseline. In its final submission in December 2020, the Minerals Council insisted that further work to be done by the mining industry should be clearly articulated in the list of future work in the final NIP dated 28 January 2021.



### Labour legislation

#### Nedlac Section 77 Standing Committee update for 2020

Following the Minerals Council's representations at BUSA regarding proposals to engage on the tightening of the Nedlac Section 77 Protocol, the social partners finally agreed on a process to review the Protocol in late 2019. The Standing Committee held numerous engagements during 2020 on the review of the Nedlac Section 77 Protocol and the Code of Good Practice. The committee

identified several gaps that needed to be addressed to ensure that these became more effective in addressing socio-economic issues. In particular, the committee engaged on possible guidelines to handle disputes between the social partners and on reasonable time frames to engage in protest action after the issuing of a certificate by Nedlac. The Standing Committee agreed that Nedlac should procure the services of a legal service provider to conduct a thorough review and develop revised versions of the Protocol and the Code of Good Practice. At the end of 2020, Nedlac had shortlisted a preferred service provider, and the process of final selection is underway.

#### Training Layoff Scheme

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

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

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



### Skills development legislation

#### National Skills Development Plan 2030 (NSDP)

The NSDP was promulgated in March 2019 and implemented in April 2020. It ensures that South Africa has adequate, appropriate, and high-quality skills that contribute to economic growth, employment creation, and social development. The NSDP is built on outcomes that will be instrumental in determining how skills development is carried out in South Africa. These outcomes were a major input into shaping the Sector Education Training Authorities' (SETAs) strategies and workplans.

There were no major areas of concern that business had with the final version of the NSDP.

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

The MQA was originally established under the MHSA in 1996 and, as from 2000, was recognised as a SETA under the Skills Development Act. These two pieces of legislation have created serious challenges for the MQA in terms of the period of licensing and its overall governance.

The Minerals Council has been playing a pivotal role in engaging with the relevant stakeholders to ensure that the two pieces of legislation are aligned to each other in the best interest of the MQA and the mining industry. After extensive and robust engagements between the DHET, the DMRE, labour, and business, the MQA has been given a similar period of establishment to all other SETAs until March 2030. In addition, the MQA will adopt the standard SETA constitution regulations going forward. In light of this, the MQA will start the process of appointing a new MQA board and sub-committees in March 2021.

# 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.

## Gold wage agreement

Centralised wage negotiations did not take place during 2020. The Minerals Council's focus was on driving the implementation of the commitments made in the 2018 Gold Wage Agreements. As part of this process, the Minerals Council updated core codes in line with the wage agreements, including the terms and conditions of employment and benefits of different employee categories. The Minerals Council sent the finalised draft of the core codes to organised labour, who agreed to all the amendments, and the Gold Core Codes for the period 2018 to 2021 were signed off and finalised.

## Coal wage negotiations

In 2020, following the withdrawal from centralised collective bargaining, the coal companies that had been part of the central collective bargaining forum conducted decentralised wage negotiations. The Minerals Council provided central coordination for the processes. All the companies concluded wage agreements without strike action, with wage increases ranging between 5.5% and 7%.

## Infrastructure challenges

The Minerals Council acts to 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 represented mining in the B4SA transport and logistics workgroup with the main objective of freeing up logistics hampered by lockdown measures, mainly at border posts.

## Localisation, procurement, and supply chain issues

The work of the Supply Chain & Procurement Policy Committee

tapered down to a watching brief, mainly due to the hiatus caused by the pending Review Application in the High Court, the reluctance from the DMRE to engage, the faltering of the Department of Trade, Industry and Competition (DTIC) process around developing a standard for tracking procurement spending, and management disruptions at the South African Bureau of Standards (SABS).

Work mainly involved keeping members informed about different initiatives from government institutions. Members shared their experiences with suppliers, who either obtained local content verification for their products (very few) or were reluctant to engage the SABS due to the unachievable 60% local content target, and the high costs involved. The Minerals Council also endeavoured to keep abreast of international OEMs, Mining Equipment Manufacturers of South Africa and the South African Mineral Processing Equipment Cluster positions on local procurement. Engagement through BUSA is ongoing; however the Minister of Trade, Industry and Competition's drive to execute 'localisation' as a pivotal part of the Economic Recovery Plan is proving to be a challenge.

## Electricity availability and pricing

Eskom's court initiative to get the 2019 NERSA tariff decisions and regulatory clearing account (RCA) decision overturned were successful. The Minerals Council opposed Eskom's subsequent supplementary tariff applications. The MYPD procedure is under review, and Eskom's proposal to change the basis of tariff settings to fixed costs away from variable costs has also been resisted.

The proposal to expedite self-generation of electricity was diverted into BUSA structures, and due to misalignment between the DMRE, NERSA and other government institutions' approval, progress has been disappointingly slow.

## Illegal mining and organised crime

The challenges of illegal mining and other organised crime linked to the mining sector requires a collaborative, multi-stakeholder approach. The Minerals Council is committed to working with the various law enforcement agencies to mitigate the threat of illegal mining, the criminal threat to the precious metals supply chain and other organised crimes linked to the mining sector across all levels of the value chain.

Illegal mining is a source of major social conflict with serious negative impacts on human life and security, and significant damage to property, infrastructure, and the environment. In addition, the theft of copper cables, and damage to equipment that contains copper- and gold-bearing materials lead to production stoppages, losses, and adverse environmental impacts. The impacts of these activities are wide-ranging and substantial, including social instability, loss of revenue and employment opportunities, and high levels of secondary crime.

Early in 2020, the Minerals Council met with the National Joint Operational Centre (NATJOC) team to discuss the serious, negative impact organised, armed attacks have on smelting houses specifically, as well as the impact of organised crime generally on the sector. A key outcome of the meeting was a two-day workshop coordinated by NATJOC with the relevant Provincial Commissioners, Cluster Commanders, and the senior mining security team representatives to formulate a plan of action and resolve the issues.

Towards the end of 2020, the Minerals Council attended a DMRE prior-consultation workshop meeting where we received preliminary inputs on the work the DMRE has done, and will be doing, to bring artisanal mining into the formal regulatory framework, with specific reference to the principles that will inform the framework. We await the formal publication of the DMRE *Draft Artisanal Mining Policy Framework* for specific review.

## SECTION 5

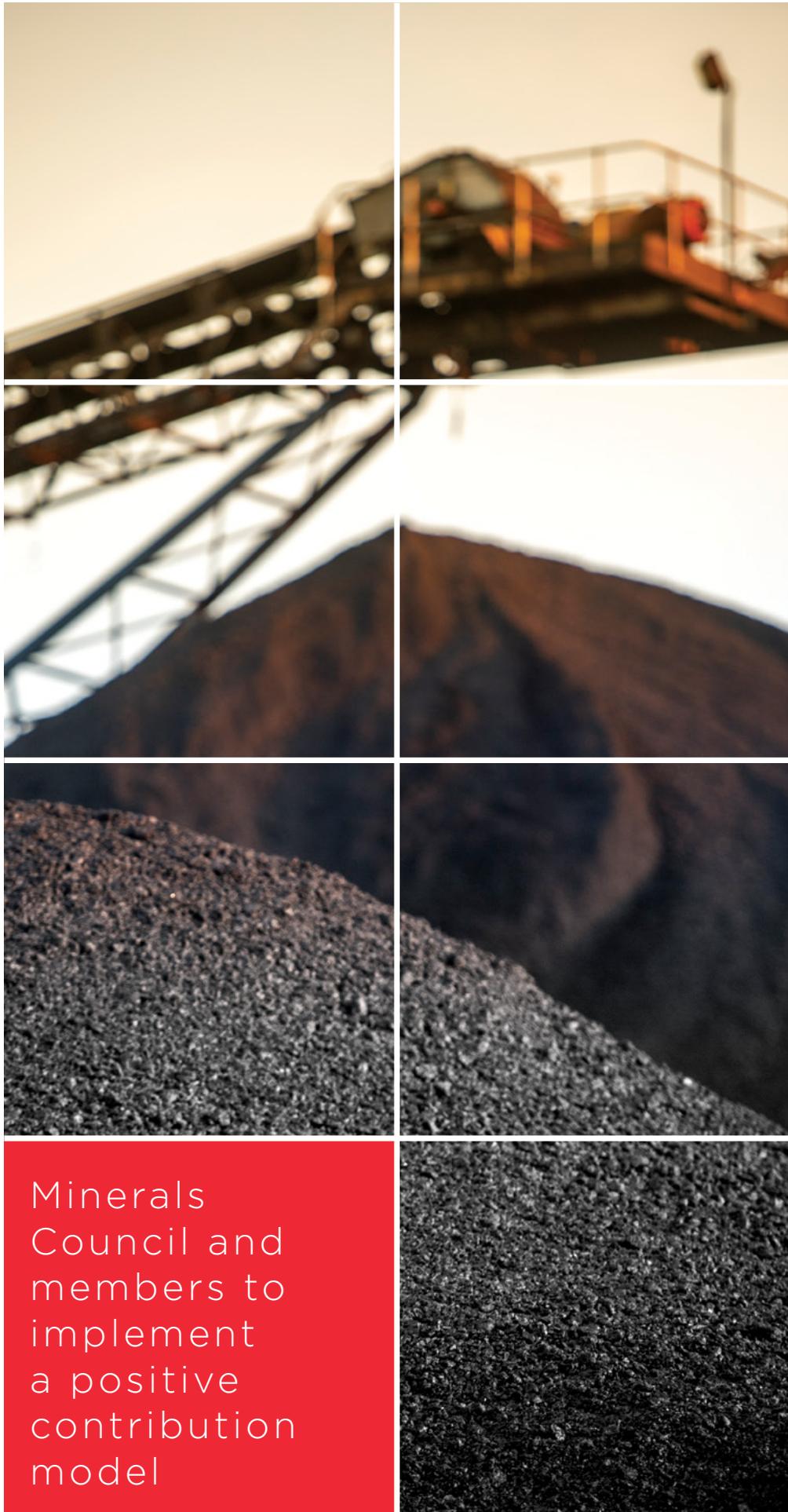
### STRATEGIC GOAL

# 03

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Minerals Council and members to implement a positive contribution model

# PROMOTING LOCAL ECONOMIC AND COMMUNITY DEVELOPMENT



The mining industry continues to play a significant role in the South African economy and makes a significant contribution to GDP, direct and indirect employment creation, the national fiscus and balance of payments, and supports upstream and downstream industrialisation efforts.

A detailed description of this contribution can be found in *How mining contributes to South Africa* on page 9 of this report.

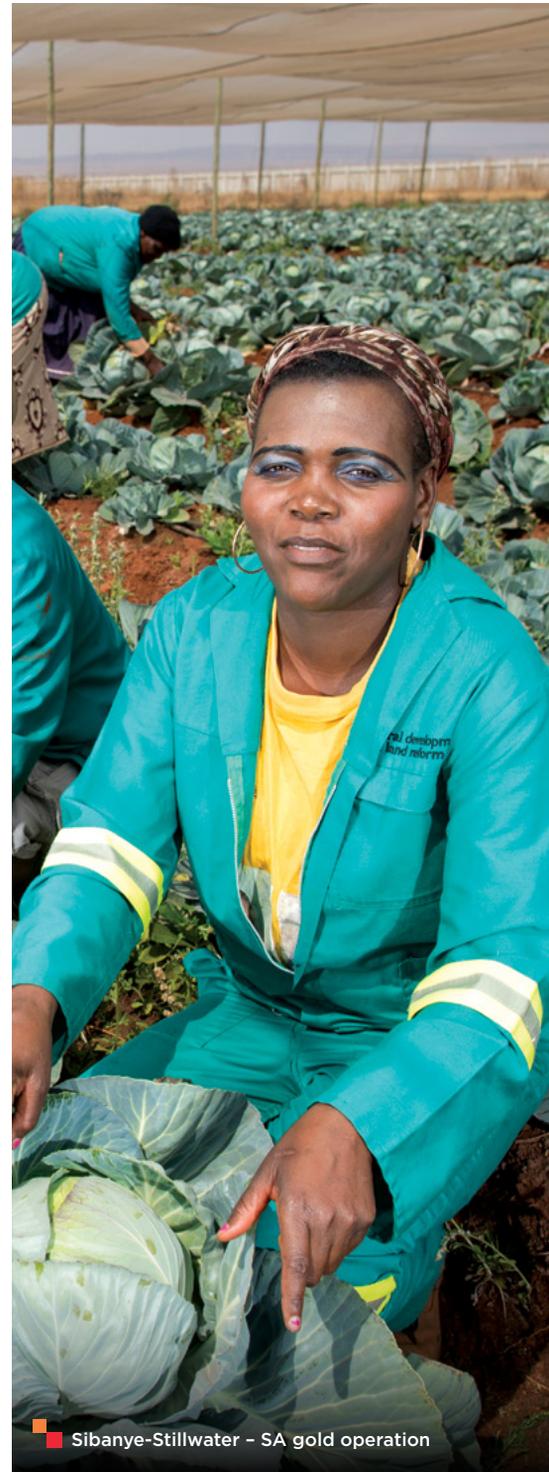
On the socio-economic development front, mining companies develop and implement SLPs and make significant contributions to local economic development (LED) initiatives at host community level. The industry also makes a positive contribution in increasing scarce critical skills and promoting enterprise development initiatives. It is estimated that the industry contributes nearly R2 billion a year towards development-focused activities. In 2020, the COVID-19 pandemic resulted in the mining industry mounting a significant emergency response in all host communities, including in the Eastern Cape, a major labour-sending area.

Unlike economic metrics such as living standards, the positive socio-economic impact of mining on host communities remains difficult to quantify; and the industry is conscious of the fact that the current expenditure on SLPs and LED has not necessarily resulted in developmental outcomes that are perceived as optimal or sustainable. As a result, there is often a great deal of discontent and frustration expressed by stakeholders.

The mining industry has proactively reacted to this by establishing two regional offices in Mpumalanga and the Northern Cape to pilot greater coordination and consolidation of efforts in these endeavours. These pilot projects are reported on in more detail in *Fostering collaboration and partnership* on page 59.

## Developments

Economic inclusion and improving the livelihoods of communities in mining towns is a key challenge – mining is finite; and communities need to create sustainable livelihoods beyond mining. In 2020, the mining industry proactively engaged various economic players regarding the maximisation of benefits of various skills and enterprise development initiatives. This included engagements with OEMs and major players in the mining supply chain. It is envisaged that the potential pooling of enterprise and supplier development resources, and the resultant collaboration, would enhance economic development outcomes in mine host communities.



Sibanye-Stillwater – SA gold operation

# CREATING A BETTER WORLD THROUGH MODERNISATION

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

Beyond its ability to extend the longevity of the industry, 2020 showed that innovation and technology are vital to all industries as they seek to adapt to rapidly altering circumstances.

The last year has seen intense focus on innovation and technology, on how they can be used to serve and save humanity. In the face of unprecedented risk, every individual and organisation has been compelled to evaluate and change traditional ways of living and working. COVID-19 slowed the world, but it accelerated change.

Innovation and Fourth Industrial Revolution (4IR) technologies have helped the mining industry manage the COVID-19 pandemic more effectively. Applications that previously raised suspicions among employees and unions, such as wearables and the remote monitoring of employees, have been reconsidered to ensure the wellbeing, safety, and health of mineworkers and mine communities. Creative approaches were used to shorten shift changes when COVID-19 monitoring slowed changeover. And simple gestures, such as a weekly message from a CEO, showed employees that they were a priority for leadership.

The versatility adopted to manage COVID-19 in mining is just the beginning. Modernisation and 4IR is more than a necessity; it will be a key enabler of a global competitive mining industry. This has

been acknowledged by President Ramaphosa, who has singled out innovation, science, and technology as vital in rebuilding the country's post-COVID-19 economy.

The report, *Ten Insights into 4IR in Mining*, compiled by PwC in partnership with the Minerals Council and with the assistance of the Mandela Mining Precinct, acknowledges that South African mining companies are, by their very nature, innovative, but there is significant room for the industry to embrace 4IR and innovation more readily. The report was compiled with the aim of gaining an understanding of how the mining industry visualises the impact of the 4IR on its people, processes, and technologies; how they perceive the evolution of 4IR in their businesses in the years to come; and what steps they are taking to transform their businesses in anticipation of these changes.

Identifying ten emerging trends, the report noted that CEOs are the primary drivers of digital transformation in mining businesses; that the bulk of mining companies are digital followers rather than innovators or champions; that investment is growing, and that the major reasons for investing in 4IR are throughput increase, efficiency increase, lower costs, and improved health and safety.

The need to reskill and upskill the workforce is of interest to the sector – nearly 95% of mining leaders believed that there would be a change in the nature of the workforce over the next five years to more skilled employees; as is the finding that organisational culture is keeping up with the times with over 70% of the respondents believing that their leadership had a clear vision for the digital future.

## Partnerships for progress

Together with our partners, the Mandela Mining Precinct and the Research Institute for Innovation and Sustainability (RIIS), we have dramatically shifted the visibility of innovation in mining in South Africa.

Our strategic partnership with RIIS focuses on putting people at the centre of the industry's modernisation efforts.

Progress continues to be made in key areas, including Mining Skills 4.0, which aims to identify and map the implications of modernisation on the workforce and, furthermore, to explore skills transition and preparedness strategies; community development, where we are working to strengthen coordination and collaboration in community development initiatives in the Mpumalanga coalfields region; and the Geographic Information System (GIS) Platform, where we are looking at leveraging geospatial analysis to provide a real-time evidence base for improved industry decision-making.

In the coming year, the focus will be on the Data 4.0 project, which continues to gather, analyse, and visualise data for the surveillance and monitoring of the pandemic, and for the coordination of the response, as well as supporting the Minerals Council in building a strong data usage, analysis, and insights-generating capability throughout the organisation. This includes extending the development of the Minerals Council GIS Platform, and extending it into other areas of analysis.

In addition, the modernisation performance programme, in collaboration with a multidisciplinary team within the Minerals Council, will focus on building a new social engagement process and model for the Mpumalanga region through the Mpumalanga Coalfields 2030+ project and addressing skills-related challenges arising from industrial transitions through Mining Skills 4.0.

Our strategic partnership with the Mandela Mining Precinct was established to progress the South African Mining Extraction Research, Development, and Innovation (SAMERDI) strategy. It is through this partnership that a shared vision of advancing the mining cluster was established. This vision of "shared

## CREATING A BETTER WORLD THROUGH MODERNISATION CONTINUED



prosperity through innovation” aims to maximise the returns of South Africa’s mineral wealth for all stakeholders. It also aims to equip mines with the necessary skills and technology for the next generation of modern mining.

For the next two to three years the Mandela Mining Precinct will focus on further development, refinement, and prioritisation of the SAMERDI research programmes, as well as the development of a R&D capability and capacity building plan, and the conclusion of a feasibility study for an independent test mine facility to provide an enabling and demonstrative environment for mining research, development, and innovation.

### Pioneering programmes from the Mandela Mining Precinct



#### Advanced orebody knowledge (AOK)

The focus of the AOK research programme is to create the ultimate “glass rock” environment, which includes improving geological confidence ahead of the face, reduction or identification of risk associated with geology, and, ultimately to have timeous information of what is observed underground on the surface. This will contribute to optimal extraction and zero harm.

In 2020, the programme tested five technology demonstrations at the proposed test mine. These included ground penetrating radar (GPR), light detection and ranging (LIDAR) scans, tunnel seismic tomography (TSP), tunnel-to-tunnel electrical resistance tomography (ERT), and thermography scans. These trials involved multidisciplinary teams from the CSIR, the University of the Witwatersrand, the University of Johannesburg, and the Mandela Mining Precinct AOK interns. The programme’s diamond drilling, and gold and PGM resource atlas projects also progressed, with further developments planned in 2021.

The focus for 2021 will be on the implementation and integration of geological and geophysical technologies, which will comprise a sequence of activities to which trial-and-error, or feedback principles will apply. At the core of this phase will be a continuation of the full-scale field demonstrations, which were initiated in 2020, and will be underpinned by activities relating to technology modifications and the consideration of work cycles. All these activities will be aimed at optimising solutions for successful implementation

#### Longevity of current mines (LoCM)

This research programme places focus on increasing the efficiencies of extraction, improving occupational health and safety, and reducing the costs of current conventional mining operations. A key initiative undertaken under LoCM in 2020, and continuing into 2021, is the underground testing of the Isidingo Drill prototypes, and developing alternative elongate support.

In 2021, LoCM will focus on resource extraction optimisation projects, as well as technology application projects, whose focus is to establish remote control functioning within the production activities and enhance electronic management systems.

#### Mechanised mining systems

The aim of this programme is to develop fully mechanised mining systems that will allow for remotely operated extraction of narrow hard rock ore deposits, including non-explosive rock breaking. This programme is expected to launch two innovation challenges modelled on the Isidingo Drill Challenge in 2021.

In 2020, several workshops were held to define the industry criteria and requirements for the prototype equipment specifications for future mechanised mining, which also includes rapid orebody development. The outcome of the 2019/20 research work resulted in mine design guidelines being established, which

include technical, equipment and infrastructural design criteria for future mechanised/autonomous mining.

In 2021, two research focus areas will be introduced: resource extraction optimisation and technological business improvement.

Four projects are planned to extend the design guidelines to prove the practical application within operational environments. These will find linkages with the other SAMERDI research programmes.

#### Real-time information management systems

The programme aims to improve data sourcing, transmission, storage, dissemination, and information management tools, practices, and procedures for mines.

In 2020, a technology demonstrator event was held to demonstrate the visual positioning system that goes beyond the typical warning and vehicle control systems of proximity detection and collision avoidance systems, and to perform real-time predictive scenario analyses and visually trigger scenario reporting as well. The design for the underground communications technology demonstrator involving coded orthogonal frequency division multiplexing technology was initiated and two potential sites for demonstrations were secured.

The real-time information management systems research programme aims to develop a unified real-time information management and control systems framework proof of concept, progressively and incrementally, for South African mining companies by 2022.

The focus for 2021 is primarily on the implementation of baseline 4IR technologies for mining, the achievement of efficiency gains, safety and health improvement, and on big data platforms where the value of data and information optimisation can be realised.

## CREATING A BETTER WORLD THROUGH MODERNISATION CONTINUED

### Successful application of technologies centred around people (SATCAP)

The SATCAP programme aims to understand how challenges relating to people in the mining modernisation process can be understood from all perspectives. SATCAP research seeks to gain an understanding of how mining stakeholders are affected and impacted by mining modernisation systems, processes, and technologies – with an intensive focus on skills needs, jobs impact, and stakeholder inclusion.

In 2021, SATCAP will focus on the industry's 4IR needs.

### Pioneering programmes from RIIS



#### Mining Skills 4.0

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

The 2020 phase of this programme involved an in-depth analysis and articulation of the current skill and aptitude sets available within the mining industry, as well as those that will be required in both the mining industry and associated industries in future. A framework to compare present and future skills was designed and tested on an initial critical occupation, informing strategies around skills transition analysis and opportunities.

Over the first half of 2020, the project focused on two key components:

- Analysis of the MQA occupation data for the past five years to understand the occupational structure and trends of the mining workforce
- Economic analysis to understand the drivers of economic growth, and the structure of the South African economy and labour force trends over the short to medium term in relation to the mining sector's role in the economy

The second part of the year prioritised a case study of a prominent occupation as a proof of concept in mapping out modernisation's impact on skills profiles, and future transition strategies required for the role as innovations are embedded in the mining sector.

Key outcomes from the analysis revealed several complexities in fostering transition into modernised mining environments, depending on the level of sophistication of the technologies introduced.

Over 2021, the Mining Skills 4.0 programme will expand its areas of focus to include, among others, the identification of partnerships for skills transition within the just energy transition, exploring and testing training innovations for improved healthy and safe production outcomes, and seeking solutions to increase the motivation and uptake of holistic skills development initiatives among employees in the mining industry.

#### Mpumalanga Coalfields 2030+

Initiated in 2018, the Mpumalanga Coalfields 2030+ programme aimed to drive innovation in the areas of social performance in the Mpumalanga coalfields region through local economic development, economic diversification, and entrepreneurship development. A key enabler and anchor pillar is the strengthening of partnerships to build trust and improve collaboration.

During 2020, the programme focused on establishing mechanisms to coordinate collaborative initiatives across companies, the development of tools and processes to enable evidence-based decision-making in community initiatives, and a monitoring and evaluation system.

The coordination of collaborative initiatives has included the sharing of leading practices and the opportunities presented by the rollout of local recruitment, skills development programmes for communities and other community development projects.

In 2021, the project will focus on piloting the monitoring and

evaluation community development system for visibility of impact created by mining companies' initiatives and strengthening further the partnerships for improved public-private cooperation.

#### Data 4.0

A need was identified to understand the future needs of the Mpumalanga coalfields regions, within the context of the mining industry and its mine host communities. This resulted in a GIS being built as a mapping and analysis tool for various socio-economic indicators of the mining communities in the Nkangala region.

However, with the emergence of the COVID-19 global pandemic, the platform was reshaped to model and understand case progression, transmission, and exposure risk geographically during and after lockdown level 5. GIS became a data analysis tool supporting the COVID-19 response, incorporating industry-wide statistics on the virus progression among mining employees across South Africa.

The ultimate objective is to upgrade the existing platform into a comprehensive smart web information portal.

### Looking ahead

Our modernisation programmes encourage industry-wide change and aim to tackle some of the sector's most concerning issues, including improvements in the health and safety of miners, retaining and creating jobs, preventing the premature closure of mines, and providing essential commodities to the world in a way that is globally competitive and socially acceptable. Mining is an integral part of how humans, together with technology, will build a socially just world, keeping within its ecological limits. Using innovation to enable a more modern mining sector, our mining can be globally competitive, attract the best talent, and, ultimately contribute even more as we re-imagine our economy and society.

# THE INDUSTRY'S VISION FOR COMPETITIVENESS AND GROWTH



The Minerals Council was closely involved, through B4SA, in the formulation of government's Economic Recovery Plan and embarked on an intense interaction programme with the DMRE to formulate and fast-track certain reforms.

Small task teams for each area were established and commenced work towards the latter part of 2020.

These recommendations will be referred to the DMRE Minister and the Minerals Council Office Bearers for discussion.

The various work streams focused on:

- Measures to clarify the policy and regulatory environment to make it more effective
- Enhancing the modernisation of the mining sector
- Ensuring reliable and affordable energy supply

- Focusing on rail and port infrastructure to ensure reliability and expanding capacity
- Fostering greater collaboration between government and industry to support communities
- Devising an exploration strategy to replenish the potential pipeline of projects for mining expansion and growth efficiently
- Establishing collaboration between government and industry to fast-track key mining projects currently stuck in the administrative system
- Working together to attract more investors to the mining sector in South Africa

The potential of such successful collaboration is shown in the diagram below.

## What if:

<p><b>The regulatory environment is reformed?</b></p>	<p><b>The industry is modernised?</b></p>	<p><b>Our energy supply is reliable?</b></p>	<p><b>Infrastructure is adequate?</b></p>
<p>Immediate increase in brownfield and sustaining capex – impact by 2023/2024</p>	<p>Improved cost efficiency and productivity, increasing economically viable resources</p>	<p>Overall increase in production from reduced load shedding losses</p>	<p>Immediate increase in brownfield and sustaining capex – impact by 2023/2024</p>
<p>Increased investment in exploration, creating jobs, and new long-term growth potential</p>	<p>Increased production and jobs from positioning on cost curve</p>	<p>Improved long-term cost competitiveness of South African mining</p>	<p>Increased investment in exploration, creating jobs and new long-term growth potential</p>
<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> ~20,000</p> <p><b>Output increased by:</b> \$640 million</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> ~3,500</p> <p><b>Output increased by:</b> \$590 million</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> ~14,000</p> <p><b>Output increased by:</b> \$410 million</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> ~26,000</p> <p><b>Output increased by:</b> \$1.9 billion</p>
<p><b>Government and industry collaborate more to support communities?</b></p>	<p><b>Exploration increases?</b></p>	<p><b>A government-industry task force is established to tackle critical issues?</b></p>	<p><b>South African mining was attractive to investors?</b></p>
<p>Building strong licence to operate by empowering local communities</p>	<p>Increased investment in exploration, creating immediate jobs in exploration</p>	<p>Fast-tracking projects to enable job creation and flow of investment</p>	<p>Attracting additional investment by further positioning South Africa as 'open and keen for business'</p>
<p>Further repositioning the mining industry as socially responsible corporate citizens</p>	<p>Creating long-term growth potential by finding and evaluating new deposits</p>	<p>Attracting additional investment by further positioning South Africa as 'open and keen for business'</p>	<p>Attracting additional investment by further positioning South Africa as 'open and keen for business'</p>
<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> critical enabler</p> <p><b>Output increased:</b> critical enabler</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> ~7,000</p> <p><b>Output increased:</b> exploration is critical to ensure future projects</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> critical enabler</p> <p><b>Output increased:</b> critical enabler for all other elements</p>	<p><b>Benefits by 2024</b></p> <p><b>Jobs:</b> critical enabler</p> <p><b>Output increased:</b> potential for significant inflows of capital for new and current projects and operations</p>

## SECTION 6

# STRATEGIC GOAL

# 04

## IN THIS SECTION

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- 82** Promoting zero harm
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- 91** Reducing the mining industry's environmental footprint



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



# PROMOTING AND ENABLING TRANSFORMATION



After 26 years of democracy, socio-economic transformation is still centred around the empowerment and unequivocal integration of historically disadvantaged South Africans (HDSAs), mainly black South Africans and women, into the mainstream economy.

In the mining industry, the Minerals Council and its members are fully committed to value transformation as a business imperative.

## Annual Mining Charter reporting

2020 was a challenging year for transformation in the mining industry. This was the first reporting cycle of Mining Charter 2018 (MC2018), the third iteration of the Mining Charter. MC2018 did not come with a standardised reporting template, rather with *Implementation Guidelines*, that provided some assistance but also brought about confusion. The Minerals Council gave extensive feedback to the DMRE, to which we received no response. This lack of clarity made reporting a compliance-driven exercise with little value for transformation transparency. Mining right holders submitted

reports in different formats and templates, which will, inadvertently, make monitoring and evaluation close to impossible for anyone who tries to assess the industry's transformation performance.

## The complexity of MC2018

MC2018 was also a more complex Charter than ever before. Ownership, employment equity, and inclusive procurement came with new, onerous requirements. Ownership changes were mainly for new mining right holders. This included the introduction of specific shareholding targets for BEE entrepreneurs, qualifying employees, and host communities. What makes reporting more complex under the employment equity element is the introduction of progressive targets at each occupational level. These targets must also be aligned to economically active population (EAP) statistics.

Under inclusive procurement each product or component of a product required its own reporting: from who produced it, to the HDSA ownership percentage, the B-BBEE Level, the amount spent, as well as the contract duration. It also introduced local content verification, with a two-year exemption for reporting. This exemption provided the DTIC, the SABS, suppliers, and the mining industry with time to develop a product identification system. However, this product identification system has not yet been finalised, which will make local content reporting for mining right holders close to impossible in 2021.

## Beyond compliance

The South African mining industry has a long history. There is often a disconnect and a high level of mistrust between the industry and some of its stakeholders. Mining's various stakeholders do not have a common vision of competitiveness, growth, and transformation for the industry. Another challenge is that the mining industry, unlike other sectors of the economy, does not have a transformation council made up of the various stakeholders and social partners to discuss and monitor the implementation of the Mining Charter, as well as the evolution of transformation on a regular basis.

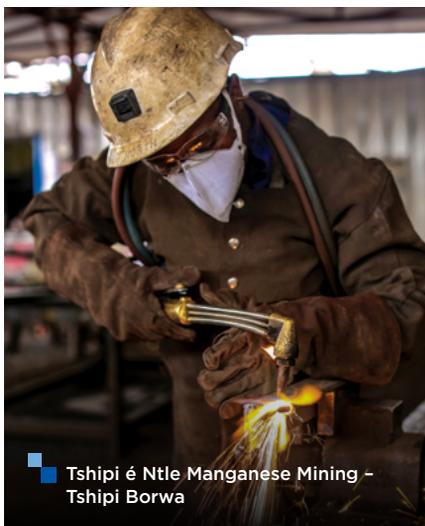
In 2020, the Minerals Council and its members started to work on the answer to "what a transformed mining industry would look like", with the Minerals Council facilitating workshops looking at transformation beyond compliance. These will continue in 2021 to develop a tool to measure transformation, including broader metrics such as inputs, activities, outputs, outcomes, and impacts. Thereafter, all industry stakeholders would need to co-develop a vision that they can fully support. A task team should then be established to ensure a transformed, competitive, and growing mining industry, which all stakeholders desire. This task team would provide a platform at which outstanding matters are addressed and solutions regularly co-created. The Minerals Council continues to advocate that such a task team be established.

# PROMOTING ZERO HARM

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

Given that mining is a complex, technical, and often labour-intensive industry, the risks and hazards it presents – if not countered – may cause harm or threaten lives. Mining requires rigorous training, absolute vigilance, and unfailing adherence to health and safety standards and procedures.

Understanding that safety is about people is a fundamental driver of the industry's approach. Efforts to reduce miners' exposure to risks and hazards, to prevent and treat occupational diseases, and, above all, to eliminate fatalities, is an abiding priority. In its commitment to the industry goal of zero harm, the industry aims to ensure that every mineworker returns home unharmed at the end of every workday.



Our Safety and Sustainable Development discipline plays an important role in the implementation of the industry's 2024 milestones for mine health and safety. This is done through the CEO Zero Harm Forum, the Occupational Health and Safety Policy Committee, the Rock and Engineering Technical Committee, and the MOSH Learning Hub. The CEO Zero Harm Forum shares leading practice, evaluates performance, and guides policy and strategy. At the core of this leadership forum is the belief that industry CEOs need to lead by example, to drive health and safety initiatives in the industry, and to address key challenges in order to accelerate the industry's journey to zero harm.

We also engage with regional associations and tripartite forums, such as the Association of Mine Managers of South Africa and the South African Colliery Managers' Association; with the DMRE and organised labour, through the MHSC; and with international industry bodies through the ICMM.

The Minerals Council collaborates with industry stakeholders from government, organised labour, companies, and employees to protect the health and safety of employees.

The Mine Health and Safety Act, enacted in 1996, regulates and provides for the safeguarding of the health and safety of mine employees, as well as residents of areas affected by mining operations. Every mine has its own health and safety committee that comprises representatives of management and unions seeking to ensure compliance with regulations,

to provide safety training for all employees, and to promote active collaboration in all matters relating to safety and health.

The following structures are central to the collective implementation of industry initiatives by all stakeholders:

- Established in 1996, the MHSC was set up to direct safety in the mining industry and to respond to industry safety challenges. Its primary tasks are to advise the Minister of Mineral Resources and Energy on occupational health and safety legislation, and research outcomes focused on improving and promoting occupational health and safety in South African mines. It comprises representatives of various government departments and institutions, organised labour, and the industry.
- The MQA plays a critical role in addressing skills shortages in the mining industry through capacity development and process improvement. It ensures that the industry has sufficient numbers of competent, trained people to improve health and safety standards and processes.
- The Minerals Council established the MOSH Learning Hub in 2009 to help companies learn from pockets of excellence in the industry. Through the MOSH system companies and individual operations have implemented and adopted leading practices to reduce health and safety risks.

## Culture Transformation Framework

Research has shown that an organisation's culture has a significant impact on health and safety protocol adherence and success. The *Culture Transformation Framework (CTF)*, developed by the MHSC and approved at the 2011 Health and Safety Summit, seeks to transform health and safety in mining workplaces.

# PROMOTING ZERO HARM CONTINUED



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

## CTF's 11 PILLARS

The first six pillars were prioritised for implementation in 2020:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Bonus and performance incentive</b>	<b>Risk management</b>	<b>Leadership</b>	<b>Leading practice</b>	<b>Diversity management</b>	<b>Data management</b>
<b>pillar</b>	<b>pillar</b>	<b>pillar</b>	<b>pillar</b>	<b>pillar</b>	<b>pillar</b>
To prioritise safety ahead of production	Aimed at reducing risk at its source and investigating root causes	Encouraging leaders to lead by example and walk the talk of zero harm	Providing a unified approach to identifying and facilitating the adoption of leading occupational health and safety practices and research outcomes	Aimed at eliminating racism, genderism, and any other forms of discrimination	To monitor and evaluate progress of CTF implementation and mine health and safety performance

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

<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>
<b>Integrated mining activity</b>	<b>Technology</b>	<b>Inspectorate</b>	<b>Tripartism</b>	<b>Regulatory framework</b>
<b>pillar</b>	<b>pillar</b>	<b>pillar</b>	<b>pillar</b>	<b>pillar</b>

### Progress on CTF pillars

Culture change is a critically important factor in the transformation of occupational health and safety performance. A review and analysis of the implementation progress of the CTF pillars, conducted by the Minerals Council in July 2020, revealed that progress has been made on the implementation of the pillars since a gap analysis in 2012. In October 2020, the CEO Zero Harm Forum and Board approved culture transformation as a special project aimed at re-energising and increasing the visibility of the CTF.

An evaluation of the OHS provisions under the Mining Charter compiled in 2015 revealed encouraging progress

on the implementation of prioritised pillars of the CTF. However, in the absence of OHS provisions in the revised Mining Charter, the MHSC was tasked with developing a milestone reporting system to track the industry performance against the MHSC Summit milestones and targets. The development of a reliable and user-friendly milestone reporting system, including company reports on the implementation of the CTF pillars, is underway.

Minerals Council members have been implementing culture change programmes that address the CTF pillars and minimum standards. Three company presentations made to the CEO Zero Harm Forum

meeting in March 2020 revealed a set of culture transformation leading practices, including visible-felt leadership, employee engagement, improved stakeholder relations (tripartism), employee training and empowerment, critical control management, data analytics, and people-centred adoption of technology. While there are pockets of excellence and leading practices in the industry, proven existing leading practices in culture transformation need to be identified through the same principles and methods applied in the identification of the MOSH leading practices. This will promote the culture of learning and sharing of leading practices.

## PROMOTING ZERO HARM CONTINUED

### Progress on six prioritised CTF pillars (by 2020)

#### Leadership

The CEO Zero Harm Forum has been leading by example in addressing the key health and safety risks since its establishment in 2012. In 2019, the Minerals Council facilitated a CEO Heartfelt Conversation on Health and Safety, which led to the CEO-led Khumbul'ekhaya strategy focusing on the elimination of fatalities from safety and health incidents. Since 2017, the Minerals Council's CEOs and Board have led the annual National Day of Health and Safety in Mining, with key health and safety messages and actions for implementation in mining operations.

#### Risk management – accident investigation systems

A variety of initiatives have been introduced to address the minimum standards of this pillar, with an emphasis on eliminating blame in accident investigations. In 2015, the Minerals Council collaborated with the ICMM to launch the *Critical Control Management (CCM) Good Practice Guide*. This was followed by the establishment of the CCM Working Group that reported to the CEO Zero Harm Forum. The CMM Working Group reviewed the ICMM good practice guide to contextualise it with the health and safety risk realities of South African mining companies. A South Africanised CCM good practice guide was developed considering the different levels of organisational maturity. Many of the South African mining operations have since adopted the principles of the ICMM and Minerals Council CCM guidance documents in the management and prevention of key health and safety risks. Critical control management also forms part of the MHSC's 2024 milestones.

A Minerals Council review of the 2019 fatality-free safety performance at Anglo American Platinum, Sibanye-Stillwater gold operations, and Harmony Gold revealed that the application of CCM was instrumental in the improvement of

occupational safety performance in these companies. The CCM of materially unwanted events, such as fall of ground and transport-related incidents, has been applied by the three mining companies. Critical learnings have also been gained from the identification of key risks to be controlled.

With the support of the CEO Zero Harm Forum, the Minerals Council established the Learning from Incidents (LFI) Working Group. The working group's focus has been on helping mining companies to share and effectively learn from incidents to prevent repeats, and is an important component of the Khumbul'ekhaya strategy – ensuring that mining companies learn better from one another and from other industries. Peer review incident investigation and analysis systems, as well as the development of the accountability framework guide, are some of the Khumbul'ekhaya projects focusing on the Risk Management Pillar of the CTF approved by the Minerals Council CEO Zero Harm Forum and Board in 2020. The Minerals Council special project on industry alignment on the implementation of TMM focuses on a holistic, risk-based approach towards the development of collision avoidance system (CAS) technologies. This initiative supports the objectives of the Risk Management Pillar of the CTF.

#### Bonus and performance incentives

Many of the mining companies had reviewed and incorporated health and safety leading indicators into the company bonus and incentive schemes. This has ensured that the structure of bonuses systems incentivise safer and healthier practices. The MHSC conducted research on existing safe production bonus systems leading practices. The outcomes of the research project led to the development of the OHS Bonus Scheme Toolkit, which was reviewed by the Minerals Council Occupational Health and Safety Policy Committee (OH&SPC) and approved by the CEO Zero Harm Forum.

#### Leading practices

The establishment of the MOSH Leading Practice Adoption System contributed immensely to the improvement of health and safety performance in the industry over the past years. The MOSH Leading Practice Adoption System is underpinned by the principles of people-centred adoption, which is an important component of successful change management. Recent observations made and experience gained from the collision management system technologies have revealed that change management was one of the most critical success factors in the adoption of technology. The Minerals Council facilitated the development of the MHSC *Common Approach to Identification of Leading Practices and Research Outcomes*. This approach should be applied to the identification and certification of any technology to be a leading practice.

#### Diversity management

There has been an increase in the representation of women in the mining industry in recent years. Gender discriminatory challenges are evident in an industry that remains male-dominated. Occupational health and safety performance statistics have also indicated an increasing trend in fatalities and injuries among women. To address the challenges of overt and covert forms of discrimination against and challenges of women in mining, the MHSC conducted research and developed the following:

- MHSC Diversity Management Assessment Tool
- A programme to deal with PPE for women, and the safety and security of women in mining
- Guidance on the selection of PPE for women
- Guidance on the establishment of sexual harassment policies and procedures
- Establishment of a Women in Mining Committee

## PROMOTING ZERO HARM CONTINUED



The Minerals Council's Labour Policy Committee (LPC) and OH&SPC established a task team that developed a list of strategies through which mining companies can promote the health, safety, and security of women miners. In 2019, the Minerals Council Board approved the establishment of the Women in Mining Leadership Forum. In addition to the National Day of Women in Mining, the National Day of Health and Safety in Mining 2020 included a focus on gender-based violence.

### Data management

Collation and production of accurate and reliable occupational health and safety performance data is crucial for effective monitoring and evaluation of the MHSC Summit milestones on occupational health and safety. The MHSC developed a web-based milestone reporting system. One of the Khumbul'ekhaya projects focuses on the digitisation of safety data.



The Health Department is responsible for promoting good health outcomes in the mining industry. Priorities in 2020 included:

- Improve the quality of measurement and reporting on occupational hygiene exposures
- Improve overall HIV management and coal sector TB management
- Coordinate changes to ODMWA legislation
- Support the evolution of the new MBOD/CCOD model

These were severely impacted by COVID-19, with priorities having to be shifted significantly. While the department played a significant role in leading the industry's response to the pandemic, this was a multidisciplinary

approach. A special section on this approach is presented on page 24.

### Peer reviews on fire safety and occupational hygiene

In 2018, the CEO Zero Harm Forum instituted peer audits on fire readiness and occupational hygiene. Their objectives were to assess:

- Fire prevention readiness and compliance to the *Mandatory Code of Practice of Fires*, including compliance to Chapter 5 under the MSHA, Act 29 of 1996
- Verification of occupational health milestone data from 2015 to 2018 as captured on the Minerals Council Occupational Health Reporting System, and progress to meet the 2024 milestones (set at the 2014 Tripartite Summit)

The audits were conducted at different platinum, coal, and gold operations late in 2019, with the following outcomes:

- Well-developed fire control systems were in place, with fire automated systems, including fire detection and suppression at battery bays, substations, workshops and conveyor belt installations, which assist in reducing human error
- Coverage of underground sections with fire detection systems
- Conveyor belts ventilated to the return, reducing the risk of injury during fire incidents
- Introduction of lifeline systems as directional guidance to the nearest refuge bays
- Mines conducting daily automatic fire suppression systems testing on conveyor belts
- All mines achieved 100% for legal compliance with the MHSC milestones in terms of having qualified Section 12.1 appointees as per the MSHA requirements

The following generic challenges were identified:

- The use of polyurethane as a filler for trackless vehicle tyres

- MOSH guidance note for noise measurement of equipment was not followed
- Occupational hygiene sampling equipment was not calibrated or recorded (quality assurance challenges)
- Some underground equipment was not installed with onboard fire suppression systems
- Emergency team members not residing within the 30-minute radius of the mines
- The use of numerous information management systems to manage occupational health data milestones

In view of the challenges identified, Minerals Council members agreed to:

- Investigate leading practices on replacing filling tyres with a polyurethane product
- Workshop members on the guidance note for noise measurement of equipment
- Develop a quality assurance document for members to improve the data quality on the occupational health milestones
- Conduct self-audits based on the audit tool that was developed during the audits to ensure compliance with the MSHA

Additional audits will be conducted in 2022 with a bigger sample. The recommendations from the reviews are currently being implemented and further reviews will be conducted in 2022. It is hoped they will show an improvement in fire safety and occupational hygiene.

### Khumbul'ekhaya

Research has been undertaken by the National Institute for Occupational Diseases to assess the causes of fatalities among female employees at work and devise a response. The study was to be completed in 2020, with the hope that the results would assist the industry in reducing mortality. The study did not progress due to COVID-19 and an evaluation is being conducted to decide if it can continue in 2021.

## PROMOTING ZERO HARM CONTINUED

### Masoyise Health Programme

The Masoyise Health Programme (Masoyise) continues to be the flagship programme for reducing incidence of HIV, TB, occupational lung diseases (OLDs), and non-communicable diseases (NCDs) in mining. Its key activities are monitoring performance on disease reduction, TB contact tracing, support to small mines, and communication.

Performance monitoring was seriously impacted by COVID-19,

as most companies did not report optimally on the Minerals Council Reporting System. Companies were encouraged to utilise quieter periods to catch up on their reporting.

TB contact tracing is a primary means of controlling the disease, and was implemented to stop the spread of TB in the mining industry and surrounding communities. It involves finding and informing contacts of an infected person so that they can get counselling and testing, and be started on treatment, if necessary.

TB contact tracing activities and meetings were held in the Bojanala and Nkangala districts, leading to improved awareness and reporting. The contact tracing reporting tool is now digital on the Minerals Council Occupational Health Reporting System, and should make reporting easier and more accurate.

The table below shows the 2019 TB contact tracing outcomes for the above districts.

TB contact tracing outcomes

Indicator	West Rand	Bojanala	Mpumalanga	TOTAL	
				2018	2019
Number of index pulmonary TB cases identified	70	528	111	641	<b>709</b>
Number of contacts identified	1,088	2,063	886	3,075	<b>4,037</b>
Number of contacts identified successfully traced and screened	1,039	1,967	883	2,950	<b>3,889</b>
Percentage of contacts traced and screened (%)	95.5	95.3	99.7	95.9	<b>96.3</b>
Number of TB cases detected	51	16	2	46	<b>69</b>
Percentage of TB positive from screening (%)	4.9	0.8	0.2	1.6	<b>1.8</b>
Percentage of TB positive put on treatment	100	100	100	100	<b>100</b>

The objective of the communications strategy is to support Masoyise's work, ensuring that key targets of educating both mine employees and surrounding communities about preventing and treating HIV, TB and NCDs, and ultimately to eliminate them, are achieved.

Communication strategies were mainly social media focused. Health information was posted to Facebook on a monthly basis, based on topics derived from various health calendars. Four posters on TB, OLDs, mental health, and HIV/AIDS were developed and disseminated to all stakeholders. Animations on hypertension and HIV were also made available to all companies.

**MASOYISE Health Programme** MINERALS COUNCIL SOUTH AFRICA

# WORLD TB DAY

This world TB Day play your part in eliminating TB

**Collaborated efforts will get us there quicker:**

- Know your TB status
- Take your treatment on time daily should you have TB
- Eliminate TB stigma

If you have signs of TB, visit your nearest clinic for screening and treatment if necessary

**Signs of TB:**

- Drastic weight loss
- Coughing for more than two weeks
- Lack of appetite
- Chills
- Weakness or feeling very tired
- Fever and night sweats

Act today. TB can be cured if detected early and treated correctly.

#YourHealthMatters #ItsTimeToEndTB

www.mineralscouncil.org.za/work/health-and-safety/masoyise-health-programme

**MASOYISE Health Programme** MINERALS COUNCIL SOUTH AFRICA

# MENTAL HEALTH AWARENESS MONTH

Mental health disorders such as depression, anxiety, bipolar disorder, attention deficit hyperactivity disorder and post-traumatic stress disorder can be treated through therapy and medication. With the necessary help and support, you can lead a normal life with a mental disorder.

**If left untreated, mental disorders can lead to self-harm and suicide.**

**Some symptoms of a mental disorder are:**

- Feeling disconnected to yourself or your surroundings
- Long-lasting sadness or irritability
- Extreme moods swings
- Excessive fear, worry or anxiety
- Socially distancing yourself from friends and loved ones
- Changes in your eating or sleeping habits
- Neglecting your personal hygiene and care

Speak to a professional today and get help - it may save your life.

#YourMindMatters #MakingMiningMatter

**MASOYISE Health Programme** MINERALS COUNCIL SOUTH AFRICA

# Sexual health and education

are important in curbing the spread of HIV/AIDS.

Partner, consent and clear wrap: #MasoyiseHealthProgramme #Checkmate

#YourHealthMatters #MakingMiningMatter

**MASOYISE Health Programme** MINERALS COUNCIL SOUTH AFRICA

Your heart is an important organ for blood, oxygen and nutrition circulation in your body. Cardiovascular diseases are a group of disorders of the heart and blood vessels such as pulmonary embolism, congenital heart disease and rheumatic heart disease which often lead to heart attacks and strokes.

**Take care of your heart by eating balanced meals, regularly exercising, monitoring your salt intake and your general wellbeing.**

#YourHeartMatters #MakingMiningMatter

## PROMOTING ZERO HARM CONTINUED



A study on missed opportunities for preventing TB fatalities was concluded in 2020. The key recommendation of the study was to strengthen medical records for continuation of care. All mines were advised to carry out a review of HIV management, especially early diagnosis and treatment initiation, and treatment monitoring with appropriate interventions. It was also recommended that the Minerals Council take a lead in promoting an HIV/AIDS 'Log-Framework' that will address the components and nuances needed to ensure zero TB deaths.

A study on health promotion and behaviour change was also completed in 2020. Conclusions from the study included: that there was a high level of commitment on the part of mining companies to provide programmes to address TB, OLDs, HIV, and NCDs; and that there was a lack of understanding of health promotion and behaviour change principles for workplace programmes, and insufficient mapping of disease trends for NCDs.

The study indicated that companies require structured and comprehensive guidance on health promotion principles and how to incorporate these into strategies addressing TB, OLDs, HIV and NCDs. It further recommended that monitoring and evaluation capacity development was critical, and that more emphasis needed to be placed on tracking trends in NCDs.

A key achievement was the hosting of a successful seminar titled *Fighting the unrecognised pandemic: reprioritising TB, HIV and NCDs in the era of COVID-19*. Attendees and participants included stakeholders such as Dr Zweli Mkhize and senior officials from the World Health Organization (WHO), the Joint United Nations Programme on HIV/AIDS, the International Labour Organization, and organised labour. The seminar

concluded that it was important to reinstate and strengthen the fight against HIV, TB, and NCDs, even in the era of COVID-19.

Another achievement was a publication showcasing Masoyise's work, made possible with the assistance of the ILO and UNAIDS in partnership with other stakeholders. The publication (<https://www.mineralscouncil.org.za/work/health-and-safety/masoyise-health-programme/masoyise-health-programme-resources>) showcases Masoyise activities, lessons learnt, and practices.



The MOSH Learning Hub encourages mining companies to learn from each other to address health and safety incidents and risks related to fall of ground, noise, dust, and transport and machinery. This is achieved through facilitating leading practice adoption and the execution of fit-for-purpose health and safety projects and initiatives. These are anchored on the philosophy: "by industry for industry", and underpinned by a holistic approach and principles of industry ownership, eager and early involvement, engagement and collaboration, people-centricity, and non-competitiveness. Its strategic direction is as follows:

### Dust

The focus during the year has been continuing improved adoption of dust leading practices; creating accessible health and safety knowledge platforms; strengthening relations with mining operations across commodity sectors; and providing support to

underground fiery collieries mines' adoption of Continuous Real-time Monitors (CRTM) and Conveyor Belt Automated Transfer (CBAT) point fogging systems, as well as ensuring continuous identification of future leading practices.

The prospects of increasing the number of potential adopters of CRTM within collieries during 2021 has been boosted by the CEO Zero Harm Forum's adoption of the practice at an industry level, as mines will be required to report on adoption progress, and the performance of the dust engineering controls.

### A compendium of MOSH Dust leading practices

Over the last 13 years, the Learning Hub, MOSH Dust, has documented and launched six dust reduction/prevention leading practices for widespread industry adoption. These have shown benefits in the reduction of dust loads and the management of dust risk. In 2020, these were compiled into a compendium that outlines the MOSH adoption process, dust risk management, and generic value case of MOSH dust reduction/prevention leading practices. The compendium is aimed at raising awareness within the industry of available dust reduction/prevention leading practices that can significantly reduce risks.

### Collieries Dust Working Group

The MOSH Dust team facilitated the formalisation of the Collieries Dust Working Group, which continues to address airborne dust monitoring with a CRTM onboard a Continuous Miner. The group has shared R&D critical airborne pollutant engineering solutions, including the Continuous Miner improvement project approved by Coaltech and piloted at Sasol Shondoni Colliery operations in Secunda. The working group has identified this as the next leading practice for collieries and has requested that the MOSH Dust team document it in 2021.

## PROMOTING ZERO HARM CONTINUED

### In-stope atomising leading practice

This dust reduction/prevention leading practice was identified at an industry workshop in October 2018. Documentation of the leading practice was successfully undertaken and completed in 2019. However, the required demonstration phase was severely delayed due to COVID-19 disruptions. The leading practice will now be launched in 2021.

### Noise

#### Industry buy and maintain quiet Initiative

The MOSH team continued to facilitate the Industry-wide Buy and Maintain Quiet Initiative (IBMQI) as a noise source elimination initiative focused at promoting the management of the noise hazard at the equipment design phase. The following milestones were completed during the reporting period:

- Following the identification of several variables of concern in the noise measurement and verification methodologies used, the *Guidance Note for 3rd Party Equipment Noise Verification Measurement* was developed. This guide was independently peer reviewed through the North-West University's network of international and local experts and specialists. The finalised Guidance Note was uploaded on the MOSH website in 2020.
- The *Critical Noise Equipment Screening Tool*, previously developed as an Excel-based document, is being converted into a web-based version. This includes a database function, and allows the tool to be used internationally and by other industries. The tool was tested by an opencast coal mine, and underground coal, platinum, and gold mines. Any operation, following registration, may use the tool to screen their noise

generating equipment as part of a risk-based noise management programme. Industry engagements on the screening of equipment, using the tool, is planned for 2021.

- The *IBMQI Procurement Guide*, focusing on the procurement and maintenance of new and existing equipment, has involved comprehensive engagements with key industry procurement specialists, as well as peer reviews. It will be released during the second quarter of 2021.

#### Tyre Deflation Noise Reduction Simple Leading Practice

The MOSH team continued to promote the adoption of the *Tyre Deflation Noise Reduction Simple Leading Practice* in 2020, despite COVID-19 restrictions. The adoption of the simple leading practices will be concluded by the second quarter of 2020.

The success story leaflet can be used by lagging and new adopters, providing additional adoption assistance and information, particularly in areas where they might experience challenges during the adoption process.

#### Equipment Noise Testing and Tag-out Leading Practice

The *Equipment Noise Testing and Tag-out Leading Practice* is an

IBMQI principle-based practice that ensures that equipment is maintained and repaired back to original specifications, and incorporates noise emission management principles. During 2020, the documentation processes continued at Impala Platinum mine. Three potential demonstration mines have been identified to demonstrate the practice, prior to the formal launching of the practice for adoption.

### Fall of ground (FoG)

#### Early entry examination and making safe (EEMS) and trigger action response plan (TARP)

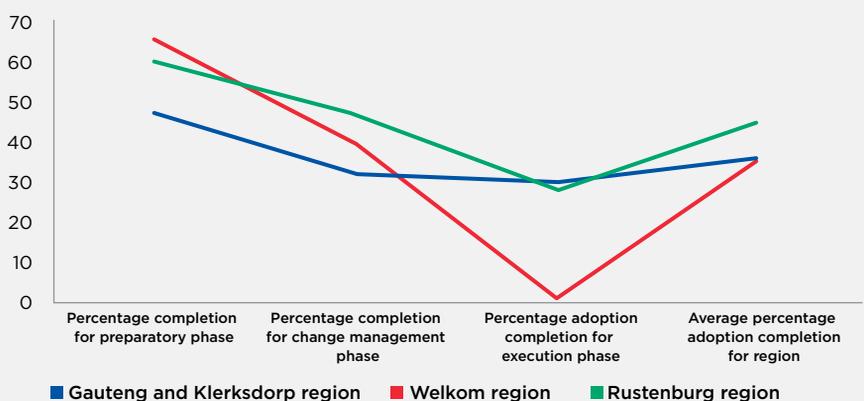
Two days of learning dedicated to revitalising the two leading practices were deferred to 2021 due to COVID-19.

#### Ledging Leading Practice

Two online Community of Practice for Adoption (COPA) sessions were held in 2020. The team also had several one-on-one online engagements with participating mines to complement the sessions.

The three assisted operations have reported 100% adoption, although the overall adoption is still below expectation. 25 mines have registered for adoption of the *Ledging Leading Practice*, an increase of seven from the previous year.

Ledging completion trend (%)



## PROMOTING ZERO HARM CONTINUED



### Drilling and blasting

When the *Drilling and Blasting Reference Guide* was launched in March 2019, two aspects of the guide - innovative training methods and mining cycle - were identified as potential leading practices and work is ongoing to convert them into leading practices.

### Industry ground control framework

The *Industry Ground Control Framework Report* was finalised and presented to CEOs in the first quarter of 2020. The framework is intended to assist companies that are in the process developing their ground control strategies. The framework is now available online for companies to use or incorporate in their overall risk management strategies.

### Industry working team

The industry working team continued activities in 2020 through effective and well-attended online virtual engagements. There were three virtual meetings with an average attendance of 20.

### Transport and machinery Trackless mobile machinery (TMM) regulatory alignment

A team member joined the MRAC TMM Regulations task team in the fourth quarter of 2019. The first quarter of 2020 saw the finalisation of a task team report and an advisory note for submission to the MHSC Board. The principles of traffic management and the need for effective change management featured prominently. Although the approval of the note was delayed, it resulted in a Minerals Council Board-approved multi-year project to support industry readiness to implement the upcoming TMM Regulations. The project has been divided into 17 work packages, aimed at a holistic, risk-phased introduction

of the suspended regulations, spanning operational readiness, technology development, and cross-cutting issues, as well as international collaboration. This has become the sole focus of the team and will require continued focus well into 2021 and beyond.

### Collision avoidance system (CAS) change communication

MOSH previously launched an interactive change communication tool for all surface operations to support the introduction of CAS. This is a web-based 3-language (English, IsiZulu, and SeSotho) tool using animated dialogue and 360-degree videos, with built-in questions to test and ensure proper comprehension of the CAS technology and the role of operators, supervisors, managers, and maintenance personnel in the introduction and running of a CAS enabled operation.

### Underground traffic management practice facilitation

The team launched a traffic management practice for underground trackless mines with a specific focus on TMM and pedestrian movement in underground operations. The work on the technical content of the document was released in the second quarter of 2020 as a technical guide.

### Behaviour change and human factors

#### COVID-19 member guidance

A multidisciplinary Minerals Council team developed a members' guidance document to support the management of vulnerable employees. Many companies reported it was useful in exploring means of accommodating vulnerable employees who could not return to their normal occupations as a result of COVID-19 risks. Topics included alternative work opportunities, legal

aspects, industry commitments, and strategies.

### Mental wellness assessment project

A mental wellness pilot project was initiated as part of the Khumbul'ekhaya health and safety strategy, linked to behavioural change interventions detailed in the strategy to assist companies to manage COVID-19-related psychological stressors amongst employees.

The project centred around gathering a group of employee volunteers to participate in the mental wellness screening and support process. At each site, employees were screened using a psychological wellness tool developed by the North-West University. Some of the group results were then shared and participants had the opportunity to understand that stress and anxiety was a normal phenomenon at this time. A total of 545 people from seven sites participated in the project.

The project team focused on the following project outcomes:

- Supporting industry employers with a tool and process for psychological wellness screening and assistance
- Supporting employers by addressing a fundamental cornerstone in adopting behavioural change leading practices
- The need to provide a mechanism for bridging stigma associated with mental illness
- Expert support from high-calibre industrial and clinical psychologists

The main results and findings from the project included:

- 59% were very or extremely concerned about the future, with concerns centred around family health and wellbeing, food security and the economy, as well as childcare and schooling

## PROMOTING ZERO HARM CONTINUED

- 65% were flagged as suffering from moderate to high psychological ill-health
- 52% suffered symptoms associated with physiological ill-health
- The report also provided a detailed breakdown of specific stressors and drivers for psychological/physiological ill-health per demographic

Many key insights were generated at both industry and organisational level. Organisations indicated a commitment to understand the causes of psychological stress and anxiety amongst the workforce further, while devising action plans to deal with this in future.

### Learning from incidents (LFI)

The industry's LFI Working Committee continued to meet actively throughout 2020. Active sharing and learning from peers remained a central objective as companies sought to eliminate unwanted health and safety events at operational level. The committee produced learning materials, including an industry video on control management as an approach in eliminating unwanted events.

### Monitoring and evaluation

#### Documenting leading practice success stories

Extensive monitoring and support of mining operations in the adoption of MOSH leading practice resulted in four case studies outlining the OHS benefits from mines that have fully completed the adoption of leading practices in 2020. These included:

- Mafube Colliery's traffic management leading practice, aimed at reducing interaction between light delivery vehicles, heavy mobile equipment, and pedestrians
- Kloof operations' ledging leading practice, which focused on a

multidisciplinary approach to the planning and execution of ledging

- Khwezela Colliery's remote tyre deflation aimed at reducing noise exposure during the deflation of tyres
- Matla 2's CBAT Point Fogging Dust Suppression System, which focused on the reduction of dust particles liberated at transfer points

### Adoption progress

The Learning Hub continued to engage virtually with potential adopting mines during 2020, although COVID-19 had an impact on the rate of adoption and level of interaction. Most of the potential adopting mines and regions managed

to complete the adoption of the MOSH leading practice following bilateral engagements.

Seven operations, mostly from the coal sector, completed the full adoption of the tyre deflation simple leading practice; the CBAT Point Fogging Dust Suppression System was fully adopted by one operation from the nine adopting mines recorded in 2019; and most of the conventional operations in the gold and platinum sector have adopted the ledging leading practice. Operations that adopted the practice completed 56% of the technical phase, 38% of change management, and 20% of the execution phase.

# MOSH OUTREACH ACTIVITIES



Close to  
**518 people**  
participated in  
20, mostly online,  
MOSH events



A further  
**7,547 people**  
visited the MOSH  
website, with 6,053  
unique visitors and  
17,401 page views

# REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT



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

To assist members to comply with carbon tax legislation, the Minerals Council coordinated the attendance by member companies at carbon tax awareness sessions hosted by the SARS and hosted internal sessions for members. These sessions addressed the administration and licensing requirements in terms of the amended Custom and Exercise Act, as well as the regulations that have been enacted to facilitate the implementation of the Carbon Tax Act.

SARS also highlighted the overall administration process that goes into filing for carbon tax, including the different forms for manual filing and e-filing. Tax submissions for payment

will be followed by potential auditing that will be undertaken by SARS.

In terms of the internal meetings, a joint workshop between the Environmental Policy Committee and the Taxation Committee of the Minerals Council was held for member companies in September 2020 aimed at:

- Taking members through the administration and licensing of facilities requirements
- Refreshing members' memories on the revised carbon tax tool, as well as the applicable regulations
- Highlighting to members the key important dates and milestones for carbon tax filing

- Addressing any challenges that members might be facing when they are doing their facilities registration and licensing for tax filing

Through this workshop, the Minerals Council was able to provide guidance and clarity on the requirements of carbon tax, as well as providing solutions to obstacles faced by member companies when filing their carbon tax returns.

## The just transition and the green stimulus opportunities in South Africa

The Minerals Council participated in the National Business Initiative (NBI) initiative on the just transition, which calls for parties to the United Nations Framework Convention on Climate Change (UNFCCC) to further heed the Intergovernmental Panel on Climate Change message that "Science stresses the need of reaching net zero emissions by 2050 to avoid catastrophic climate change". Consequently, South Africa developed a Low Emission Development Strategy 2050 that commits to moving towards a goal of net zero carbon emissions by 2050, which will require various interventions to reduce greenhouse gas emissions.

The Minerals Council coordinated member attendance at an NBI workshop to discuss their research further and to engage the mining industry on its response, as well as to make further inputs on the ongoing work. The industry was informed that key export markets like the European Union were already making strides to introduce carbon border taxes and that others are expected to follow. This poses a major threat to South African mining because, together with the implementation of carbon tax locally, the likelihood of the introduction of border taxes will threaten the sustainability of mining further and possibly close marginal mines.



DRDGOLD - Mine reclamation

## REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT CONTINUED

### Mining industry intensity benchmarks

In the period under review, the Minerals Council facilitated the successful development and review of the proposed performance benchmarks for gold, coal, and platinum with National Treasury. The Minerals Council also attended a bilateral meeting with National Treasury to review these benchmarks. Significant success was achieved in that members were eligible for a 5% allowance benefit from the carbon tax liability when they filed for carbon tax in October 2020.

### ICMM Global Industry Standard on Tailings Management

In 2020, the Minerals Council endorsed and adopted the ICMM Global Standard on Tailings Management. We embrace the broad principles outlined in the standard and fully endorse its implementation by our members.

The South African mining industry has come a long way in its approach to protecting the environment, working with local communities, and promoting ethical business practices. Despite the advancements that have been made in respect of management practices for TSFs, we believe that the Global Industry Standard on Tailings Management will augment existing legislative requirements and practices to create a step change for the mining industry to address safety risks and the environmental sustainability of these facilities, and to further improve on the management and governance of tailings dams.

Most importantly, the standard will strengthen current management practices significantly by integrating social, environmental, and technical practices, and covering the entire life cycle from site selection, design, construction, management, and monitoring to closure and post closure.

Although the industry is quite advanced in terms of the implementation of optimal tailings management practices, the following elements of the Global Industry Standard on Tailings Management will augment and enhance the current practices.

- Members were requested to assess their tailings management practices in accordance with the standard to determine if these were aligned and to identify any possible gaps that needed to be addressed - positive feedback was received
- Many members have reflected on areas that could be improved, especially in respect of community involvement and assurance processes, and have indicated that their practices are now more aligned to the standard

While the standard is not mandatory, as a member of the ICMM, we encourage our members to adopt and implement its principles.

### Water conservation and water demand management (WC/WDM)

WC/WDM is a fundamental step in promoting efficient, effective, and sustainable use of water and it is consistent with the National Water Act and the National Water Resources Strategy. To assist the mining sector to conserve and manage water supply, the Minerals Council developed an Excel spreadsheet-based self-assessment reporting tool for the mines to use in the reporting and management of the WC/WDM plans that are developed and implemented as part of their water use licence conditions. The tool enables the mines to report their water balances in a standardised format and to enter and manage their water use efficiency targets and WC/WDM action plans. Due to the COVID-19 lockdown, the Minerals Council, in collaboration with Water Institute of Southern

Africa, conducted a virtual training and capacity building session on the tool with the aim of increasing wider industry uptake and use of the tool. The training was successful, with participants embracing the principles embedded and showing interest to use the tool at their operations.

### Thought leaders in mine closure and rehabilitation

During the period under review, the Minerals Council published a policy position paper entitled *Mining Industry Promotes Sustainability Through Financial Provisions for Mine Rehabilitation and Closure*. Legislation imposes a requirement to maintain and retain financial provision until issued with a closure certificate. However, in certain instances, closure can be unplanned due to various socio-economic and technical conditions. The position paper focuses on the financial provision requirements in terms of the legal and policy framework concerning both the planned and premature environmental closure aspects of a mine. The policy paper demonstrates the commitment and responsible behaviour by the current mining companies towards rehabilitation, closure, and overall environmental management. As of 2019, member companies of the Minerals Council have put in place a total sum of R48.9 billion for rehabilitation of disturbed environment sites.

### A catalyst for mainstreaming biodiversity into mining in 2020

The Minerals Council acknowledges the need for mining to be done in an environmentally sustainable manner, ensuring that biodiversity issues are dealt with appropriately through the various stages of a mine's life. Biodiversity consideration was achieved through:

- Ensuring that member companies integrate biodiversity information into the planning of mining operations

# REDUCING THE MINING INDUSTRY'S ENVIRONMENTAL FOOTPRINT

CONTINUED



- The effective mitigation of:
  - potential impacts (by avoiding sensitive areas)
  - actual impacts (by carefully designing projects, managing them to the highest possible environmental standards, and rehabilitating impacts as far as is feasible)
  - residual mining impacts (by offsetting the remaining impacts after those that can be avoided, minimised, and rehabilitated have been addressed)

This work is facilitated through the South African Mining Biodiversity Forum (SAMBF), which is convened by the Minerals Council. The SAMBF brings together stakeholders from industry, conservation bodies, civil society, labour unions, and government, which provides opportunities for cross-sectoral interaction and cooperation to improve biodiversity conservation, management, and performance in the mining industry.

## Water use licence applications coordination

Water use is a regulated activity, and users are required to apply for and obtain approval from the DHSWS before engaging its use. Water is a major input in mining operations and, by law, mines need to apply for and obtain a water use licence before commencement of operations. The procedures for acquiring a water use licence have been prescribed in legislation, but delays and challenges are experienced in obtaining these licences. This threatens the sustainability of mining operations. In 2020, the Minerals Council coordinated engagements between the affected members and the DHSWS with the objective of identifying the bottlenecks and agreeing on possible solutions. These engagements were successful, as significant progress was attained in resolving challenges faced by member companies in as far as water use licences are concerned.



Vedanta Zinc International - Black Mountain Mining

SECTION 7

STRATEGIC GOAL

05

IN THIS SECTION

- 95 Ensuring effectiveness and efficiency



Continually improving effectiveness and performance



# ENSURING EFFECTIVENESS AND EFFICIENCY



The Minerals Council works to improve the organisation's effectiveness and performance continually for the benefit of its members and the mining industry.



## Improved structures

As indicated in other sections of this report, the Minerals Council has put intensive strategic effort into improving the performance of a variety of its structures and establishing new ones, where required, including the commodity, safety and health, and region-specific leadership forums as well as policy committees. All these are central to developing industry positions for engagements with government and other stakeholders on the industry's needs.

The Board of the Minerals Council, the Audit and Risk Committee, and the Remuneration Committee (Remco) have worked efficiently during the year, as have the leadership forums, and the various policy and ad hoc committees. Good governance principles, health and safety criteria, and appropriate competition law prescriptions were applied in all meetings, with efficient and modern management systems

being implemented. These are mostly CEO-driven and facilitated by the Minerals Council. The Chrome and the Junior and Emerging Miners Leadership Forums had detailed meetings with Minister Mantashe and the DMRE team. The Minerals Council also hosted a strategic workshop on market development for platinum, where it was agreed by all members that investing in market development was a strategic imperative for the platinum mining sector.



## Communication

Management continued to ensure the improvement in communication performance of the Minerals Council. The Minerals Council Integrated Annual Review 2018 won an Excellence award in the International Association of Business Communicators 2019 Silver Quill Awards programme in October 2019. The programme recognises business communication excellence across the continent. The Integrated Annual Review 2018 also received a Merit award in the NGO/NPO category at the Chartered Secretaries of Southern Africa's Integrated Reporting Awards in November 2019. A much more assertive approach to communicating key business messages was rigorously applied throughout 2020 with a specific focus on COVID-19.



## Human resources (HR) strategy

The Minerals Council employs a progressive HR strategy with the aim of successfully attracting, motivating, engaging, and retaining high-

performing individuals. A competitive rewards programme offers a total reward (non-financial and financial) framework. The Talent Management Policy provides a framework to identify, manage, and grow key employee talent to ensure that the Minerals Council can achieve its current and future business strategy. Succession planning focuses on transformation and gender parity, with continual feedback to the Remco. Supporting the culture of continuous learning, formal employee assessment informs personal development plans. A process is to be undertaken in 2021 to better align individual key performance indicators to our strategic goals and objectives. The organisational structure and capacity are designed to meet the requirements of the Board-agreed strategic plan and budget.



## Risk management

Risk management is integrated with management and budget processes. A risk-based approach is followed to identify and formulate special projects linked to specific risk bowties. A detailed process of risk analysis and cause and effect identification makes possible the design of projects to serve as preventative or mitigating actions to manage risk effectively and alignment to the strategic plan. Managing risks is inculcated in the formulation of key indicators of employees. Risk bowties will be transferred to a risk assessment software in 2021 to enhance the integration of risk and performance management further.

# ENSURING EFFECTIVENESS AND EFFICIENCY CONTINUED



## Governance

There is continuous improvement in our internal governance and the governance of structures on which the Minerals Council is represented. Governance policies are in place, with a system to ensure a comprehensive review of all policies on a systematic basis. The Minerals Council adopts a zero-tolerance approach to any form of bribery, fraud, or corruption.

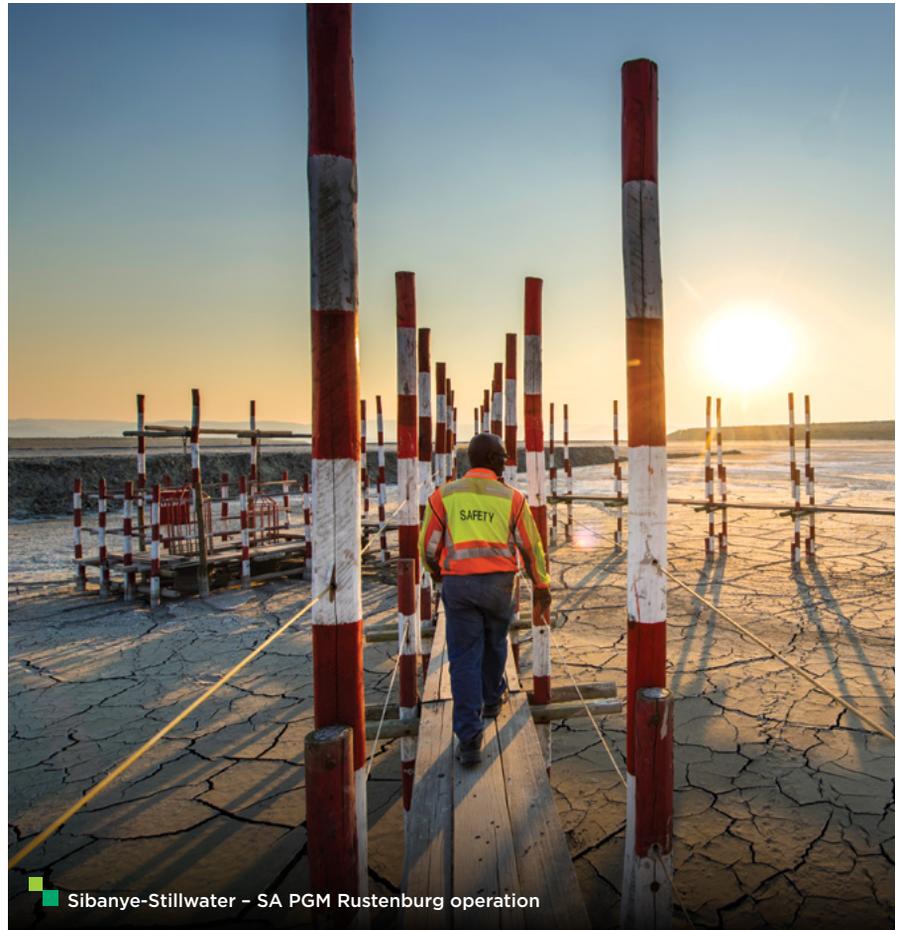
The following governance structures are in place to oversee the governance function:

	Regular internal and external audits
	Audit and Risk Committee
	Ethics policy and conflict of interest policy
	Annual declarations of interest
	Remuneration Committee
	Externally monitored ethics line
	Training and awareness programmes



## Minerals Council brand

A Brand Guardian Team regularly engages on key reputation and communication issues that affect the Minerals Council brand. The brand survey conducted in 2017, under the Chamber of Mines banner, is being followed up with a fresh brand survey to gauge possible gaps that may need to be addressed from a brand risk and reputation perspective.



Sibanye-Stillwater – SA PGM Rustenburg operation



## Health and safety

The Minerals Council embraces a culture of health and safety. We have programmes in place to ensure a safe working environment, and health and wellness programmes, ranging from promoting a healthy diet to employee wellness initiatives, which are offered to all employees on a regular basis. A policy to mitigate the impact of the COVID-19 pandemic was introduced in March 2020 with the aim of minimising exposure as far as possible and protecting employees and those at increased risk of severe illness, older adults, and persons with underlying health conditions. Employees are encouraged to work from home and avoid physical meetings.



## Reducing our environmental footprint

The Minerals Council platinum-based electricity generation fuel cell provides a significant portion of the building's energy needs. As much as 70% of the energy fed into the fuel cell is harvested for electricity and heating, making this an extremely efficient system. As the Minerals Council staff were all working from home for the greater part of 2020 our environmental footprint was significantly reduced from travelling, as well as a significant reduction in the consumption of resources in the office building.

# ENSURING EFFECTIVENESS AND EFFICIENCY CONTINUED



## Organisational modernisation

The programme to modernise our information technology system continually, in keeping with our modern ethos and developing the Minerals Council as a progressive organisation, making optimum use of its physical, intellectual, human, and institutional assets. Cybersecurity remains a major challenge and systems have been implemented to combat this threat as far as possible. All Minerals Council operations were able to transition to a totally virtual operation during the pandemic. The ability to do so has led to us rethinking our work methodology, results of which will come to fruition in 2021.



## Corporate social investment

Our corporate social investment project, which involves participation in an urban agriculture initiative on the roof of the Minerals Council building, continues to support three individuals.

We also participate in and contribute to the Main Street City Improvement District, which has a mining theme and attracts the City Sightseeing red bus tourist operator to the area, giving international and local tourists a positive view of the mining

industry. The Minerals Council has participated in a proof of concept of a privately funded security camera system for the area, which has had a major impact on the reduction of crime.

The Minerals Council launched a Minerals Council I-CARE initiative to assist with the challenges that the less fortunate are experiencing during the pandemic. To this end, funds were raised by staff members and donated to people in need. It is hoped that this initiative will continue in 2021.



## Data Project 4.0

The Minerals Council is continuing with the process of establishing a foundational and enabling data and information management structure for our employees and stakeholders.

**The structure will ensure that accurate data is easily available and is intended to:**

	Increase confidence in the integrity of the content available
	Improve efficiency
	Optimise and streamline associated business processes

	Improve regulatory and legislative compliance
	Reduce costs
	Mitigate risk
	Provide a faster turnaround and improved response

The goal is to make the right information available, while ensuring its integrity; to empower the right people at the right time, allowing for better decision-making, advocacy, and having one version of the truth. Potential solutions are being considered and evaluated.



## Evaluation of performance and providing feedback

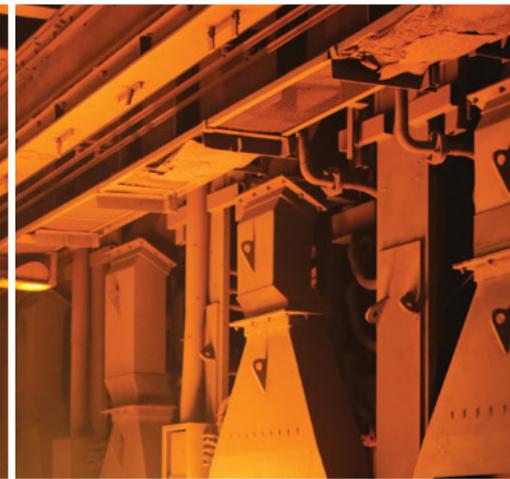
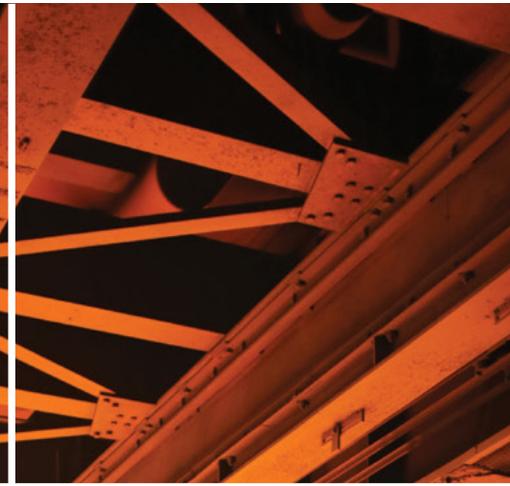
The annual performance of the Minerals Council against agreed upon key performance indicators was conducted by the Remco and the Office Bearers. Extensive discussions were also held with the Office Bearers on the key strategic issues affecting the mining sector and ongoing feedback was provided to the Board. Priorities identified in the Strategic Plan and Risk Register are being executed in 2021.

## SECTION 8

### SUPPLEMENTARY INFORMATION

#### IN THIS SECTION

- 99 Contact details and administration



The Board of the Minerals Council, the Audit and Risk Committee, and the Remco have worked efficiently during the year, as have the various leadership forums.

# SUPPLEMENTARY INFORMATION



## COUNTRY OF INCORPORATION AND DOMICILE

South Africa

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

A voluntary employers' organisation tasked with lobbying and advocacy to achieve a policy, legislative, and governance framework, that is widely supported, and that will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

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## BANKERS

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First National Bank of  
South Africa Limited  
Nedbank

## AUDITORS

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Registered Auditors

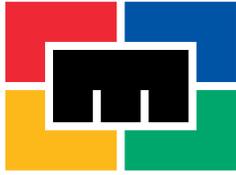
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**MINERALS COUNCIL**  
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