

STAKEHOLDERS' DECLARATION ON STRATEGY FOR THE SUSTAINABLE GROWTH AND MEANINGFUL TRANSFORMATION OF SOUTH AFRICA'S MINING INDUSTRY

Mining Stakeholders include:

1. The Department of Mineral Resources
2. National Union of Mineworkers
3. Chamber of Mines of South Africa
4. South African Mineral Development Association
5. Solidarity
6. UASA - The Union

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PREAMBLE

This declaration lays a foundation for a strategy to position South Africa's mining industry on a trajectory of sustainable growth and meaningful transformation. The strategy emphasises the complementary nature and interdependence of competitiveness and transformation. This declaration further acknowledges the vital contributory role of the mining industry to national socio-economic development as well as the necessity to use country's mineral base as a catalyst to enhance diversification of the economy that corresponds with the industrialisation priorities of government.

Considering the intrinsic value of mining which encompasses the sustainable development potential of the sector, stakeholders are fully cognisant of the constraints that limit the realisation of this potential and they therefore reaffirm their commitment to working together to successfully and holistically implement the provisions of the strategy. South Africa is a land endowed with incredible possibilities and through collaborative efforts of relevant stakeholders it is contended that much more can be achieved. In accordance with the harmony of the zebra colours, this declaration symbolises the spirit of common purpose by the stakeholders.

In order to ensure the sustainable growth and meaningful transformation of the mining industry, stakeholders acknowledge and commit to mitigate various constraints that are evident in infrastructure inadequacies, the paucity of requisite skills, the regulatory framework, as well as low levels of exploration and research and development. In addition, stakeholders recognise the transformation backlog in the industry, the unsatisfactory pace of which has fuelled socio-economic developmental disparities, influenced workplace inequity, and aggravated the plight of mining areas. Meaningful economic HDSA participation has also been detrimentally affected. In response, the stakeholders are committed to integrating transformation priorities with measures to promote the globally competitive growth of the sector. Having regard to the national government's order of priorities and inspired by the development potential of the mining industry, stakeholders further commit to develop the mining industry in resonance with government's socio-economic development priorities.

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COMMITMENT 1

Objectives

Inspired by the values associated with transparency and integrity, this declaration provides the basis for stakeholder commitment to creating an environment that is conducive to supporting the sustainable growth and meaningful transformation of South Africa's mining industry, with the following aims:

- To promote investment, enhance competitiveness and drive transformation objectives;
- To mitigate constraints limiting sustainable growth and meaningful transformation;
- To emphasise the mutual reinforcement of competitiveness and transformation;
- To commit to effective implementation of the strategy.

COMMITMENT 2

Infrastructure

Recognising that infrastructure is one of the key drivers of the competitiveness with a material impact on its potential growth, and further recognising that shortages of critical infrastructure such as rail, ports, electricity and water supply can act as constraints to growth, the parties commit to the following:

- Establishment of an "Integrated Long Term Infrastructure Planning Mechanism" for the mining sector;
- Evaluation of short to long-term infrastructure requirements underpinning the envisaged growth of mining industry through a process of engagement between industry and government;
- Identification of areas that are industry and/or government responsibilities, including shared responsibilities;
- Engagement with relevant national processes committed to long-term integrated planning process with specific emphasis on the mining industry's infrastructural needs.

COMMITMENT 3

Innovation in mining

Taking into account the importance of mining innovation through research and technology development, cost and management efficiency as well as productivity in driving meaningful growth and transformation, parties agree to work towards attainment of a research driven and technology based competitive edge, and henceforth commit to the following:

- Assess the current research and development landscape in the mining industry;
- Resuscitate a research and development culture in the mining industry;
- Strengthen partnerships with research institutions both locally and internationally.

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COMMITMENT 4

Sustainable Development

Acknowledging the importance of balancing economic benefits with social and environmental concerns without compromising the ability of future generations to meet their needs, parties commit to:

- Develop and implement a National Action Plan for the management of acid mine drainage;
- Adopt a regional approach in dealing with integrated and cumulative environmental impacts resultant from mining;
- Embark on research and development initiatives directed towards the sustainability of mine closure and mining environmental legacies;
- Establish a multi-stakeholder forum on derelict and ownerless mines;
- Implement Mine Health and Safety Tripartite Action Plans;
- Establish a task team to develop mechanisms of accelerating exploration investment;
- Strengthen linkages of mining with other industries, such as infrastructure, upstream and downstream value addition, technology, services and manufacturing, to ensure sustainable mining 'beyond a hole in the ground';
- Work towards the development and effective implementation of a 'Mining Vision 2030' informed by sustainable development principles;
- Adopt an integrated development approach through pooling of resources.

COMMITMENT 5

Beneficiation

Recognizing the importance of translating our comparative advantage in mineral resources endowment into competitive advantage to fuel further industrialisation and the need to increase value addition to our minerals before they are exported, parties commit to:

- Support local beneficiation in order to unlock the intrinsic value of South Africa's minerals;
- Consider establishing a national beneficiation agency to drive downstream, upstream and side-stream beneficiation as well as all industries associated with mining;
- Enlist the support of strategic international partners to facilitate skills and technology transfer for the benefit of local beneficiation.

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COMMITMENT 6

Regulatory Framework

Noting that an internationally competitive regulatory framework is a key instrument to promote sustainable growth and meaningful transformation of the mining industry and that negative perceptions about the regulatory framework have adverse impact on the promotion of foreign investment, parties commit to:

- Strengthen the MPRDA architecture to improve its efficiency and effectiveness by 2011;
- Strengthen enforcement, monitoring and evaluation of the regulatory framework;
- Streamline administrative processes to eliminate inconsistent application of the overall mineral regulatory regime;
- Harmonise the mineral regulatory regime with other related legislation impacting on the mining industry;
- Finalise the review of the Mining Charter by August 2010;
- Messaging of a positive regulatory framework to promote South Africa's ranking as an investment destination of choice;
- Explore an option of a single authority regulating all environmental issues;
- Transparent and results yielding compliance;
- Promote greater cooperation and coordination between the DMR, its agencies and other governing bodies.

COMMITMENT 7

Human Resources Development

Recognising the current shortage of requisite skills and that human resource development constitutes an integral part of competitiveness and social transformation of the workplace and knowledge based industry, parties commit to the following:

- Conduct at least two skills audits by 2014 and assess institutional and organisational absorptive capacity by no later than December 2010;
- Invest a percentage of annual payroll in all skills development activities, but excluding the mandatory skills levy, as follows:
 - Target for 2010 = 3%;
 - Target for 2011 = 3.5%;
 - Target for 2012 = 4%;
 - Target for 2013 = 4.5%;
 - Target for 2014 = 5%;
- Ensure that mechanisms for directing the mandatory skills levy are in place, efficient and effective.

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COMMITMENT 8

Employment Equity

Acknowledging that diversity and equitable representation in the workplace remain catalyst for social cohesion, parties commit to the following:

- Create a conducive environment that promotes and encourages diversity in order to increase and retain requisite skills;
- Demographic representation of HDSA with a minimum target of 40% by 2014 in each of the following occupational categories:
 - Top Management (Board);
 - Senior Management (Exco);
 - Core & Critical Skills;
 - Middle Management;
 - Junior Management.

COMMITMENT 9

Mine Community Development

Recognising that mine communities form an integral part of mining development, hence a realisation that there has to be meaningful contribution towards community development, both in terms of size and impact, in keeping with the principles of the social license to operate. Parties henceforth commit to attain the following:

- Develop guidelines and adhere to community consultation processes;
- Develop a partnership approach towards mine community¹ development and consider establishment of regional (social) development funds for effective implementation of social and labour plans;
- Implement and monitor social labour plan undertakings.

COMMITMENT 10

Housing and living conditions

Noting that mining operations are, in most cases, located in remote areas with often less-than salubrious facilities for the workforce, parties commit to restore human dignity of employees in line with the Constitution of the Republic of South Africa, as follows:

- Attain the occupancy rate of one person per room by 2014;
- Upgrade or convert hostels into family units by 2014;
- Promote home ownership options and provide balanced nutrition.

¹ Mine community includes both host community and major labour sending areas.

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COMMITMENT 11

Procurement

Realising that procurement provides an important market opportunity for goods and services and that lack of access to market is a major impediment to growth and expansion of enterprises, parties commit to:

- Adhere to fundamental principles of enterprise development, irrespective of the mining company's turnover;
- Develop mechanisms for multinational suppliers of capital goods to the mining industry, which are operating in South Africa to contribute towards social development.

COMMITMENT 12

Ownership and funding

Realising that equity ownership provides an effective means of incorporating HDSAs into the mainstream economy and that ownership can afford HDSAs an opportunity to influence the direction of a business, parties commit to the following:

- A minimum target of 26% ownership by 2014 to enable meaningful economic participation of HDSA.
- Meaningful economic participation includes, inter alia, the following key attributes:
 - BEE transactions shall be concluded with clearly identifiable beneficiaries in the form of BEE entrepreneurs, workers and communities;
 - Barring any unfavourable market conditions, some of the cash flow should accrue to the BEE partner throughout the term of the investment, and for this purpose, stakeholders will engage the financing entities in order to structure the BEE financing in a manner where a percentage of the accrued cash-flow is used to service the funding of the structure, while the remaining amount is paid to the BEE beneficiaries. Accordingly, BEE entities are enabled to leverage equity in proportion to vested interest over the life of the transaction in order to facilitate sustainable growth of BEE entities.
 - BEE shall have full shareholder rights such as being entitled to full participation at annual general meetings and exercising of voting rights, regardless of the legal form of the instruments used;
 - Ownership shall vest within the agreed timeframes of the BEE structure, taking into account the prevailing market conditions.

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COMMITMENT 13

Monitoring and Evaluation

Realising that monitoring and evaluation (M&E) plays a vital role in assessing the effectiveness of a strategy in terms of achieving its intended objectives and that M&E results can highlight existing gaps and inconsistencies, parties commit to:

- Adhere to effective implementation of strategy;
- Comply with annual progress reporting requirements;
- Monitor and take into account the impact of constraints beyond the stakeholders' control which may result in not achieving set targets.

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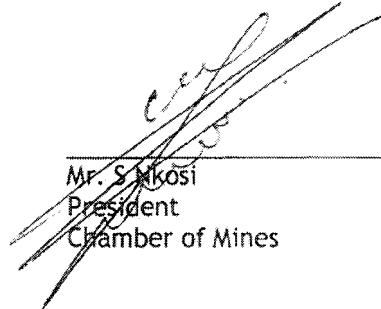
Mining stakeholders, as represented by the Department of Mineral Resources (DMR); organised labour, including National Union of Mine Workers; Solidarity and UASA, as well as organised business, including Chamber of Mines and South African Mining Development Association, convene on 30th June 2010 to affirm their commitment towards attainment of sustainable growth and meaningful transformation of South Africa's mining industry.



Ms. S Shabangu, MP
Minister
Department of Mineral Resources



Mr. S Zokwana
President
National Union of Mine Workers



Mr. S Mkhosi
President
Chamber of Mines



Mr. L Grobler
COO
UASA - The Union



Mr. N Moloi
Chairman
SAMDA



Mr. S Scott
President
Solidarity

Signed at PRETORIA on the 30th day of JUNE 2010.