



SUSTAINABLE DEVELOPMENT REVIEW



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

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 proactive 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 is 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 to all relevant procedures to create a safe working environment for our people.

SAFETY PERFORMANCE

During the performance under review, we recorded four LTIs (FY2018: one LTI).

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 also implement a medical monitoring programme to achieve our aim of no new cases of occupational diseases. Our preventative management strategy will continue in FY2020.

PRIMARY HEALTHCARE

Primary health care services are made available to our employees and contractors, which includes amongst others, family planning, antenatal care, chronic disease monitoring including TB

(four staff treated in FY2019, FY2018: one), HIV counselling and testing as well as anti-retroviral treatment, and malaria treatment and prevention.

OCCUPATIONAL HYGIENE

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.



STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT FRAMEWORK

OUR PHILOSOPHY

Stakeholder relationships are tangible, valuable assets which are critical to the success of the business and its operations



OUR VISION

To establish and maintain inclusive and mutually beneficial relationships through regular and meaningful stakeholder engagement, premised on integrity and transparency



OUR GOALS



Increase
awareness of
MC Mining strategy
Vision
and commitment
to socio-economic
transformation



Enhance
image and
reputation of
MC Mining through
sustainable
engagement and
partnerships



Empower
stakeholders through
early inclusion into
processes
Share
relevant information
timeously



Embed
stakeholder
management
processes
into all activities of
the business



Create
shared vision
resulting in support
of and buy-in into
the Company and
its projects

STAKEHOLDER ENGAGEMENT CONTINUED

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 are located in areas where there are significant socio-economic challenges due to high levels of poverty and unemployment, low skills levels and few available opportunities due to the country's low economic growth.

Communities residing in close proximity to our projects and operations, known as our beneficiary communities, have high expectations of the Company to address these challenges single-handedly.

There is therefore a need to understand and manage these expectations, balancing the apparently competing demands and expectations of various stakeholders, including shareholders.

Securing and maintaining our **social and legal licence to operate** is an ongoing process in which the Company seeks to build social or relationship capital with all our stakeholders.

This is done through:

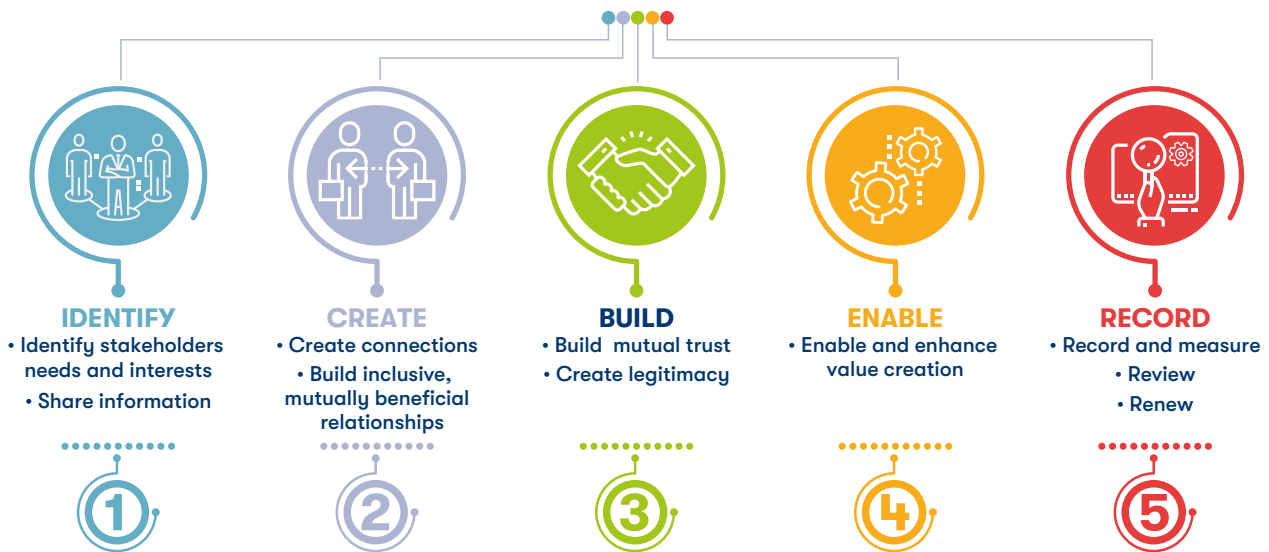
- **Identifying** stakeholders and sharing relevant information timeously, in a transparent and ethical manner
- **Creating** concrete and meaningful connections and relationships based on mutual benefit
- **Building** trust by delivering on commitments made
- **Enabling** and enhancing value creation for all stakeholders – firstly by understanding the needs and challenges they are experiencing and designing strategies to address through the Sustainable Value Model (SVM)

- **Recording** and reviewing progress regularly, adapting, aligning and amending where necessary, against these desired outcomes:
 - improved stakeholder relationships leading to not only acceptance for the Company's projects and operations, but also support therefor
 - improved corporate reputation
 - improvement in the well-being of beneficiary communities:
 - education
 - income
 - socio-economic environment
 - diminished risk of instability

We strive to comply with our environmental, legal and social obligations through appropriate policies and frameworks.

SECURING AND MAINTAINING OUR SOCIAL LICENCE TO OPERATE

Building social/relational capital



Engaging with our stakeholders (those who are interested in and affected by our operations and projects) is fundamental to creating sustainable value. Our engagement strategy, managed at an executive level in the Corporate Affairs Department, aims to build lasting relationships through inclusive, transparent and regular engagement.

Key issues facing the Company are the current economic climate, its impact on our beneficiary communities and our

ability to manage the expectations and address the concerns of our communities. Our strategy to address the risks posed by the above is:

- Continually engaging with our stakeholders through our stakeholder engagement framework
- Recording every engagement and interaction with stakeholders through our digital Stakeholder Management System (SMS)

- Continually monitoring, reviewing and updating our engagement process
- Ensuring that all stakeholders clearly understand the SVM and the commitments of the Company to socio-economic transformation
- Delivering on commitments as MC Mining has sought to address the challenges of poverty, unemployment and a lack of education faced by all our beneficiary communities through the implementation of our SVM

Our engagement activities are unique to each stakeholder group, in line with the mandates, concerns and issues of each group. Our strategy for community development is premised on the need to foster social cohesion and create an enabling environment for the development of sustainable communities.



STAKEHOLDER ENGAGEMENT CONTINUED

VELE COLLIERY

The stakeholder groups of Vele Colliery are varied and include land claimant communities, authorities at a national, provincial and local level, neighbouring landowners, the Save Mapungubwe Coalition (representing a number of statutory bodies including Birdlife South Africa, Endangered Wildlife Trust, the Association of Southern African Professional Archaeologists and UNESCO).

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 Environmental Impact Assessment 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 improved levels of compliance at the Colliery. At the EMC of August 2019, the independent environmental control officer reported a 99% compliance rating for the Colliery.

In October 2014, MC Mining, the Department of Environmental Affairs and the SANParks signed the historic BOA to strengthen co-operation between the three parties towards the conservation and sustainable development of the Mapungubwe World Heritage Site protecting the outstanding universal value of the Mapungubwe cultural landscape.

A project steering committee was instituted to implement and manage the projects of the BOA and to deliver on its objectives. Since 2014, the road network within the park has been upgraded and undercover parking constructed. Projects currently under construction are the Artefact Storage Centre and the repairing of the Eastern Staircase on the Mapungubwe Hill.

This agreement also gave rise to our co-existent model which seeks to promote an integrated land use management plan for mining and other development, the environment, biodiversity agriculture and biodiversity and heritage.

MAKHADO PHASE 1

The announcement of the Board's approval of Makhado Phase 1 created excitement amongst Vele Colliery's land claimant communities about the benefits which would be potentially unlocked through Phase 1, utilising the Vele Colliery processing infrastructure. We engaged with communities to clearly outline what Makhado Phase 1 entailed, and the scope of benefits for communities relating to job creation, procurement and training and development.

A skills and enterprise audit was conducted, with more than 5 000 people registering on the Vele SMS.



Vele's stakeholder engagement structures

Structure	Stakeholder groups	Mandate	Date established	Meeting frequency
Environmental Management Committee	MCM, DMR, DEA, DWS, Capricorn and Blouberg Municipalities, Weipie Farmers Association, Coalition	Established in terms of the EA to monitor environmental compliance	2012/11/01	Quarterly
Heritage Sub-committee	DEA, SAHRA, SANParks, Coalition, Association of South African Professional Archaeologist, MCM	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
Project Steering Committee	DEA, SANParks, MCM	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 SVM	2011/10/01	Bi-annually
Authorities	Authorities: National – DMR, DWS, DEA, DRDLR Provincial – LEDET, DAFF, DoA, Local – Musina and Vhembe municipalities	Compliance, legislative framework, socio-economic transformation		

MAKHADO PROJECT – PHASE 1 AND PHASE 2

The Makhado Project is located within a multi-stakeholder environment comprising of seven beneficiary communities, who are headed by traditional leadership, neighbouring land owners and various advocacy groups.

Regular, interactive and transparent engagement characterises our interactions with our key stakeholders to ensure that there is an understanding of various mandates, expectations are managed and a shared sense of ownership of the goals of the Project.

Makhado's stakeholder engagement structures

Structure	Stakeholder groups	Mandate	Date established	Meeting frequency
King's Advisory Forum	Traditional leadership	Structure to share 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 deal with community issues	June 2012	Quarterly
Communities	Community	Engagement with communities through mass meeting to share information		Annually
Integrated Government Forum	Authorities: National – DMR, DWS, DEA, DRDLR Provincial – LEDET, DAFF Local – Makhado, Musina and Municipalities	Compliance and legislative framework	March 2011	Annually and with individual departments quarterly

UITKOMST COLLIERY

A process to integrate the MC Mining's stakeholder engagement model and framework is currently being implemented at Uitkomst. A community meeting, held in August 2019, was well attended by communities residing in close proximity to the mine and beneficiaries of the restored land that is being leased by the Colliery.

The KwaZulu-Natal Department of Rural Development and Land Reform will assist the communities to set up a duly elected, representative structure with which the Company can engage on key matters affecting communities. Until that process is complete, we will continue to engage at the community level.

The Company conducted a house to house survey to ensure that we have a full understanding of our beneficiary community.

Quarterly engagement also takes place through the Municipality Forum to ensure structures outside our Mining Right area are informed about the socio-economic benefit model.



STAKEHOLDER ENGAGEMENT CONTINUED

MC MINING SUSTAINABLE VALUE MODEL

The model comprises six pillars and the progress made against these pillars is detailed as follows:



The Shared Value Model focuses on a shared value approach in our engagement and interaction with our key stakeholders, in particular, our beneficiary communities.

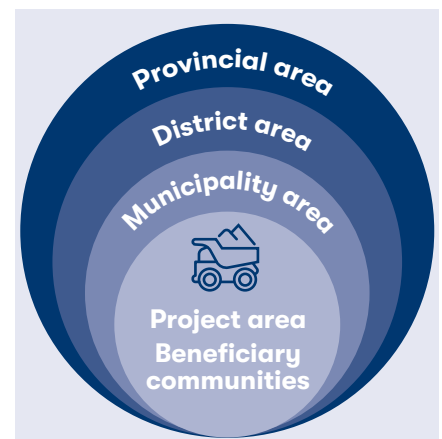
1. Understanding communities

MC Mining has conducted a house to house socio-economic assessment on the beneficiary and affected communities at the Uitkomst Colliery and the Makhado Project. Due to the fact that the Vele Colliery communities are land claimant communities and do not reside close to the mine, we arranged for the assessment to take place at a central point.

These qualitative and quantitative surveys enables a greater understanding of the environmental and social context of the communities and included, amongst others, a needs analysis, skills audit, enterprise and SME audit and heritage and cultural profile. At Makhado, more than 90% of the households have been surveyed. This information is captured onto the company's SMS which is the central repository for all information on stakeholders. It is also a tool for recruitment and procurement at the mine.

We define our beneficiary communities as those residing within our Mining Right area (host communities), as well those who reside close to our areas of operation (neighbouring communities), all of whom are impacted by our activities. We also recognise that our impact is broader than just our beneficiary communities – our projects impact and benefit the local municipality, the district, as well as the province.

In 2019, we embarked on a process to update and expand these surveys through a skills and enterprise audit of the municipalities in which our projects are located. The response was overwhelming in both Musina and Makhado municipalities, indicating the desperate need for jobs and opportunities.



2. Collaborating with communities

MC Mining engages through established and representative structures at each of our operations.

3. Growing communities

The socio-economic assessment revealed that more than 25% of beneficiary communities have no formal schooling. The National Development Plan states that: "Education, training and innovation are critical to the attainment of the goals of eradicating poverty and reducing inequality".

To address this critical shortage of skills in our area, a strategy to build skills and develop capabilities has been designed and is being implemented:

a. Makhado Centre of Learning

The Makhado Centre of Learning (MCoL) was established in 2017 in terms of the Company's Social and Labour Plan (SLP) to develop skills and build capacity for communities. This will enable us to meet our commitment

of meaningful job creation. There are currently 200 people enrolled at the centre, all of whom are from beneficiary communities.

b. Bursary funds:

- Vele Bursary Fund launched in 2010 has five students enrolled
- Makhado Bursary Fund, started in 2016, has eight students with three graduating at the end of 2019
- Utikomst Bursary Fund (to be launched in 2020) will provide bursaries to five students to be enrolled

c. Artisan programmes

Launched in March 2019, the Makhado Artisan Programme has three students from our beneficiary communities who will complete their technical training in the fields of boiler making, fitting and turning and diesel mechanic. They will receive on the job training for 18 months in preparation for their trade test.

This programme will be rolled out at Vele and Utikomst during H1 CY2020.

4. Empowering communities

Communities are empowered through:

- **Ownership** – beneficiary communities hold 20% of the Makhado Project and 8% of the Utikomst Colliery
- **Training and development** – (as discussed above) to enable communities to take their rightful place in society, as envisaged by the National Development Plan
- **Enterprise and supplier development** – an additional mechanism to empower communities is through the Company's Enterprise and Supplier Development Programme, which identifies current and potential entrepreneurs, develops them through an incubation and mentorship programme, and finally inter-connects the entrepreneurs with the Colliery's procurement opportunities which have been ring fenced for communities
- **Job creation** – the Company has committed that 100% of all unskilled and at least 60% of skilled jobs will be sourced from local communities through a skills matching strategy

5. Investing in communities

Through the Company's SLP programmes, investments in the fields of infrastructure (upgrading community water supply, upgrading of roads, paving of sidewalks), health (supply of mobile clinic) and education (upgrading of schools, supply of learning and teacher support material, electrification of schools) the well-being of beneficiary communities is improved.

6. Transforming communities

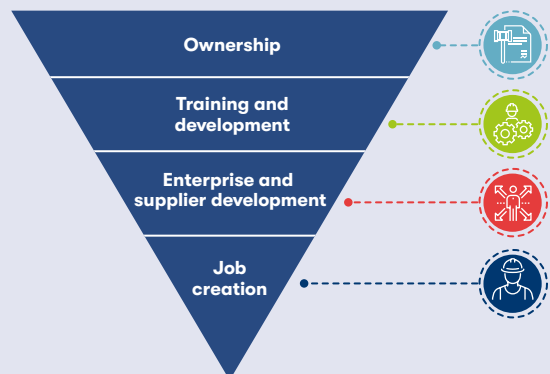
The ultimate goal of the shared value approach is to transform communities, improve their standard of living and build sustainable communities.



Zwothe Muthambi (25) , trainee artisan, diesel mechanic

RECOGNISING THE TRANSFORMATIVE POWER OF A SHARED VALUE APPROACH

has resulted in the Company continually redesigning strategies to collaborate with stakeholders across economic (profit) and social (non-profit) boundaries. Our ultimate aim is to harness the full potential of our projects and operations to address the societal and economic challenges within our areas of operation. Our goal is to maximise the benefits of our operations through the following mechanisms:

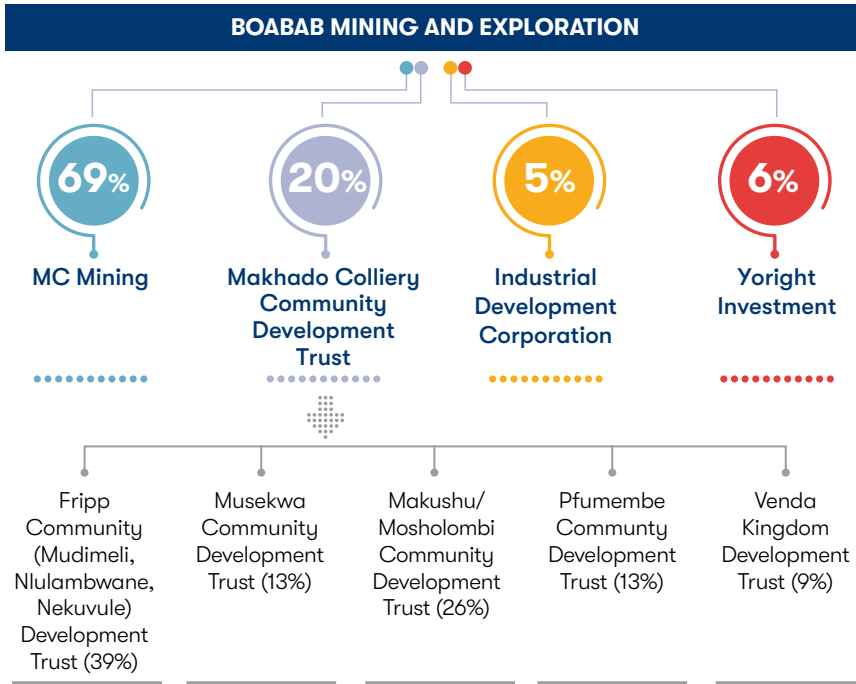


STAKEHOLDER ENGAGEMENT CONTINUED

MAKHADO PROJECT

Ownership

The beneficiary communities benefit from the Makhado Project through a 20% ownership of Baobab Mining and Exploration (Pty) Limited, the owner of the Makhado Project.



Our ESDP is designed to transform the socio-economic landscape of our project areas

Training and development

Skills are developed and capacities built through the MCoL, Makhado Bursary Fund and the Makhado Artisan Programme.

Job creation

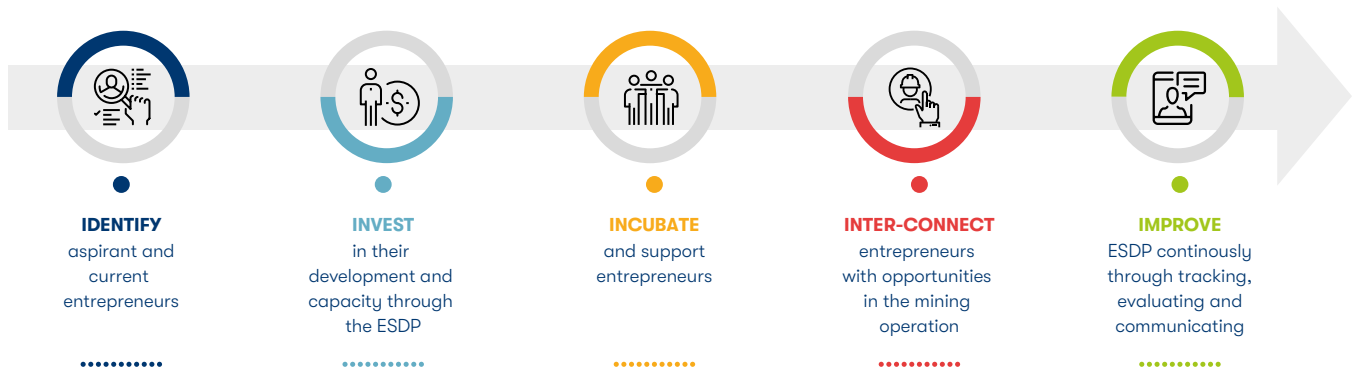
More than 750 jobs will be created during the construction of Makhado Phase 1, with over 650 jobs created during mining operations. There are currently 10 people employed by Baobab, engaging in stakeholder engagement activities and the operation of the MCoL.



Enterprise and Supplier Development Programme



Our Enterprise and Supplier Development Programme (ESDP) is a mechanism to empower beneficiary communities, create jobs and develop sustainable business through innovative and inclusive interventions.



In partnership with Raizcorp, the Company registered 30 entrepreneurs on to the Makhado ESDP into either:

- The Spring Programme which aims to develop local community members who have entrepreneurial aspirations, or who have small scale enterprises. 25 successful candidates were registered on this 12-month programme, with 18 successfully completing the programme in November 2018
- The Supply Chain Programme has been designed to develop local businesses to enable them to access

procurement opportunities from the mining operation. Four out of five entrepreneurs completed the programme at the end of November 2018

These models will be rolled out at both Vele and Utikomst Collieries in Q1 CY2020.

Enterprise and Supplier Development Programme workshop

The Company held its first ESDP workshop in April 2019 to present the preferential procurement policy of Makhado and information how to do business with the Company. Community ring-fenced

opportunities were showcased, with various presenting case studies on their business models, like Mabirimisa Bus Transport Services, Mac Transport Services, Kalahari Group and others to facilitate a platform for potential linkages with small medium and micro enterprises (SMEs) and entrepreneurs.

The workshop was by invitation only and was attended by 100% of invitees as well as by representatives of the Limpopo Economic Development Agency, Small Enterprise Development Agency and ABSA.

EMPLOYMENT

During the period under review, the Company acquired Khethekile's underground operations at Uitkomst and integrated some 340 staff.

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 on-going 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.

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.

Human rights

No incidents of discrimination were reported during FY2019 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 Africans (HDSAs) statistics (%) ¹

	FY2019	FY2018
Senior management	43	53
Management	62	53
Employees	99	100

Employment by operation/project

	Employees			Contractors		
	FY2019	FY2018	FY2017	FY2019	FY2018	FY2017
Uitkomst ^{2,3}	463	121	–	92	435	–
Makhado/Bakstaan	24	22	19	14	18	18
Vele/Harrisia	31	31	35	18	31	31
Corporate office	25	25	27	1	1	–

¹ Includes white females

² Uitkomst acquired effective 30 June 2017

³ Khethekile underground operations acquired effective 1 August 2018 and integration of approximately 340 staff



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 responsibly within permitted ecological and socio-cultural heritage boundaries alongside agricultural and tourist interests.

Our commitment to our stakeholders remains one of 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 during the reporting period as the formal tool for environmental management and is scheduled for implementation during CY2019.

Vele Colliery continues to maintain its EMS, which is subject to quarterly independent audits, the reports of which are submitted to the permitting authority. The latest audit report concluded the following: "The auditor notes that the EMS has progressed significantly since its development and implementation during Q1 2014. Sound progress is noted in the continued improvement of the system, leading into a comprehensive environmental management tool that is being used to prevent impact to the environment, as well as ensure legal compliance and continued positive environmental performance."

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.



ENVIRONMENTAL MANAGEMENT CONTINUED

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. As a result of lower plant throughput, energy consumption at Uitkomst reduced in 2019. 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.

Monitoring our energy usage from the national grid and energy produced using diesel generators allows MC Mining to identify any potential opportunity for energy savings.

Energy consumption at Uitkomst Colliery

	FY2019	FY2018
Energy from electricity purchased from Eskom (MWh)	5,190,493	5,058,971
Diesel used (litres)	748,964	1,383,366
Energy generated from diesel (G-J)	28,692,810	52,996,751
Petrol used (kilolitres)	10,412	–
Energy generated from petrol (G-J)	412,435	–



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 to monitor compliance to the Colliery's Environmental Management

Programme (EMPr), EA, IWUL and related specialist recommendations. The environmental control officer 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%, an improvement from the previous reporting period's 99.0%.

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 licencing 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

The 1:50 year rainfall event experienced by Uitkomst Colliery in April 2019, resulted in the overflow of the return water dam 2. This incident was reported to the DMR and DWS, which was subsequently followed by a DMR site visit in May 2019. Analysis of the results of downstream water qualities indicates that the catchment had a flushing episode. Water quality within the Kweekspruit, both upstream and downstream will continue to be monitored.

No significant environmental incidents were reported by 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

Enhancing corporate performance while advancing meaningful socio-economic transformation.

The interdependence between a mining company and its beneficiary communities must be recognised and at MC Mining, we recognise the value of our shared value approach as we harness the full potential of our assets to address the societal and economic challenges in our areas of operation. The needs of our communities are extensive – jobs, access to basic services, quality education, decent housing amongst others.

Whilst the government is the primary enabler of inclusive, sustainable development and the provision of basic services, we acknowledge that partnerships between communities, government and the private sector are key to achieving the National Development (NDP) goals of reducing poverty and inequality, raising economic growth, increasing employment, building skills, developing capabilities.

Through our Social and Labour Plan (SLP), we build partnerships with communities and various government departments to improve the well-being of local people in our areas of operation. We carefully select the projects in which we invest through a prioritisation of 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 areas 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



BRIDGING THE DIVIDE

TECHNICAL • DIGITAL • COMMUNICATION • ENTREPRENEURSHIP • LIFE SKILLS

In October 2017, the first intake of 76 students, the pilot group, was enrolled at the MCoL to do the first phase of the merSETA accredited programme. As at end June 2019, there were 197 students enrolled at the Centre on various programmes, all of whom emanated from our beneficiary communities.

The vision of the MCoL is to be the indispensable 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, to provide **relevant** training programmes which are **reflective** of the dynamic environment in which we operate.



Highlights

December 2018 – 53 students completed Workplace Readiness Phase 1 and have progressed to Phase 2 (both accredited by merSETA)

September 2019 – 83 students completed the Digital Literacy Programme (accredited by Media, Information and Communication Technologies Sector Education and Training Authority)

Held a personal finance workshop for all students and traditional leaders

April 2019 – enrolled a fourth intake of students

Eight people are employed at the Centre

CORPORATE SOCIAL INVESTMENT CONTINUED

Makhado Bursary Fund

Launched in 2016, the Makhado Bursary Fund currently has eight students enrolled on the programme. Three of these students are doing honours programmes at various universities in Cape Town and Johannesburg and all are expected to exit the fund at the end of CY2019.



Zelda Radzuma, third year, BSc Mining Engineering, Wits University

Vele Colliery

Vele Bursary Fund

The MC Mining Bursary Fund was launched in 2009 to help address the critical skills shortage in the Vhembe municipality. The intent was to develop a pipeline of technically skilled individuals who would then enter the mining and engineering sectors. This fund was expanded into project specific funds, and renamed the Vele Bursary Fund.

The fund specifically target students from the Vhembe District municipality and currently, there are five students at various universities around the country who are beneficiaries of the fund. Two of the students are expected to graduate at the end of CY2019.

The Vele Bursary Fund together with the MC Mining Bursary Fund, has produced more than 36 graduates in the fields of engineering, geology, finance, environment and other disciplines.

Upgrade of the Kranenburg Farm School

Through our engagement with the Musina municipality, we identified one of the farm schools situated in close proximity to the Vele Colliery which required upgrading. Kranenburg Primary School was included in the publication, *Forgotten Schools: Right to Basic Education for Children in Farm Schools (2003)* due to its lack of adequate sanitation facilities. The authors wrote, "When the teachers were asked where the children relieve themselves, we were shown the bush."



At the time of our inspection in May 2017, learners will still relieving themselves in the bush, 14 years after the publication of the article. Through our SLP, we upgraded the school as follows:

- 1 Installed a perimeter fence
- 2 Repaired the current ablution facility
- 3 Constructed a brand new ablution block within the play area
- 4 Constructed a three-classroom block

Other training programmes

A Vele Colliery employee, Ms Dinah Bandura, showed a keen interest in expanding culinary repertoire and was chosen to participate in Vele's Training and Development Programme. She was awarded a bursary to train to be a chef and in the future will provide a food service to both staff and contractors during the construction and operational periods.

