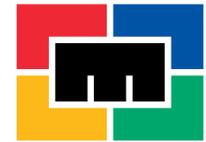


#MakingMiningMatter

A PUBLICATION PRODUCED BY THE MINERALS COUNCIL SOUTH AFRICA FOR MEMBERS



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SOUTH AFRICA

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FROM THE CEO



Dear all,

Though 2019 marks 129 years of our organisation, in May we held the very first AGM under the name of the Minerals Council.

Times are indeed changing. However, change tends to be a gradual process. The important thing is to make progress, never losing sight of why that is important and keeping a close eye on the goal.

This applies perhaps more than anything else to the first matter I would like to address in

Roger Baxter
Chief Executive Officer

this quarterly newsletter. According to the Minerals Council's records, the industry's safety performance shows an improvement compared with the same period of 2018 (and previous periods). As at 1 July 2019 there had been 24 fatalities, compared with 45 in the same period of 2018, and 1,156 injuries (compared to 1,235 in the corresponding period in 2018).

As gratified as we are by these improvements, I cannot do better than repeat the reflections on the fatalities by our president Mxolisi Mgojo in his address to the AGM: "That is a significant improvement on previous years. But let us always remember that every one of these people had family, friends and hopes of their own for their future lives which have now been cut short. We cannot and will not rest until death and injury is no longer a feature of our industry."

Strategically, the Minerals Council is committed to leading by example in promoting and demonstrating mining's progress to zero harm. The Minerals Council's Board has approved a CEO-led strategy on health and safety: *Khumbul'ekhaya* (Zulu for "remember home"). This will see the implementation of a holistic strategy on health and safety with the objective of achieving further improvements in the industry's performance in these areas.



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FROM THE CEO

continued

A big issue for the industry is the future of Eskom. The leadership of Eskom attended the first part of the Minerals Council's May Board meeting. The discussions were extremely frank, with a key message being that Eskom and the mining industry are inextricably interconnected. The necessity for transparency and for open lines of communication was stressed. Henceforth, the leadership of Eskom will attend the bi-monthly meetings of the Board.

The Minerals Council gave an undertaking that wherever the mining industry could assist Eskom it would do so.

Another major issue of the past quarter has been developments related to the Mining Charter.

Since its publication in September 2018, the Minerals Council has consistently stated that while it accepted the bulk of the third iteration of the Charter and continues to recognise it as the primary tool for the industry's transformation, there are a couple of areas of deep concern.

These include, most particularly, the non-recognition of the continuing consequences of previous BEE transactions when mining rights are renewed or transferred. We have also questioned the basis for certain procurement targets which appear to us not to be based on an assessment of what is feasible.

The Minerals Council has been engaging with Minister Gwede Mantashe and his team on these matters almost since the publication

of the Charter in the hope of reaching an agreement on alternative approaches.

However, it became apparent in March that agreement was not imminent. If it was going to be possible to ask for a court review of the Charter in the event of ultimate non-agreement, the Promotion of Administrative Justice Act, the legislation through which a review would need to take place, requires that an application for a review be initiated within 180 days of the gazetting of the documentation being challenged. So, the Minerals Council was forced reluctantly to lodge papers for a review.

“Eskom and the mining industry are inextricably interconnected”

However, it remains our hope and preference that these matters can be resolved before any court hearing becomes necessary, and every effort is being made to expedite discussions.

In the meanwhile, the Minerals Council knows that its members will be pursuing the implementation of the vast bulk of the new Charter. We have requested Minister Mantashe to ensure that the aspects that are the topic of the engagements with him and of the legal action are not required to be implemented.

The discussions on our reservations about the Charter are led by Minister

Mantashe who, following the 8 May general election, has had Energy added to his Minerals portfolio. The Minerals Council has congratulated the Minister on his reappointment. As we indicated at the time of his initial appointment in February 2018, the industry recognises him as a person of integrity who has a deep understanding of the industry. The interactions we have had with him, since his appointment, reaffirm that he is a tough negotiator, but one who will seek to balance the industry's various interests.

A further issue on which discussions with the Minister are being pursued is the draft Reviewed Housing and Living Conditions Standard for the Minerals Industry. The Minerals Council is of the view that the proposed Standard goes far beyond what a standard is intended to achieve as it seeks to impose enforceable legal obligations on holders of mining rights regarding the acquisition of land for housing, undertaking of housing developments, provision of housing options and financing schemes for housing accommodation.

In conclusion I would like to congratulate Minerals Council President Mxolisi Mgojo and the three Vice Presidents – Andile Sangqu, Steve Phiri and Neal Froneman – who were re-elected to their positions at the AGM, and extend a special welcome to Zanele Matlala, CEO of Merafe Resources, who too has been elected as a Vice President of the Minerals Council.



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■ Minerals Council President, Mxolisi Mgojo, at the organisation's 129th AGM



■ Minerals Council President Mxolisi Mgojo (second left) with (from left) Vice Presidents Andile Sangqu, Zanele Matlala, Steve Phiri and Neal Froneman



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RESPONDING TO PRESIDENT RAMAPHOSA'S CHALLENGE

At the Minerals Council's 129th annual general meeting on 22 May, Mxolisi Mgojo, President, devoted most of his address to responding to President Ramaphosa's challenges to the mining industry, first articulated at the Mining Indaba in February.

In his address at Indaba, President Ramaphosa challenged the mining industry to take steps to implement what he called "10 value-adding principles".

In his response, Mxolisi said, "I believe that our industry would be at fault if it did not respond

to the President's challenge. We must not only respond to him, but also continue to engage with him, with government and with other stakeholders on how we can best contribute to this great country of ours by "making mining matter".

Mxolisi continued, "It is only through leadership collaboration and a focus on jointly solving challenges that we can help make the mining sector realise its true economic potential.

"Ultimately, we are at the right moment in time to drive a positive reform process that will significantly boost the mining sector's investment prospects.

"This can be achieved through a leadership focus on improving competitiveness, productivity growth, ensuring predictable

and competitive policies and regulations, modernising the sector and most of all working collaboratively to grow and transform the sector. "

CHALLENGE 1: TO FOSTER INCLUSIVE GROWTH IN THE AREAS OF OPERATION

Said Mxolisi, "It is well-known that we, as an industry, have been investing huge amounts of money in corporate social investment projects over many decades. Most of our members began doing that long before the Mining Charter made it mandatory. Since the Mining Charter was implemented in 2004, the industry has invested considerably in social and labour plans and in corporate social investment projects.

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RESPONDING TO PRESIDENT RAMAPHOSA'S CHALLENGE

continued



CHALLENGE 2: TO PARTNER WITH LOCAL GOVERNMENTS

Regarding this challenge, Mxolisi spoke of the frustration of engaging with municipalities in an effort to fulfil social and labour plan obligations.

He said, "So many of the local governments in mining areas do not have any engineering capability, nor the ability to properly manage projects. The results are clear, with over R50 billion in unspent funds going back from municipalities to Treasury in 2017.

"The consequence has been a rise in community protest action against mining companies in the face of collapsing local government delivery and rising expectations that mining companies should 'carry the can' for local community development. "

Mxolisi said that what is required is "a much better partnership between the mining sector and local government to ensure each meets their responsibilities – but work together for the greater good. And the mining sector is prepared to play its part. "

"An example, we believe, of our industry's resolve to do just that is our response to the Eskom crisis, and the significant resources we have placed at Eskom's disposal in the work of the current task team."

CHALLENGE 3: TO INVEST IN THE LIVING CONDITIONS OF WORKERS BY BUILDING DECENT HOUSES

The worst manifestation of the migrant labour system – hostel living – was eliminated by 2014. Employees living in mine accommodation are now accommodated in single quarters or family accommodation. However, housing conditions in many mining regions remain inadequate.

Mxolisi explained, "Since the end of the migrant labour system, more than a quarter of a century ago, many mining towns became centres of mass urbanisation as people searched for scarce economic opportunities. Neither the local authorities nor the mines themselves were fully equipped to deal with that.

"Further, there were expectations of a bull market-backed mining company growth, which may have been able to play a greater part in housing development. This was brought to a grinding halt, and reversed, with the international financial crisis from 2008.



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RESPONDING TO PRESIDENT RAMAPHOSA'S CHALLENGE continued

"There has been a lack of co-ordination between mine housing development plans and the related measures required of local authorities. We do not believe the DMRE's recently published living and housing standard will resolve issues, and attempts to abrogate the developmental, infrastructure and service obligations of local government and impose them on the mining sector. This will not work.

"Some of our member companies have been thinking innovatively around this, with a clear view to ensuring the land that we have under our control is used well and with care during the life of our mines and after mining ends; and that land that we do not use is put to good use, preferably through incorporation into local municipalities."

CHALLENGE 4: TO INVEST IN EDUCATION AND TRAINING

"In 2018, the mining sector invested R7 billion in skills development and education. In addition to the minimum 1% of payroll spent on skills training for employees in terms of the Skills Development Act the mining sector also spends 5% of payroll on skills development in terms of the Mining Charter.

"A large proportion of the estimated R2 billion spent annually on corporate social investment is directed at education and training. From employee and community literacy and numeracy training, to providing

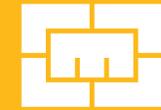
community members with skills to join the job market, to the funding of sophisticated tertiary education projects, the industry that founded what was to become South Africa's largest university as a mining college more than 120 years ago continues to maintain that educational development focus. This is over and above the direct training that companies provide to their employees.

"With over 5,000 students supported by the industry via bursaries and scholarships in universities and the subvention of lecturer salaries at mining universities, the industry is contributing a share higher than any other sector to skills development and education."



CHALLENGE 5: TO PARTNER WITH TRAINING COLLEGES TO PROVIDE WORK EXPERIENCE FOR STUDENTS AND CONTRIBUTE TO CURRICULA DEVELOPMENT

Mxolisi referred to how the Minerals Council had discussed with the Department of Higher Education and Training how the organisation could assist Technical and Vocational Education and Training (TVET) colleges. Minerals Council members nominated 17 people to sit on the boards of TVET colleges and donations of equipment were made. He said, "Further work needs to be done to create a much more vibrant and successful TVET system, with all role players involved."



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RESPONDING TO PRESIDENT RAMAPHOSA'S CHALLENGE continued

CHALLENGE 6: TO EMBRACE BENEFICIATION

Mxolisi said, "The modern South African economy was built on upstream and downstream beneficiation related to the mining sector. There is a significant supplier base providing services, equipment and capital goods to the mining sector.

"There is also over R200 billion in extra value created in the downstream sectors that beneficiate the minerals we mine. For example, over 90% of cement, 80% of steel, 50% of chemical and plastic feed stocks and 30% of liquid fuels are fabricated in South Africa using locally-mined minerals. Some 9% of the world's platinum catalytic converters used in cars are made here in South Africa.

"We implemented the Minerals Council safety and health day initiative last August, material work is being done with partners in the MHSC, the Minerals Council's CEO Zero Harm forum has been hard at work and the Minerals Council Learning Hub has been helping identify and roll out leading practice to improve safety and health in the industry."

"However, policy and regulatory uncertainty, rapid increases in electricity costs and the uncertainty of electricity prices and supply going forward to 2050, have materially curtailed competitiveness and future investment. This has even resulted in South African mining companies building smelters offshore.

"Our plea to government is let's really focus on making the beneficiation and manufacturing sectors much more globally competitive and investment will materially flow."

CHALLENGE 7: SAFETY AND HEALTH

The Minerals Council and its members are fully committed to zero harm, and significant progress has been made over

the past 25 years, with an 88% reduction in fatalities in the sector and significant improvements in the reduction of exposures of workers to occupational hazards. However, it is acknowledged that more work needs to be done.

Reference was made to the CEO Heartfelt Conversations. "Run under the auspices of our CEO-led Zero Harm Forum, we wanted to try to understand and brainstorm how we could achieve the next major step towards zero harm. The result: the *Khumbul'ekhaya* initiative that we will be launching this year.

"We implemented the Minerals Council safety and health day initiative last August, material work is being done with partners in the MHSC, the Minerals Council's CEO Zero Harm forum has been hard at work and the



AngloGold Ashanti



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continued

Minerals Council Learning Hub has been helping identify and roll out leading practice to improve safety and health in the industry."

CHALLENGE 8: TO PROVIDE INTERNSHIPS AND JOB EXPERIENCE OPPORTUNITIES FOR YOUNG PEOPLE – AS WELL AS BUSINESS OPPORTUNITIES FOR SMMEs

Said Mxolisi, "We are implementing various measures to drive this agenda. This includes our focus on skills development and education, and our expansion of opportunities to SMMEs on the procurement side."

He referred to the "remarkable work done by members in empowering small and other emerging business as suppliers to the industry over the past 15 years."

With regard to internships and job opportunities for young people, Mxolisi explained how the industry works closely with the Mining Qualifications Authority with the latter offering qualifying employers grants as part of its internship programme.

"In the spirit of openness and frankness, we would also like to challenge the President to work with the industry and other partners to improve the sector's competitiveness."



CHALLENGE 9: CREATE MORE OPPORTUNITIES FOR YOUNG WOMEN

Mxolisi spoke of progress made. "There were close to zero women in the industry beyond mostly clerical and medical positions at the dawn of democracy. Today, some 13% of the workforce, or over 50,000 people, are female."

Elaborating, he said, "The challenge is not only in numbers. It is also in ensuring that our operations are places where women can work comfortably and feel safe."

"One of our women board members has agreed to champion getting gender firmly onto the agenda and we hope to pilot a number of new initiatives in the year ahead."

CHALLENGE 10: TO MAKE WORKERS SHAREHOLDERS AND BOARD MEMBERS

Said Mxolisi, "We are proud that mining companies have, since 2006, taken the lead in developing employee share ownership plans in our companies. No other sector compares."

"Unfortunately, the volatility of our listed companies' share prices has not always produced the lucrative outcomes for employees that we would have liked."

With regard to board membership, Mxolisi said, "Achievement of this challenge would be a sign of a well-developed mature relationship between companies and employee representatives. That may perhaps make it something to aspire towards."

Mxolisi summed up by saying that the industry was taking President Ramaphosa's challenges very seriously, and concluded, "In the spirit of openness and frankness, we would also like to challenge the President to work with the industry and other partners to improve the sector's competitiveness. If we can do this together, we really can achieve the real economic and transformational potential of mining. We look forward to further engagement with him, his colleagues in government and other stakeholders."



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“JUNIOR AND EMERGING MINING CRITICAL”:

MINERALS COUNCIL AT THE JUNIOR INDABA

The Minerals Council participated in the annual Junior Indaba which took place at the Country Club Johannesburg on 4-5 June 2019. Once again, the event was characterised by robust debate on a broad range of issues affecting junior mining and exploration.

Some of the key topics debated amongst participants – which included representatives from the mining industry, finance community and government – included the impact of the 2018 Mining Charter and unaffordable Eskom tariff increases as well as the future of coal, given that it will remain a key component of South Africa’s energy mix for the foreseeable future.

During his opening keynote address, Minister of Mineral Resources and Energy, Gwede Mantashe, acknowledged the importance of junior mining and exploration to the South African economy and the need for parties to work together to increase mining’s contribution to GDP. The Minister expressed his displeasure with the Minerals Council’s decision to apply for a review of certain elements of the 2018 Mining Charter.

The Minister also focused on the importance of coal not only to the mining industry, but to the security of South Africa’s energy supply. The Integrated Resource Plan, which maps out the country’s energy mix, outlines coal-fired energy supplying 46% of South Africa’s electricity supply by 2030 with growing supply from solar, hydro and wind sources.

He noted that “A just transition from coal to renewables is one of the biggest debates facing us as a country today. Let’s move with care. The debate must not be polemic but should be about security of energy supply for the country. The debate on renewable energy, is about promoting the various technologies at our disposal and ensuring that there is a combination and coexistence of various technologies.”

Minister Mantashe introduced the new Deputy Minister of Mineral Resources and Energy, Ms Bavelile Hlongwa, who expressed her desire to see more young people and women enter key positions across the mining industry.

Tebello Chabana, Senior Executive: Public Affairs and Transformation at the Minerals Council, participated in the first panel discussion of the conference. The topic was *Mining Charter III: the beginning or the end of junior mining?* Chaired by Mike Teke, CEO of Seriti Resources, participants included Advocate Thabo Mokoena, Director General of the Department of Mineral Resources and Energy; James Lorimer, shadow Minister of Mineral Resources and Energy; Peter Leon,



Minister Gwede Mantashe and the Minerals Council’s Senior Executive: Public Affairs and Transformation, Tebello Chabana

partner at Herbert Smith & Freehills; and Lindiwe Nakedi, Managing Director of Ghubani Exploration.

“As an industry, we accept that the Mining Charter is a central tool for continuing transformation of the industry. It is certainly a policy objective we fully support. But there are certain key aspects contained in the 2018 Mining Charter we are seriously concerned about. The decision to take the Mining Charter on review was not taken lightly and was only made after extensive engagement during the 180-day period provided for in terms of the Promotion of Administrative Justice Act,” said Tebello.

“We commend the efforts Minister Mantashe has made which have resulted in more stability for the industry. The inclusion of junior-specific provisions contained in Mining Charter III, following extensive engagement, is a welcome first step in addressing the challenges faced by the junior sector. However, it is critical that the requirements all mining companies are expected to comply with are realistic and achievable. We remain hopeful that the concerns we have raised can be resolved through engagement.”



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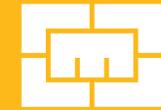
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MINERALS COUNCIL PUBLISHES INTEGRATED ANNUAL REVIEW AND FINANCIAL STATEMENTS



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The Minerals Council's Integrated Annual Review 2018 and Consolidated Financial Statements were released on 22 May on the occasion of the organisation's 129th annual general meeting.

The review was prepared using the International Integrated Reporting Framework as a guideline while being aligned to the United Nations' Sustainable Development Goals.

Minerals Council members and key stakeholders are provided with a holistic view of the organisation's 2018 performance as well as its challenges and opportunities.

The publication includes the Minerals Council's business model; an overview of how mining contributes to South Africa; a review of the mining industry's safety and health performance during 2018; an overview of stakeholder engagement; and reports by the organisation's President, Mxolisi Mgojo, and CEO, Roger Baxter.

Useful links

[Minerals Council Integrated Annual Review 2018](#)

[Minerals Council Annual Financial Statements 2018](#)

The review section of the report was developed in an integrated manner and is structured around the Minerals Council's strategic goals.

STRATEGIC PLAN



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President:
Mxolisi Mgojo



Vice President:
Neal Froneman



Vice President:
Zanele Matlala



Vice President:
Steve Phiri



Vice President:
Andile Sangqu

MINERALS COUNCIL OFFICE BEARERS FOR 2019 - 2020

On 22 May, at the Minerals Council's annual general meeting, Board members elected the organisation's new Office Bearers for 2019 to 2020.

Mxolisi Mgojo, CEO of Exxaro Resources, was re-elected as President. Steve Phiri, CEO of Royal Bafokeng Platinum; Andile Sangqu, executive head of Anglo American South Africa; and Neal Froneman, CEO of Sibanye-Stillwater, were re-elected as Vice Presidents. In addition, Zanele Matlala, CEO of Merafe Resources, was elected as Vice President of the Minerals Council.

Norman Mbazima, Deputy Chairman of Anglo American South Africa, will be retiring

from the Board when he retires from Anglo American in June. Nick Holland, a long-standing board member, will be replaced by Gold Fields' Martin Preece, Executive Vice President: South Africa.

Roger Baxter, CEO of the Minerals Council and its members, I extend our sincere gratitude to the Office Bearers and Board members who have given so much of their time to help guide the Minerals Council in its activities during the year. I would like to pay tribute to the Board of the Minerals Council, in particular our President, Mxolisi Mgojo, and Vice Presidents, Steve Phiri, Neal Froneman and Andile Sangqu, for their continued guidance and counsel. And we thank the outgoing Board members for their contributions over the years.

"We welcome the new members of the Board, and Zanele Matlala in her new role as Vice President of the Minerals Council. The Minerals Council Office Bearers and Board members play a pivotal role in leading and representing the mining industry. We are honoured to be represented by individuals of high standing with a wealth of experience and expertise and we look forward to their continued contribution towards Making Mining Matter.

"Going forward, we will extend and reinforce our efforts, knowing full well that all stakeholders have a shared interest in creating a mining industry that is competitive and prosperous, and delivers value to all its stakeholders."



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PROFILE OF ZANELE MATLALA, VICE PRESIDENT OF THE MINERALS COUNCIL

Zanele Matlala joined the Merafe board as an independent non-executive director in 2005, becoming the Chief Financial Officer in October 2010. She was appointed Chief Executive Officer in June 2012. She is also a non-executive director of Dipula Income Fund, Stefanutti Stocks Holdings, RAC Limited and Old Mutual Investment Group Holdings.

Zanele was previously employed as a non-executive director by Kagiso Media Ltd, an independent non-executive director by Gold Reef Resorts Ltd, group finance director by Kagiso Trust Investments Pty Ltd, and chief financial officer by the Development Bank of Southern Africa Ltd.

Useful link

Board and Office Bearers



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GREATER CLARITY NEEDED ON CARBON TAX

South Africa's Carbon Tax Bill came into effect on 1 June 2019. The Minerals Council hopes that, as government develops the urgently-needed clarity of detail on the implementation of the carbon tax, it sees the unnecessary damage that it could do to the industry and selects options that minimise that damage.

The industry recognises the importance of the battle against climate change. However, our view is that the carbon tax will not have any positive effect in this regard, yet, by raising costs, will have serious impacts on the viability of many mines that are already struggling to survive.

Ever since South Africa's first power crisis, rapidly-increasing power prices have forced mines to minimise the amount of electrical power they use. They have done this through a range of measures, including using energy efficient lighting systems underground to logistical planning that minimises vertical transport usage.

There has also been, over an even longer period, a gradual shift from deep-level mining to less power-intensive surface mining as a number of gold mines reach the end of their lives and a number of deep-level platinum ore bodies cannot be viably mined with the decline in platinum prices and increasing costs, of power and other inputs.

As a consequence of these and other circumstances, our research forecasts a reduction in South Africa's greenhouse gas

emissions of between 13-14.5% by 2025, and 26-33% by 2035.

It is important to note that the introduction of the carbon tax is scheduled to occur over two phases.

The first phase, due to continue until December 2021, will be factored in through a 10c/litre increase in the fuel/diesel price. The Minerals Council's economics team estimates that this 2-year phase will cost some 6,800 direct and indirect jobs in the industry.

Where Scope 1 emissions are taxed at R120/tonne CO₂ equivalent, there is a 60% tax free portion for mining. But in the absence of the DEA regulations on carbon offsets and the carbon budget process, it is difficult to see if the mining sector will qualify for the remaining 35 percentage point tax-free portions. So at this stage we assume we will qualify only for a 60% tax free portion. This means that we will pay R48/tonne CO₂ equivalent, which will cost the industry hundreds of millions of rands.

It is more difficult to assess the impact of phase 2 because there remain a number of crucial areas in respect of the structure and calculation of the tax where government has not yet provided clarity.

The National Treasury has provided no detail of the tax free portions that will be granted to mining companies. Given that the tax will rise by inflation plus 2%, it will be about R170/tonne CO₂ equivalent. The

industry will have to pay this on Scope 1 and 2 emissions, which will cost billions of rands.

The lack of certainty on tax free portions, carbon budgets and carbon offsets, creates significant policy and regulatory uncertainty, which will materially affect investment in the mining sector. Uncertainty on electricity prices over the next two decades combined with this material policy uncertainty on the carbon tax will mean that South Africa will battle to attract any new electricity intensive investment in mining, smelting or refining in the next decade, which will undermine growth and investment in the economy.

An initial estimate of the impacts of this, based on certain assumptions, indicates that during phase 2 the impact would amount to:

- Approximately 6,000 jobs lost per year (over and above those lost in phase 1)
- R4 billion in output
- R2.2 billion in investment for the mining sector



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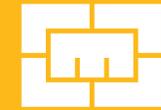
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Royal Bafokeng Platinum



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MAKING HUMAN RIGHTS MATTER TO MINING

In 2018, the Minerals Council Board approved a Human Rights Framework for promoting and respecting human rights in the South African mining context. In the coming months, the Minerals Council will be providing members with guidance on business respect for human rights.

One of the 10 guiding principles in the Minerals Council's Membership Compact is that the Minerals Council and its members will respect fundamental human rights and

cultures, customs and values in dealing with employees and other stakeholders who are affected by their activities.

Senior Executive for Public Affairs and Transformation, Tebello Chabana, who has led this process says, "In short, we believe that human rights matter to mining."

"It is today a widely-accepted convention that business enterprises, including mining entities, should respect human rights. In doing so, business should understand what these rights are and how their operations could have an impact on human rights.

"With this development, there is a universal expectation that business should do more than say that they respect human rights. They also need to show the measures they have put in place to do so, their

performance and, where rights have been infringed, the mitigation and remediation measures they have adopted."

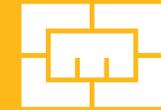
Many of the Minerals Council's members subscribe to international human rights standards, including the United Nations Guiding Principles on Business and Human Rights (UNGPs), the principles of the ICMM and the United Nations Sustainable Development Goals (SDGs), among several others. The development of the Human Rights Framework is intended to support members in the practical implementation of these principles.

The Framework outlines measures to prevent and address adverse impacts on human rights linked to members' mining operations. It also serves to enhance compliance with existing human rights standards.

The Minerals Council developed the Framework in line with the UNGPs, which is today the most widely-accepted framework on business and human rights. In addition, reference and guidance was drawn

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from other international and domestic human rights standards including the International Finance Corporation's (IFC) Performance Standards on Environmental Social Sustainability; International Council of Mining and Metals (ICMM) Standards; International Bill of Human Rights; International Labour Organization's Fundamental Principles and Rights at Work; and the South African Constitution.

The Human Rights Framework outlines several steps to assist in the implementation of these standards when assessing human rights impacts. These include:

- a human rights policy
- a due diligence process to identify, prevent, mitigate and account for how impacts on human rights are addressed
- effective grievance mechanisms for those affected by adverse impacts. This involves co-operation in a legitimate remediation process which includes ongoing monitoring and communication with affected stakeholders.

Says Tebello, "Adherence to the Framework is not compulsory for members at this stage. However, as is the case with the Membership Compact, this Framework could become a binding requirement of membership. For now, we would like to focus on ensuring that member companies understand and internalise the Human Rights Framework."

While the Minerals Council Board has approved the Framework, it remains a working document. It will be refined and developed continuously, following further engagement with civil society and community representatives. In recent weeks, the Minerals Council has met with NGOs to solicit their views and inputs on the framework.

"The Human Rights Framework remains a working document. It will be refined and developed continuously."

Tebello concludes: "Adoption of these guidelines, we believe, is not only a step towards becoming better corporate citizens but will also directly benefit shareholders' interests through intensifying the social licence to operate. We also believe that this approach to respecting human rights will result in improved relationships with all our stakeholders, especially with employees and our communities."

Useful links

[Human rights fact sheet](#)

[Human rights policy](#)

Document under discussion

Minerals Council South Africa:
HUMAN RIGHTS FRAMEWORK
Policy

Minerals Council South Africa:
HUMAN RIGHTS FRAMEWORK
Fact sheet

CONTENTS

- Introduction
- Applicable International Human Rights
- Context of Human Rights Framework for the South African mining industry
- The Framework
- Recommended Implementation Process
- Stakeholder engagement and Reporting
- Free Prior and Informed Consent
- Grievance Management Mechanisms
- Resettlement Guidelines
- Conclusion

QUICK FACTS

- HUMAN RIGHTS FRAMEWORK**
- Provides guidance on business respect for human rights in the South African mining context
- Has been drawn from the UN Guiding Principles on Business and Human Rights (UNGPR)
- Seeks to offer more substance to the Membership Compact's understanding of human rights
- Aims to assist with compliance with existing law
- Is a living document which will continue to be developed through consultation with members, independent experts and other stakeholders

Minerals Council South Africa
Page 1



Tsholo Diale – Regional manager, Kuruman office



Kumba – Sishen

FOSTERING COLLABORATION AND PARTNERSHIP: MINERALS COUNCIL OPENS REGIONAL OFFICE IN KURUMAN, NORTHERN CAPE

Protests and tensions around host communities remain a prominent issue in the mining industry, driven mainly by a lack of service delivery and job opportunities and the subsequent desire for access to economic activities at mines. In 2018, the Minerals Council took a decision to assist members to address some of these challenges in collaboration with each other, and to facilitate co-ordinated engagement with other stakeholders, including local government and communities.

As a result, two pilot projects have been established, one in Mpumalanga and another in the Northern Cape. The Northern Cape Mining Community project is a collaborative initiative between the mining companies operating in the province, conducted under the auspices of the Minerals Council. The companies recognise the importance of improving their development programmes and the need to collaborate to increase the efficacy of their efforts.

Tsholo Diale has been appointed by the Minerals Council as the regional manager for the Kuruman office, and we asked him to describe the role of the office and bring us up to date with project activities.

“One of the key roles of the office is to help steer and promote the mutually-beneficial interests of the mines, host communities and presiding local governments,” Tsholo explained.

“Another role is to manage multi-stakeholder relations and foster collaborative community development initiatives, which are much needed by the community. To that end, the office functions as a catalyst, a lobbyist and a facilitator between and among the various stakeholder groupings, including the Department of Mineral Resources and Energy and the Office of the Premier.

“One such collaborative pilot initiative is the Northern Cape Shared Value proposition involving multiple stakeholders within the manganese belt area covering the John Taolo Gaetsewe district municipality (which includes three local municipalities: Joe Morolong, Ga-Segonyana and Gamagara) and the Tsantsabane local municipality. The participating mines are Assmang, Kudumane, Kumba and South32. It is expected that other mines will join in as the programme gains momentum and grows in scale.

“Community stakeholders comprise various youth structures, religious bodies, traditional leaders, grassroots non-governmental organisations and enterprise development initiatives.”

Tsholo went on to describe how phase one of the programme focused on the identification of and consultation with stakeholders and the crafting of an agreed programme of action which would address the objectives of the various roleplayers.

“Consultative meetings and workshops have been taking place since the beginning of the year, and covered the spheres of sustainable industrialisation, agriculture, skills development, connectivity and wellness,” said Tsholo.

Implementation of the identified pilot initiatives takes place from June 2019.



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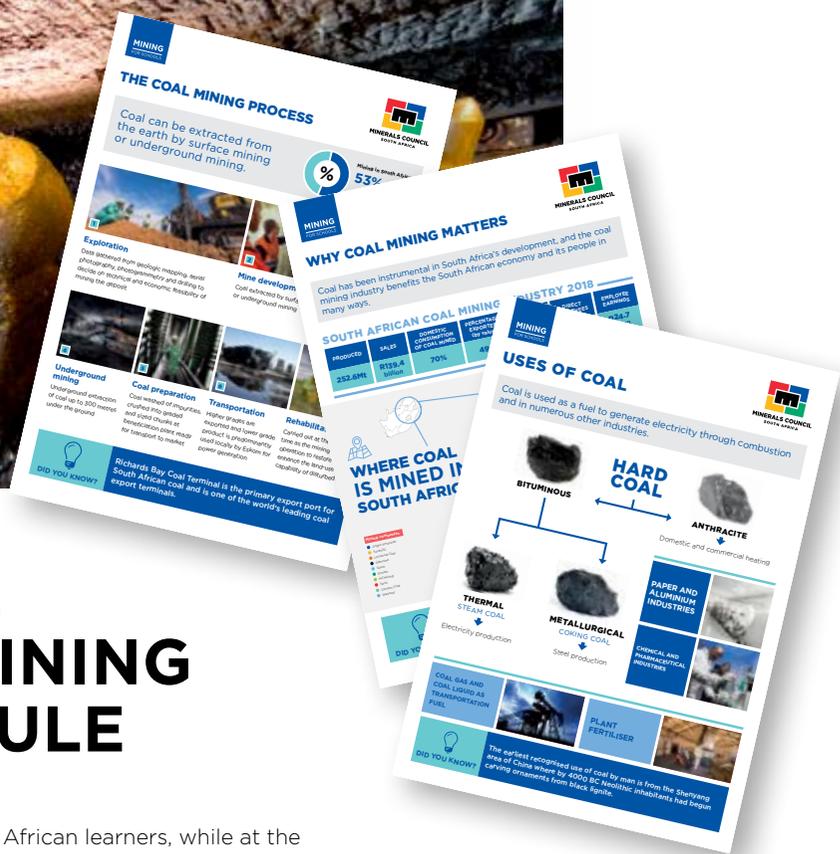
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EXXARO – Arnot Colliery



MINERALS COUNCIL LAUNCHES THIRD MINING FOR SCHOOLS MODULE

The Minerals Council South Africa launched its third Mining for Schools online educational module in April 2019.

Focusing on coal, the module sheds light on one of South Africa's most abundant and valuable resources. The coal mining industry continues to benefit the South African economy and people, producing over 250 million tonnes, contributing R139 billion in sales, employing nearly 87,000 people earning close to R25 billion, paying R1.6 billion in royalties and spending R56 billion on goods and services in 2018.

Minerals Council South Africa first began its Mining for Schools educational initiative in 2017. The aim of the initiative was to develop educational material to support the

needs of South African learners, while at the same time providing accurate and positive information about the mining industry to the public at large.

The content of the Mining for Schools initiative aligns with the Grade 12 Economic Geography of South Africa: Mining section of the South African Department of Basic Education's Curriculum and Assessment Policy Statement (CAPS). The information is designed to supplement prescribed learning material and set texts and is intended for learners in grades 10 to 12.

The first module in 2017 focused on gold, and then in 2018 it was the turn of diamonds. All three modules are available on the Mining for Schools website, and include a booklet, downloadable posters and videos. Future modules will focus on platinum, base metals and aggregates.



Useful links

- [Mining for Schools website](#)
- [Mining for Schools is on Facebook](#)



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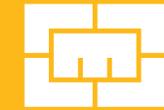
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Anglo American Platinum – Seraleng housing project



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MINERALS COUNCIL RESPONSE TO HOUSING AND LIVING CONDITIONS STANDARD

Minister Gwede Mantashe published the draft Housing and Living Conditions Standard for the mining industry in March 2019 for public comment. The Minerals Council provided a comprehensive response to the Standard.

Housing is a sensitive issue in the industry, particularly given the history of barracks-style hostel accommodation that was the norm in many sectors until the advent of the democratic era. That is why, in looking to the future, the industry supported the inclusion of a housing and living standards pillar in the first 2004 charter in which we made

commitments to the elimination of that old-style hostel living within 10 years.

We are gratified that by 2014, employees living in company housing were, at worst, accommodated in single quarters. In addition, over the years, a number of creative initiatives have been taken in respect of family and/or rental accommodation.

We are conscious, however, that housing issues in mining regions remain flawed. This is so because of, among other reasons, rapid urbanisation in growing mining regions, and serious financial constraints on mining companies, many of which have struggled to operate profitably since the 2008 international financial crisis.

However, a further cause of the housing issues is the poor quality of delivery of infrastructure

and services by some local authorities, including inadequate co-operation where it is required in respect of mining companies' housing initiatives.

Where the new Standard is concerned, the Minerals Council's submission argues that it goes far beyond what a Standard is intended to achieve, and far beyond the contents of previous iterations of the Standard. It details what are intended to be enforceable legal obligations on mining companies regarding the acquisition of land for housing, undertaking of housing developments, provision of housing options and housing financing schemes.

The Minerals Council is engaged in discussions with Minister Mantashe and his senior officials in a quest to reach agreement on appropriate content and on the status of the Standard.

JUNIOR AND EMERGING MINERS' DESK HOSTS BREAKFAST SEMINAR ON MINING CHARTER

On 10 May 2019, the Junior and Emerging Miners' Desk hosted a breakfast seminar on the Mining Charter. The seminar was open to all junior and emerging mining companies, irrespective of whether they were members of the Minerals Council.

Says Grant Mitchell, who heads up the Junior and Emerging Miners' Desk: "This was an excellent opportunity for attendees - ranging from junior mining companies, law firms, NGOs to academics - to interact and ask questions. Our speakers included the senior executives who were closely involved in the Mining Charter discussions with the Department of Mineral Resources and Energy (DMRE) such as Tebello Chabana, Senior Executive: Public Affairs and Transformation at the Minerals Council. Attendees received detailed information from the proverbial horse's mouth."

Other speakers included Errol Smart, CEO of Orion Minerals and Chairman of the

Junior and Emerging Miners Leadership Forum; Godfrey Mocwane, CEO of New Venture Mining; and Fundiswa Ndaba, Senior Policy Analyst: Transformation at the Minerals Council.

MINERALS COUNCIL APPLICATION FOR REVIEW OF CERTAIN ASPECTS OF THE NEW MINING CHARTER

In his opening address, Tebello Chabana outlined the Minerals Council's position in respect of its application to review certain aspects of the Mining Charter. "As an industry, we accept that the Mining Charter is a central tool for continuing transformation in the industry. It is a policy objective we fully support. However, there are a number of provisions contained in the third version of the Mining Charter that we don't agree with. The main issue relates to the new charter's failure to recognise the continuing consequences of previous transactions in respect of renewals and transfers of rights. The other key issue relates to the procurement of local content targets. In our view, these are not based on rigorous research of what is practically possible.



■ Senior Executive: Public Affairs and Transformation, Tebello Chabana, outlines the Minerals Council's position in respect of Mining Charter III

"The decision to take the Mining Charter on review was made only after extensive engagements during the 180-day period provided for in terms of the Promotion of Administrative Justice Act (PAJA). Despite being constrained by the 180-day period, which meant we had to file our papers on 26 March, we remain hopeful that the concerns we have raised can be resolved through engagement."

JUNIOR-SPECIFIC PROVISIONS CONTAINED IN MINING CHARTER III

The new Mining Charter does make specific provisions for junior and emerging miners. These include exemptions relating to ownership and employment equity. Junior mining companies are allowed to structure the 30% ownership components themselves and are therefore not required to adhere to the structure of 20% effective ownership, and 5% each for employees and communities.

Useful link

Feedback report on the Mining Charter breakfast seminar



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JUNIOR AND EMERGING MINERS' DESK HOSTS BREAKFAST SEMINAR ON MINING CHARTER **continued**

In terms of employment equity, junior and emerging mining companies often have a staff complement of fewer than 10 people. The exemptions allow junior companies to design their employment equity targets based on their company structures.

Additionally, exploration companies are exempt from ownership requirements until these companies have started to develop a proven resource.

Tebello Chabana welcomed the inclusion of the junior-specific provisions contained in Mining Charter III and noted that: "The current leadership of the DMRE understands that the junior and emerging mining sector has special needs. This recognition is found in the new Mining Charter, although these provisions that reduce obligations do fall short of what we would have preferred."

OTHER KEY TOPICS OF DISCUSSION

In her presentation, Fundiswa Ndaba, Senior Policy Analyst: Transformation at the Minerals Council, outlined the key elements of the new Mining Charter and those applicable to junior and emerging miners with a detailed overview of the ownership and procurement elements as they apply to junior and emerging miners. She also provided a summary of those provisions contained in the Mining Charter that advance or hamper competitiveness, growth and transformation.

Godfrey Mocwane, CEO of New Venture Mining, a fully South African funded company

and member of the Minerals Council, noted that: "Since it first came into effect in 2004, the Mining Charter has contributed significantly towards opening up the market to a much bigger constituency. As a member of a constituency that was previously excluded from actively participating in the South African economy and indeed, the mining sector, I stand here today as the CEO of a 100% black-owned and managed company. The junior-specific provisions contained in Mining Charter III is a big step in the right direction. However, some of the requirements – particularly those related to the 60% local procurement targets – are near

impossible for junior and emerging mining companies to meet."

Errol Smart, CEO of Orion Minerals, a JSE-listed company, echoed these sentiments: "As is the case for the rest of the mining industry, transformation is a business imperative for the junior and emerging mining sector. However, unrealistic targets will not encourage new junior players to enter the space and it will not create more jobs in the mining sector or among its suppliers. Meaningful transformation requires realistic and achievable targets. The junior and emerging mining sector must be supported and nourished to unlock its full potential."



■ Errol Smart, CEO of Orion Minerals and Chairman of the Junior and Emerging Miners Leadership Forum with panellists Godfrey Mocwane, Fundiswa Ndaba, Alex Khumalo and Grant Mitchell



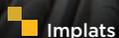
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MINERALS COUNCIL WORKSHOP PROVIDES CLARITY ON MINING CHARTER III

On 10 May 2019, the Minerals Council held a capacity-building workshop on the human resource development (HRD) and employment equity (EE) aspects of Mining Charter III.

The DMRE published the Mining Charter implementation guidelines in December 2018, and since their publication there have been requests for more clarity. Consequently, at the last Minerals Council Education Advisory Committee meeting in April 2019, it was decided to hold a capacity-building workshop on the HRD and EE aspects of the guidelines.

The workshop focused on providing a greater understanding of the implementation guidelines; unpacking the expectations regarding HRD and EE, including timelines; understanding the key industry challenges in reporting of HRD and EE; and developing industry standards for this reporting.

With regard to employment equity, requirements of Mining Charter III vary between 20% and 70%, depending on management level and gender. These targets are seen as broadly achievable for the industry, and are not challenged by the Minerals Council. A right holder must, within six months from the date of publication of Mining Charter III, submit a five-year plan indicating progressive implementation of employment equity targets.

Mining Charter III targets refer to historically disadvantaged persons (HDPs) which includes white women.

In respect of human resource development, 5% of payroll is to be spent on essential skills development (excluding statutory levy), a requirement similar to current practice in the industry. Skills and research investment must be apportioned in line with national and provincial demographics.

A right holder's performance must be reported, audited and verified annually against each of the elements of the Charter.

The workshop was aimed at those who are directly involved in the planning and reporting of HRD and EE in the various member companies.

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MINERALS COUNCIL SUPPORTS LOCAL MANUFACTURING

The Minerals Council attended and participated in the Local Southern African Manufacturing Expo on 22 May in support of the industrialisation of South Africa through local manufacturing.

Bongani Motsa, Economist at the Minerals Council, presented at the Expo. His presentation outlined the history of the industrialisation of South Africa, which was based on adding value to the country's mineral endowment; illustrated the chrome and manganese value chains; and demonstrated that the mining sector still has much more to offer through demand-driven beneficiation within a favourable policy and regulatory environment.

Henk Langenhoven, the Minerals Council's Chief Economist noted that, "The Minerals Council is committed to supporting local manufacturing. However, to ensure access to markets, at a scale which supports cost efficiency, local manufacturers and mining companies need to look beyond the country's borders and grow their exports to Africa and the rest of the world."



Industry > Construction > Mining > Agriculture > Power

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MINING INDUSTRY
OCCUPATIONAL
SAFETY & HEALTH

Home About us Dust Noise Falls of ground Transport & machinery Behavioural change

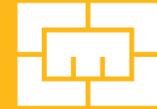
Behavioural change

Human behaviour is a complex issue at the best of times. It is a complex issue in a high risk environment where health and safety outcomes, threats and the loss of lives and limbs often hinge on the decision of a person.

Over the last few decades there has been a tendency to focus on the physical environment. Based Safety and other similar interventions have sought to change the way people perform operational tasks through behavioural methods.

READ MORE

DOCUMENTS



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NEW WEBSITE FOR MOSH

In May 2019, MOSH (Mining Industry Occupational Safety and Health) launched their revamped website which showcases the latest MOSH developments.

MOSH was established by the Minerals Council in 2003 to focus on the adoption of leading practices aimed at addressing health and safety concerns, and thereby accelerating progress towards zero harm. The bulk of MOSH's work concentrates on falls of ground, transport and machinery, dust and noise.

The revamped home page now features leading practices, latest events, downloadable safety developments and a gallery, all designed to provide visitors with the most relevant information upfront.

Useful link

[MOSH website](#)



ADDITIONAL INFORMATION

To find out more about the Minerals Council's recent activities, take a look at the media releases listed below:

27 March 2019	Minerals Council files application for review of Mining Charter 2018
30 April 2019	Why coal mining matters – Minerals Council South Africa launches third Mining for Schools module
22 May 2019	129th Annual General Meeting of members of the Minerals Council South Africa
22 May 2019	Minerals Council South Africa publishes Integrated Annual Review and Financial Statements at 129th Annual General Meeting
22 May 2019	Minerals Council South Africa Office Bearers for 2019/2020
30 May 2019	Minerals Council South Africa welcomes new Cabinet, congratulates Minister Mantashe on appointment to enhanced role



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