

03

SUSTAINABLE
DEVELOPMENT REVIEW

Securing and maintaining our social licence to operate is a continual process, requiring the building and maintenance of relationships with stakeholders

IN THIS SECTION

- 22** Introduction
- 23** Safety and health
- 24** Stakeholder engagement
- 26** Employment
- 27** Environmental management
- 29** Corporate social investment



INTRODUCTION

Enhancing our contribution to sustainable development through shared value

Our approach to sustainability continues to evolve as the challenges of poverty, inequality and weak economic growth continue to plague our country and our communities.

We have begun a process to align our sustainability strategy to the 2030 Vision of the United Nations Sustainable Development Goals.

This involves the integration of their sustainability principles into all our business activities.

This dynamic and ever-shifting conversation has led to an executive-driven approach to enhancing and sharing value for all our stakeholders.

Our aim is to transform our areas of operation, improve the lives and prosperity of our people on a healthy planet.

SUSTAINABILITY GOALS AND PILLARS

Creating and sharing value



SAFETY AND HEALTH

Leading by example to embed Zero Harm culture

- Pro-actively ensuring the safety and health of our people takes precedence
- Improving the health and well-being of our people
- Facilitating access to clean water



ENVIRONMENT

Beyond compliance approach

- Sustainable management of natural resources
- Building partnerships to implement the co-existent model
- Designing an integrated approach to social, economic and environmental impact management



ECONOMY AND INFRASTRUCTURE

Transforming our areas of operation by improving the lives and prosperity of our people on a healthy planet

- Reducing poverty
- Creating jobs
- Enabling access to opportunities
- Creating linkages between the Company and our people
- Investment in infrastructural development to enable access to basic services



COMMUNITIES AND GOVERNMENTS

Developing a shared purpose to transform communities at all levels

- Building sustainable communities
- Fostering social cohesion amongst communities
- Integrating our Company into the local, regional and national fabric of governmental agenda of socio-economic transformation



PRESERVING AND PROTECTING THE RIGHTS OF OUR PEOPLE

Respecting human rights and cultural heritage

- Actively promoting gender equality
- Reducing inequality
- Creating opportunities for advancement and empowerment



EDUCATION

Developing a culture of life-long learning

- Providing education and training programmes for our communities to build skills and develop capacity

SAFETY AND HEALTH

Our number one priority is our greatest asset, our people. Above all else, the safety and health of our people takes precedence, and we implement an inclusive and pro-active approach towards ensuring that each day we achieve our goal of Zero Harm.

Embedding and integrating the Zero Harm culture into all our activities is a prioritised pillar for not only management, but for all our employees, contractors and communities.

LEADERSHIP DRIVEN APPROACH

The Company's leadership drives the safety programme, regularly visiting the operations and projects to ensure that safety remains a priority.

RISK MANAGEMENT

The identification, analysis and mitigation of risks remains a primary area of focus for the Company. Safety management systems and risk management are geared towards potential hazards and controls, and related contractor-based risks. Mandatory codes of practice are regularly reviewed and updated, ensuring practices remain relevant and are aligned to global best practice.

CONTRACTOR MANAGEMENT

We manage our contractors as employees and ensure compliance with all relevant procedures to create a safe working environment for our people.

SAFETY PERFORMANCE

During the performance under review, we recorded nine LTIs (FY2019: four LTIs).

ENSURE A HEALTHY WORKING ENVIRONMENT

In line with our sustainability goals, we remain committed to ensuring a healthy workforce and workplace, premised on the conviction that occupational disease is preventable. We conduct extensive regular medical assessments and have implemented a medical monitoring programme to achieve our aim of no new cases of occupational diseases. Our preventative management strategy will continue in FY2021.

PRIMARY HEALTHCARE

Primary health care services are made available to our employees and contractors, which include amongst others, family planning, antenatal care, chronic disease monitoring including tuberculosis (TB) (no new cases identified in FY2020; FY2019: four), human immunodeficiency virus (HIV) counselling and testing as well as anti-retroviral treatment and, malaria treatment and prevention. The table below records the significant diseases monitored by the Company.

	FY2020	FY2019
HIV/ AIDS		
Number of tests	93	134
New positive diagnosis	–	7
Employees on treatment	67	69
Mortalities	–	–
Tuberculosis		
Number of cases	–	4
Mortalities	–	1
Diabetes		
Number of cases	12	11
Hypertension		
Number of cases	53	53
Pneumoconiosis		
Suspected cases	2	1
Noise induced hearing loss		
Submitted/reportable cases	–	–
COVID-19		
Positive cases	23	–
Recoveries	22	–

OCCUPATIONAL HEALTH

An independent occupational hygienist is employed to conduct regular monitoring at our operation and projects, thus ensuring compliance with airborne pollutants, thermals stress and occupational noise requirements.

Underground, we monitor four key elements – dust monitoring which includes silica and coal dust levels and these were within occupational exposure limits (OEL), particulates not otherwise classified and the air quality index level, which were all within OEL. Hearing matters are addressed through two main initiatives – firstly ensuring all staff have and use the appropriate hearing protection provided, and secondly through ensuring noise levels are reduced appropriately to within the legislated levels. Thermal conditions are measured underground and no recordings showed

above the threshold OEL. The last key element monitored underground is ventilation and all workplaces are appropriately ventilated.

COVID-19

The emergence of COVID-19 during FY2020 resulted in the virus forming part of the MC Mining's prevention scheme, together with TB and HIV. The Company has implemented measures recommended by the South African Government to prevent the spread of COVID-19 and this includes daily screening of employees combined with educational programmes. The Company also undertakes annual as well as entry/exit medicals for personnel and as the Vele Colliery and the Makhado Project are located in the Limpopo province, this elevates the importance of malaria prevention and treatment, particularly during the rainy season.

STAKEHOLDER ENGAGEMENT

Mining companies in South Africa today are operating within a very challenging political, regulatory and socio-economic environment.

The operations and projects of MC Mining, located in areas facing significant socio-economic challenges due to high levels of poverty and unemployment, were severely impacted by the COVID-19 pandemic. Our ability to secure and maintain our social and legal licence to operate was hampered by the restrictions imposed during the lockdown, which included the Uitkomst Colliery being placed on care and maintenance and the halting of stakeholder engagement activities at all Limpopo province sites.

Despite these challenges, we continually seek to build social or relationship capital with all our stakeholders, albeit more creatively through:

- identifying stakeholders and sharing relevant information timeously, in a transparent and ethical manner
- creating concrete and meaningful connections and relationships based on mutual benefit
- building trust by responding timeously to stakeholders, engaging in an honest and transparent manner and delivering on commitments
- enabling and enhancing value creation for all stakeholders by understanding their needs and challenges and designing strategies to address our Sustainable Value Model
- recording and reviewing progress regularly, adapting, aligning and amending where necessary against desired outcomes:
 - improved stakeholder relationships leading to not only acceptance for the Company's projects and operations, but also support
 - enhanced corporate reputation
 - improvement in the well-being of beneficiary communities:
 - education
 - income
 - socio-economic environment

We have revised our policies and frameworks in line with social distancing requirements to ensure that we are still able to meet our environmental, legal and social obligations. The increase in poverty and unemployment levels amongst our beneficiary communities due to COVID-19, and our restricted ability to address these challenges through our socio-economic programmes, posed a significant challenge.

UITKOMST COLLIERY

We continue to implement our stakeholder engagement strategies, engaging at various levels. Our beneficiary communities are being empowered to actively participate in the activities of the mining operation. Quarterly engagements

also take place through the Municipality Forum to ensure structures outside our Mining Right area are informed of our Socio Economic Benefit Model.

MAKHADO PROJECT

The Makhado Project is within a multi-stakeholder environment, comprising seven beneficiary communities headed by traditional leadership, neighbouring landowners and various advocacy groups.

Regular, interactive and transparent engagements are held with key stakeholders to ensure that there is an understanding of various mandates, that expectations are managed, and that there is a shared sense of ownership of the project's goals.

Makhado Project stakeholder engagement structures

Structure	Stakeholder groups	Mandate	Date established	Meeting frequency
King's Advisory Forum	Traditional leadership	Structure for sharing of information regarding development in the Venda area	October 2014	As and when required
Makhado Chiefs Forum	Traditional leadership	To deal with traditional and ancestral matters	June 2012	Quarterly
Makhado Colliery Community Consultative Forum	Community	Structure to share information on Makhado, and to deal with community issues	June 2012	Quarterly
Communities	Community	Engagement with communities through mass meetings to share information	–	Annually
Integrated Government Forum (IGF)	Authorities National – DMRE, DWS, DEA, DRDLR Provincial – LEDET, DAFF Local – Makhado, Musina and municipalities	Compliance and legislative framework	March 2011	Annually Individual departments quarterly

VELE COLLIERY

The Vele Colliery stakeholder groups are varied, due in part to the proximity of the mine to the Mapungubwe World Heritage Site. These include land claimant communities, authorities at a national, provincial and local level, neighbouring landowners and the Save Mapungubwe Coalition (representing a number of statutory bodies such as Birdlife South Africa, Endangered Wildlife Trust, the Association of Southern African Professional Archaeologists (ASAPA) and UNESCO, amongst others).

The Vele EMC, an oversight committee in terms of Vele's EA, was established in 2012. The membership of the EMC includes representatives from relevant organs of state at a national, provincial and local level, civic society (represented by the Save Mapungubwe Coalition), farmers' forum and other stakeholder groups identified during the EIA process. The quarterly meetings are well attended, and are characterised by robust debate and constructive discussion on global best practice. There is a shared mindset to ensure high levels of compliance at the colliery.

In October 2014 MC Mining, the DEA and SANParks signed a historic BOA to strengthen co-operation between the three parties towards the conservation and sustainable development of the Mapungubwe World Heritage Site, and to protect the outstanding universal value of the Mapungubwe Cultural Landscape. A Project Steering Committee (PSC) was instituted to implement and manage implementation of the BOA and deliver on its objectives. Throughout 2020, the PSC continued to oversee the implementation of the projects of the BoA.

Vele's stakeholder engagement structures

Structure	Stakeholder groups	Mandate	Date established	Meeting frequency
EMC	MC Mining, DMRE, DEA, DWS, Capricorn and Blouberg Municipalities, Weipie Farmers Ass, Coalition	Established in terms of the EA to monitor environmental compliance	2012/11/01	Quarterly
Heritage Sub-committee	DEA, SAHRA, SANParks, Coalition, ASAPA, MC Mining	Sub-committee of the EMC to monitor compliance within the approved Heritage Management Plan	2012/11/01	Quarterly
Water Sub-committee	DWS, Farmers Association, Coalition MCM	Sub-committee of the EMC to monitor compliance within the approved IWUL	2012/11/01	Quarterly
PSC	DEA, SANParks, MC Mining	Established in terms of the BOA	2015/02/01	Quarterly
Vele Community Forum	Land claimant communities Tshivhula, Machete and Leshivha	To provide updates to community on the project and the Sustainable Value Model (SVM)	March 2011	Bi-Annual
Authorities	Authorities National – DMRE, DWS, DEA, DRDLR Provincial - LEDET, DAFF, DoA, Local – Musina and Vhembe municipalities	Compliance Legislative framework Socio-economic transformation		

MC MINING'S CO-EXISTENT MODEL

The delay in the commencement of Makhado Phase 1 due to the pandemic has also delayed the implementation of the transformative benefits of the project which include job creation, significant procurement opportunities and capacity building programmes.

EMPLOYMENT

MC Mining is committed to the strategic business objectives that drive employment equity and measures have been set in place to achieve these goals, reaffirming our aim to serve the interests of all stakeholders. The Company strives to achieve the desired employment equity status in a responsible manner, with due regard to the broader realities of the business and economic environments.

The key principles for this process include:

- promotion of equal opportunities for all races and genders and fair treatment in the workplace
- elimination of discriminatory practices and implementation of practical procedures to address employment equity barriers
- eradication of all forms of harassment in the workplace

Labour relations

Relationships with employees are governed by the legal requirements of common and labour law, mutual agreement, societal influence, ethical considerations, customs and traditions and most importantly integrity, trust, consistency and fairness.

The Company subscribes to an integrated industrial relations system in which all parties are empowered to freely communicate their views supported through a two-way communication structure.

Remuneration

MC Mining's remuneration framework is based on the industry's agreed principles with the aim of attracting and retaining top talent to drive a high performance culture.

Fixed pay

The Company's remuneration structure at corporate level is based on a total cost-to-company principle. MC Mining has conducted benchmarking exercises at various intervals demonstrating that employee remuneration is within industry standards.

Variable pay: Short-term discretionary bonus scheme

The discretionary bonus scheme rewards employees on the basis of both Company and individual performance, providing employees with a predetermined bonus percentage based on the attainment of Nomination and Remuneration Committee-approved, Company and individual targets. The scheme is discretionary and is reviewed on an ongoing basis, dependent on business requirements.

The business scorecard is signed off by the Nomination and Remuneration Committee on an annual basis and this drives the individual performance management process. At lower level employment and subsidiary levels, a discretionary payment is used, equivalent to one month's salary, based on Company and individual performance.

Variable pay: Long-term incentive plan

The Company has a shareholder approved long-term incentive plan based on industry standards. In terms of the incentive plan, the Nomination and Remuneration Committee approves the issuing of Performance Rights to qualifying employees on an annual basis and shareholders approve Performance Rights granted to MC Mining Directors.

Human rights

No incidents of discrimination were reported during FY2020 and hence no corrective action was taken at the Company's operations. At our operations, we subscribe to the South African constitution which prohibits child labour as well as discrimination on any grounds and the Company promotes the preservation of human rights.

Historically Disadvantaged South African (HDSA) statistics (%)*

	FY2020	FY2019
Senior management	57	43
Management	38	32
Employees	95	96

* Includes white females

Employment by project

	Employees			Contractors		
	FY2020	FY2019	FY2018	FY2020	FY2019	FY2018
Uitkomst	447	463*	121	75	92	435
Makhado/Bakstaan	22	24	22	14	14	18
Vele/Harrisia	28	31	31	18	18	31
Corporate office	21	25	25	0	1	1

* Uitkomst acquired the operations owned by its underground mining contractor (Khethekile Mining (Pty) Ltd) on 1 August 2018



ENVIRONMENTAL MANAGEMENT

To balance the socio-economic potential of mining development with the potential impact on natural and heritage resources, MC Mining is committed to sustainable mining, employing a co-existent model focused on developing and operating sustainably alongside agricultural, heritage and tourist interests.

Our commitment to our stakeholders remains one of regular, co-operative and transparent engagement and includes our shareholders, permitting authorities, neighbouring and/or host communities, and interest groups.

Our environmental management strategy is in line with the Company's aim of earning and maintaining both our legal and social licences to operate. The risk-based approach to environmental management focuses on the key areas of water stewardship, responsible resource consumption, proactive forward-planning for sustainable mine closure and, biodiversity and heritage management. An Environmental Management System (EMS) for Uitkomst Colliery was developed as the formal tool for environmental management and was implemented during FY2020.

Vele Colliery continues to maintain its EMS, which is subject to quarterly independent audits, the reports of which are submitted to the permitting authority.

Water management

MC Mining's water management strategy, aligned with the co-existent model, continues to be governed by the following three principles:

- Responsibly sourcing water for our projects
- Mitigating negative impacts on existing industries
- Meeting our socio-economic commitment to aid in assurance of supply to host communities

Recent changes in climatic conditions have placed additional pressure on South Africa's status as a water-stressed

country. The strain on available water supply and quality is a key environmental consideration for MC Mining. In addition, the social challenges presented by the growing need for access to water in the areas in which we operate and, in which our projects are located, is a key driver in our planning and implementation processes.

Water consumption

Both Uitkomst and Vele Collieries operate a closed water system with zero discharge to the natural environment. MC Mining's operations strive, through the implementation of continued improvement projects, to reduce water consumption by increasing the use of waste water in the processing of coal.

Energy management

Responsible utilisation of our available resources is a key focus area for MC Mining. We remain committed to the application of best practice and technological developments to reduce consumption of energy resources where feasible. Uitkomst Colliery utilises Eskom, the state power utility, as its primary source of energy with diesel generators as a back-up supply.

Uitkomst's supply from Eskom commenced during FY2019. Vele Colliery utilises a diesel generator to meet its current energy requirements. Eskom will provide the full electricity requirements once the care and maintenance status is amended and production is resumed.

Energy consumption at Uitkomst Colliery

	FY2020	FY2019
Energy from electricity purchased from Eskom (MWh)	8 937 434	5 190 493
Diesel used (litres)	411 572	748 964
Energy generated from diesel (GJ)	15 767 323	28 692 810



ENVIRONMENTAL MANAGEMENT continued

Monitoring and compliance

In line with MC Mining's commitment to earning and maintaining our legal and social licences to operate, monitoring and auditing at both Uitkomst and Vele takes place, with Vele remaining on care and maintenance during the reporting period. All environmental audits have been conducted by independent consultants and include annual external IWUL audits, Environmental Management Plan (EMP) performance assessments and financial closure and liability assessments.

Monitoring includes ground and surface water quantity and quality assessments, bio-monitoring, ecotoxicology, plant moisture stress, alien invasive plant species and eradication status, habitat assessment, rehabilitation monitoring, biodiversity and avifaunal assessment, riverine forest monitoring, threatened and protected fauna and flora assessments as well as monitoring of identified heritage resources, as applicable to the operation.

Vele Colliery employs a full-time, independent environmental control officer (ECO) to monitor compliance with The colliery's Environmental Management Programme (EMPr), EA, IWUL and related specialist recommendations. The ECO conducts daily, weekly and monthly inspections against the various environmental licensing conditions. Further to this, quarterly audits are conducted, with the environmental performance reports of these audits submitted to the DEA as well as to Vele Colliery's EMC. This provides oversight over and above internal and external specialist monitoring and inspections. The last quarterly environmental performance report noted Vele Colliery's compliance as 99%. Vele's water monitoring committee, EMC and heritage and biodiversity sub-committee continue to meet on a quarterly basis and meetings are well represented by the permitting authorities, interested and affected parties, industry specialists and civil society.

The environmental monitoring and auditing management programme for Uitkomst Colliery is undertaken by an independent environmental consultancy, aligned to the environmental licensing conditions of the colliery's EMPr, IWUL and related specialist studies.

Regular dust, surface and ground water monitoring continues at the Makhado Project, despite no mining activity being undertaken. The results continue to indicate that the bulk sample pit has no impact on the air or water quality of the surrounding community.

Incidents

No significant environmental incidents were reported by Uitkomst, Vele or the Makhado Project for the period under review.

Complaints

No formal complaints were lodged and/or received during the financial year from local or affected communities regarding environmental matters.



CORPORATE SOCIAL INVESTMENT

Our shared value approach seeks to harness the full potential of our assets to address the societal and economic challenges in our areas of operation. The needs of our community are extensive – jobs, access to basic services, quality education and decent housing amongst others.

Whilst the State is the primary enabler of inclusive, sustainable development and the provision of basic services, we acknowledge that partnerships between communities, Government and private sector are key to achieving the goals of the National Development Plan (NDP) to reduce poverty and inequality, raise economic growth, increase employment, build skills and develop capabilities.

Through our Social and Labour Plan (SLP), we build partnerships with communities and various government departments to improve the well-being of our communities. We carefully select the projects in which we invest, prioritising challenges, as we evolve from compliance to sharing value.



Our focus areas of investment are:

Education and skills development

Enterprise and supplier development

Infrastructural development

These core themes appear in all the various SLPs as they are aligned to the goals of the NDP.

EDUCATION AND SKILLS DEVELOPMENT



Makhado Project
The Makhado Centre of Learning



MAKHADO
CENTRE OF LEARNING
KHA RI GUDE "LET US LEARN"



BRIDGING THE DIVIDE

TECHNICAL • DIGITAL • COMMUNICATION • ENTREPRENEURSHIP • LIFE SKILLS

There were more than 200 trainees enrolled at the Makhado Centre of Learning (MCoL) on various programmes accredited by both merSETA and the MICTSETA. Our trained and accredited facilitators and assessors ensure that the programmes address the language barriers and various skills levels amongst trainees.

The vision of the MCoL is to be a key partner of the Makhado Colliery to develop skills, build capacity and foster social cohesion within and amongst our beneficiary communities.

Education is a key driver of socio-economic transformation. The objectives of the MCoL are to be **responsive** to the educational and development needs of our beneficiary communities and to provide **relevant** training programmes which are **reflective** of the dynamic environment in which we operate.



CORPORATE SOCIAL INVESTMENT continued

II

Makhado Bursary Fund

Launched in 2016, the MBF has eight students enrolled on the programme. Their studies were interrupted due to COVID-19, but we made every effort to assist students to actively participate in online tuition.



III

Other training programmes

Two MCoL facilitators received their assessor qualifications from the Education, Training and Development Practices (ETDP) SETA.



IV

The Makhado artisan programme

Launched in March 2019, the Makhado Artisan Programme enrolled three students from our beneficiary communities who completed their technical training at the Colliery Training College in Witbank during September 2019. On 1 November 2019, they commenced their practical training at Uitkomst Colliery.



Vele Colliery Vele Bursary Fund

Launched in 2009 to address the critical skills shortage in the Vhembe Municipality, the Vele Bursary Fund currently has five students. The intent was to develop a pipeline of technically skilled individuals who would then enter the mining and engineering sectors. This fund was then expanded into project specific funds, and renamed the Vele Bursary Fund.

There are currently five students on the fund enrolled at various universities around the country.

Uitkomst Colliery Uitkomst Bursary Fund

Three students were awarded bursaries under the Uitkomst Bursary Fund in January 2020.

