

# OUR PERFORMANCE

## Maintaining our social licence to operate



Communities

Transformation

Our value chain



“Maintaining good relationships with host communities strengthens ARM's social licence to operate and our investments in infrastructure and social projects can create significant positive impact for the people who live there. We unequivocally support transformation in the South African mining industry to redress historical inequality and facilitate broader social development. We recognise our responsibility to consider the broader impacts of our activities upstream and downstream from the operations”

# COMMUNITIES

ARM's strategy is to partner with communities and other stakeholders, investing significantly to promote socio-economic development and improve community resilience and sustainability.



Globally, pressure and expectations by local communities for employment, procurement and other benefits are increasing, and resulting community unrest has affected some mining operations. This trend has become increasingly evident in South Africa over the last few years as poor and marginalised South Africans become frustrated with countrywide unemployment, poverty and inequality. Covid-19 has further highlighted issues of inequality, poverty and health challenges. The ARM group risk register recognises increasing community expectations as a top ten risk.

Maintaining good relationships with host communities strengthens ARM's social licence to operate and we are committed to continuing to work with community forums, municipalities, the Department of Mineral Resources and Energy and other local and national stakeholders to find solutions for the challenges facing these communities. Our investments in local communities aim to improve the living conditions and standards of living of the people in these communities.

Investments in infrastructure and social projects can create significant positive impact, strengthening relationships with local communities as well as benefitting employees who live there. Regular engagements improve our understanding of community needs and expectations, and promote community ownership of projects by including beneficiaries from the planning phase. Covid-19 created a need to further support communities in managing the impact of the virus.

## Reporting context

### REPORTING FRAMEWORKS

#### ICMM



#### UN SDGs:



### PRINCIPAL LEGISLATION

- The Mineral and Petroleum Resources Development Act (MPRDA)
- The Mining Charter
- The Department of Trade and Industry Revised Codes of Good Practice (dti CoGP)

## HOW WE MANAGE COMMUNITY RELATIONSHIPS

Stakeholder and community engagement are agenda items at operational, divisional and board meetings. Community concerns or disputes are reported in quarterly sustainability reports, which are discussed at operational, divisional and board-level social and ethics or sustainable development committees.

Community stakeholder groups are identified through stakeholder mapping exercises and when stakeholders contact the operations. These groups are recorded in stakeholder registers that are updated on an ongoing basis. Community stakeholders include traditional leaders, representatives elected or approved by the communities as well as groups comprising community members that represent a particular interest, such as business, youth or women forums.

Community engagements are guided by formal stakeholder engagement strategies and policies, and implemented according to stakeholder engagement plans that are revised regularly. Stakeholder engagement at operational level is overseen by the executive: compliance and stakeholder relations and divisional senior management. Engagements are both formal and informal in nature, and formal engagements are generally minuted.

We monitor delivery on projects implemented and impact in the communities through metrics relevant to the nature of the project and stakeholders. Indicators include the number of jobs created, households benefitted, beneficiaries supported, spending against commitments of approved Social Labour Plans (SLPs), socio-economic benefit created, stakeholder buy-in, meaningful partnerships with local government and the percentage of the project value that directly benefits black people, black youth and black women.

Communities can raise grievances through formal stakeholder structures and concerns are often addressed to municipalities and communicated to the operations by local mayors. Stakeholder groups also approach the operations directly, call or email the operation, or use the ARM whistleblower hotline.

## FORMAL AND INFORMAL COMMUNITY-RELATED ENGAGEMENT STRUCTURES

### Future forums

Municipalities, unions, community structures

Identify and discuss progress on local economic development (LED), employment opportunities and community upliftment.

### LED updates

Municipalities, communities, DMRE

Structured feedback on progress with LED projects, at least quarterly with municipalities and at least annually with communities and traditional leaders.

### Community forums

Community representatives, business forums, traditional leaders, youth representatives

Meet regularly to address issues raised by communities, including employment opportunities, procurement opportunities and skills development opportunities.

### Community open days

Communities

Interactive engagements to support information sharing and relationship building.

### Integrated Development Plan (IDP) meetings

Local municipalities, traditional leaders, community representatives

Facilitated by local municipalities to update communities on progress on IDPs, including LED projects.

### Ad hoc engagements

Municipalities, communities, DMRE

Approaches from various community groups to represent their interests. These include business forums, non-government organisations, women's forums, youth forums, traditional leaders, community trusts, community property association, local councils and home-based care-givers.

### Future forums

Community representatives, business forums, foresters, farmers

Meetings to discuss concerns, issues or conflicts arising from possible socio-economic and environmental impacts from new projects and changes/expansions to operations. These meetings form part of the Environmental Impact Assessment (EIA) process and include communications regarding mitigating actions to address concerns raised. Common concerns include access to water, dust mitigation, blasting and employment opportunities.

To improve coordination and increase social impact, wherever possible operations collaborate with peers and other industry bodies. The Northern Cape shared-value working committee enables ARM Ferrous and other manganese producers to work with the Minerals Council South Africa (MCSA) to coordinate and deliver sustainable corporate social responsibility projects in the region. The general managers of Modikwa and Two Rivers mines participate in a working group with other CEOs of local mining companies and the MCSA to identify solutions to the various socio-economic challenges in the area.

Effective implementation of community projects is not always easy. Challenges include managing increasing community expectations, particularly at marginal operations, and ensuring that initiatives meet the range of expectations

across stakeholder groups affected by each project. Ongoing monitoring is necessary to ensure that funding provided is spent effectively and on the agreed projects, and identifying whether beneficiaries (local businesses, NGOs etc.) are already receiving funding or support from other sources is important to ensure that funding is effectively deployed. Sustainability of projects and timing of exit are key concerns, particularly in enterprise and supplier development programmes. Continuity in stakeholder representatives can be a challenge and elected structures may be undermined by self-appointed community groups. The number of ad-hoc forums (business, youth, women) with different demands continues to increase. Ensuring that municipalities accept handover of completed projects timeously and continue to maintain infrastructure, remain areas of focus.



## Covid-19 relief

The Covid-19 pandemic had a significant impact on communities and the people and businesses that operate in those areas. Although lockdown affected delivery on planned CSR projects, the operations implemented a range of additional initiatives to support host communities.

The ARM Ferrous division committed R10 million to Covid-19 relief, R5 million through the collaborative Northern Cape Mines initiatives and R5 million through direct sponsorship and committed contributions towards the relief of vulnerable local communities, local government and the Department of Health. Through the direct initiatives, ARM Ferrous:

- Supported Covid-19 related campaigns on radio and print media to create awareness and drive prevention to suppress the regional rate of infection.
- Supplied over R1 million in medical equipment, PPE, supplies and bed linen to John Taolo Gaetsewe (JTG) District hospital, Kuruman District Hospital, Tshwaragano Hospital and 14 clinics in the area.
- Donated PPE (9 540 masks and gloves) and hand sanitisers to local communities, municipalities, SASSA and SAPS for employees that worked during the lock-down period.
- Supported vulnerable families and old age homes during lockdown by providing more than 300 food parcels, two trailers to transport the food parcels and food vouchers.
- Provided laptops, projectors and PPE to the local Department of Education to support virtual training.
- Procured 20 water tanks in Gasegonyana and a water bowser for JTG district.
- Provided 100 contact tracers, 450 PCR tests, 4 nurses and a doctor for JTG municipalities. Donated cellphones for contact tracers.
- Delivered Covid-19 training to 53 business owners in the Kuruman SMME Village, at faith-based leader workshops and to taxi drivers transporting mine employees.
- Beeshoek Mine provided Covid-19 PPE to the 11 schools in Postmasburg for 8 517 learners and 336 educators.
- In total, ARM Ferrous mines spent R18.2 million on community PPE and medical supplies to the end of June 2020.
- The mines also provided support and relief funding of R35.3 million for local SMMEs through the operations' Enterprise and Supplier Development programmes.



The collaboration between mines in the Northern Cape aimed to execute on requests received from local stakeholders as well as provide support to the regional response with other stakeholders. These initiatives included support for awareness campaigns on radio and print media as well as:

- Procuring 50 water tanks and installing 8 tap stations in Mapoteng to supply water to the community.
- Donating 5 000 masks to the municipality for employees that worked during lockdown.
- Providing R2.5 million funding to the Solidarity Fund to assist with demand supply planning.
- Providing food parcels to support vulnerable families during lockdown.

As discussed in more detail below, the mines in the ARM Platinum division contributed R1 million in water supply, PPE and sanitisers as well as R3.5 million in local SMME relief funding to the end of F2020.

Nkomati Mine implemented three water supply community initiatives, including the supply of water tanks, sanitisers and face masks to communities around its operations.

Modikwa Mine's Covid-19 community initiatives included:

- Extending the free flu vaccinations offered to employees and contractors to community leaders to strengthen their immune systems.
- Copying around 30 000 Covid-19 screening questionnaires for the DoH to be used in the communities.
- Sanitising/disinfecting the classrooms, toilets, kitchens, offices and administration blocks of eight primary schools and seven high schools before schools reopened. The two tribal offices at Sehlaku and Mamphahlane villages were also sanitised.
- Engaging with community leaders to share information on Covid-19 and how to control the spread, as well as supplying them with sanitisers.
- Supplying potable water to the communities of Balotjaneng using mine water tankers during the first three days of lockdown. Thereafter, a water tap was installed adjacent to one of our shafts from which the community is able to access potable water in order to mitigate the spread of Coronavirus.
- Providing face masks to Lebelelo Water officials and community members who were assisting with the installation of 70 water tanks in the community to fight the spread of the virus.

- Donating food parcels to vulnerable and indigent families and individuals from our host communities, together with representatives of organised labour, community leaders and the local municipality ward councillor.
- Fast-tracking the start of water borehole and reticulation projects in three communities.
- Providing peer educator training on Covid-19, the importance of observing lockdown regulations and other important prevention measures such as social distancing, hand washing and the use of sanitisers and cloth face masks.

Two Rivers Mine community engagement and assistance included:

- Issuing face masks to the community.
- Continuing with the schools feeding project in the community.
- Sanitising community schools that reopened.
- Engaging with the MCSA and the Department of Education to better understand requirements and to align with the department's programs to support schools, including through e-learning materials.
- Providing a borehole to provide drinking water for the Kalkfontein community.

Operations also supported suppliers and SMMEs in their enterprise development programmes by offering repayment holidays on the SMMEs' interest free loans for 3 months and supporting them with on-boarding medical screening to declare them fit for travel to the mines. They also provided assistance in the process of obtaining funding support from the various Covid-19 Funds and covered salary expenses to ensure SMMEs can continue to pay their employees and to remain in business.

In total, the group's mines contributed R58 million towards Covid-19 relief.

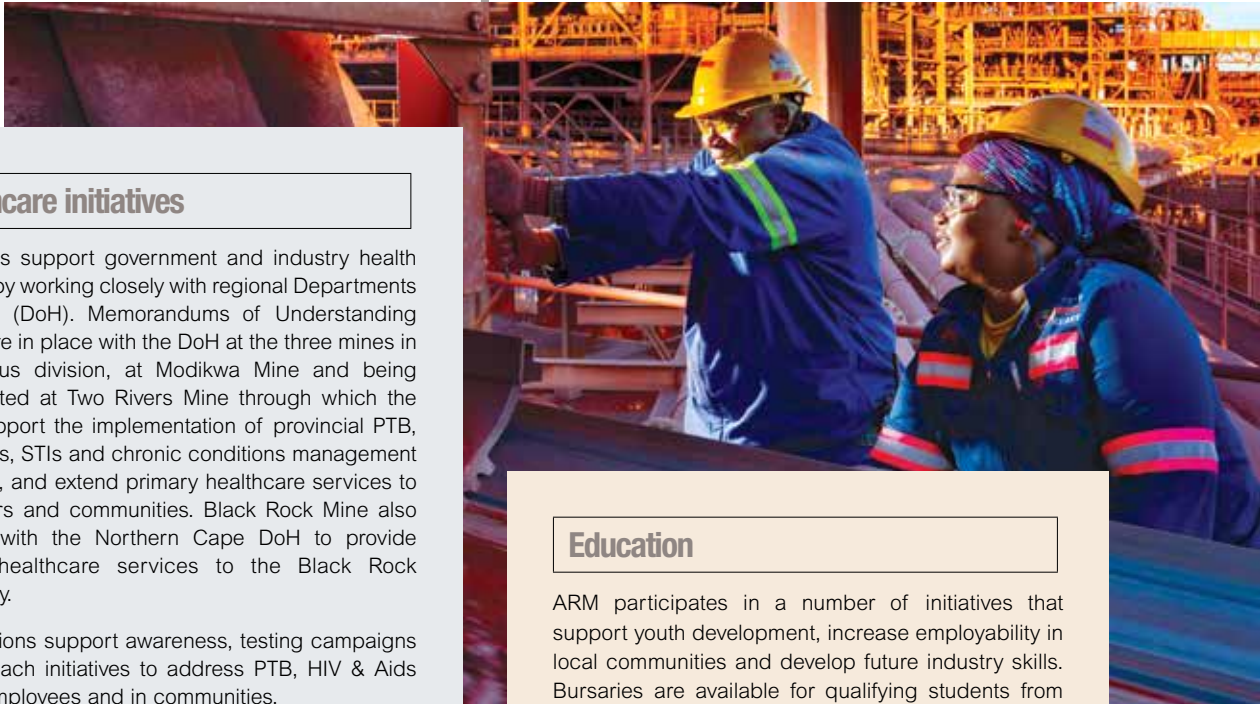
## ARM'S CONTRIBUTION TO COMMUNITIES

Ongoing CSR initiatives support a range of programmes in host communities that promote socio-economic upliftment, improve living conditions and strengthen our relationships with stakeholders. These programmes include education, skills development, entrepreneurship, social projects and infrastructure programmes.



### Employment

We prefer to hire from local communities and 73% of total group full-time employees and 63% in the senior management category are from these communities. Infrastructure and other projects supported by the operations are encouraged to use local labour wherever possible and in F2020 159 permanent and 438 temporary jobs were created through these projects.



### Healthcare initiatives

Operations support government and industry health priorities by working closely with regional Departments of Health (DoH). Memorandums of Understanding (MoUs) are in place with the DoH at the three mines in the Ferrous division, at Modikwa Mine and being implemented at Two Rivers Mine through which the mines support the implementation of provincial PTB, HIV & Aids, STIs and chronic conditions management strategies, and extend primary healthcare services to contractors and communities. Black Rock Mine also partners with the Northern Cape DoH to provide primary healthcare services to the Black Rock community.

All operations support awareness, testing campaigns and outreach initiatives to address PTB, HIV & Aids among employees and in communities.

Operations directly support community health initiatives, including wellness centres and home-based care groups. They also engage with local Aids councils where possible to ensure community projects address the most pressing wellness and health needs. In F2020, ARM operations provided R10.8 million to support community health and HIV & Aids projects, and Covid-19 support, through the corporate social investment (CSI) programme (F2019: R1.95 million).

### Education

ARM participates in a number of initiatives that support youth development, increase employability in local communities and develop future industry skills. Bursaries are available for qualifying students from local communities in relevant fields of study. Other programmes include sponsoring a web-based programme for local school leavers, learners and the broader community to improve performance in maths and science and increase opportunities to obtain learnerships, bursaries and further career development.

During F2020, ARM provided R15.9 million towards educational initiatives through the CSI programme (F2019: R7.5 million).

### Skills development

ARM aims to make a meaningful contribution to increasing the pool of skills in our host communities, especially among members of historically disadvantaged communities. These initiatives include programmes supporting youth and women development in communities near our operations.

Nationally-aligned Adult Education and Training (AET) is offered to employees and community members through training centres at operations to support the development of basic skills to improve career prospects and future employability.

Learnerships allow eligible candidates from outside the academic streams to develop skills across various disciplines applicable to mining.

The Graduate Development Programme provides unemployed youth who have completed degrees or diplomas in the scarce skills disciplines identified in the MQA and MERSETA Sector Skills Plan with work exposure across different operations in the group.

### Preferential procurement and enterprise and supplier development

ARM's preferential procurement and enterprise and supplier development programmes support the development of local small, medium and micro enterprises (SMMEs). These initiatives promote entrepreneurship, create jobs, increase economic activity in mining communities, empower historically disadvantaged South Africans (HDSAs) and improve market access for South African capital goods and services.

ARM's operations support black-owned and black women-owned businesses, and, where appropriate, ring-fence opportunities for such suppliers. Initiatives include a Young Entrepreneurs Incubation Programme and a Business Skills Development Programme. Support is provided through training, mentoring and coaching, early payment terms to assist with cash flow management, provision of equipment and financial support to qualifying SMMEs. The goal of the enterprise and supplier development programme is to graduate sustainable businesses into the mining supply chain.



### Infrastructure development

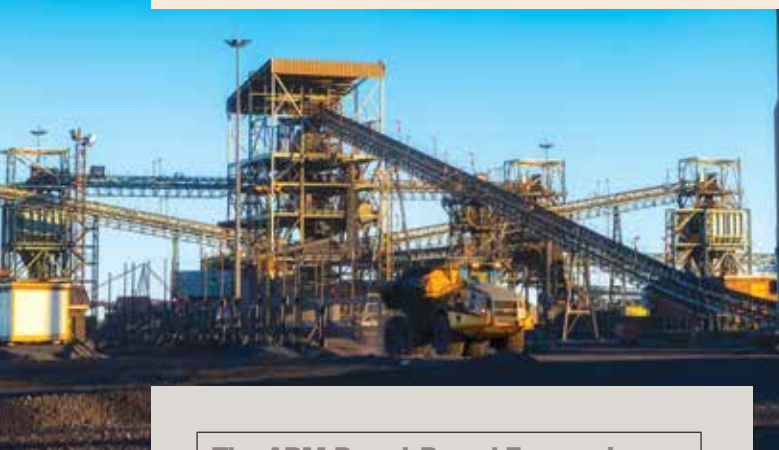
The five-year Social and Labour Plans (SLPs) the mines commit to in terms of the MPRDA include Local Economic Development (LED) programmes that deliver community infrastructure development projects. SLP projects align with the needs identified in regional IDPs and are agreed and regularly revised in close consultation with communities, the DMRE, Department of Health, Department of Education and local government.

SLP projects are continually monitored and progress is reported internally at least quarterly at social and ethics committee and sustainable development committee meetings at corporate, operational and divisional levels. Regular updates are provided to municipalities, communities, the DMRE and other government departments.

During F2020, R62.5 million was invested in LED infrastructure projects (F2019: R122.5 million), which comprises 48% of the group's total corporate social responsibility (CSR) spend.

### Focus on community water infrastructure

Access to water is a challenge in the Northern Cape and the ARM Ferrous mines have supported a number of projects over the last few years that improve access to water and water resiliency for local communities. This year Khumani and Black Rock mines contributed to the installation of pipes from the Kuruman bulk water reservoir to provide access to water for communities situated in the Ga-Segonyana area. Black Rock Mine is supporting a project to provide a bulk water system and internal reticulation to the estimated 120 households in Magobing village within Joe Morolong local municipality.



### The ARM Broad-Based Economic Empowerment Trust (ARM Trust)

The ARM Trust works with kings, traditional leaders, religious and faith-based organisations, representatives from government, business, trade unions, women, youth, NGOs and other rural and urban communities to contribute to uplifting the living conditions and standards of living of poor and marginalised South Africans living in rural and urban communities.

Rural Upliftment Trusts (RUTs) in every province except for Gauteng and Western Cape, implement welfare, community development and anti-poverty initiatives with an emphasis on education. ARM provides resources to build administrative and project management capacity to the Trust to manage the development initiatives. The RUTs and individual unit holders are funded by the dividends accruing to their combined equity interest in ARM. During F2020, R14.5 million was provided to the projects facilitated by the Trust (F2019: R16.4 million).

### Corporate social investment (CSI)

Requests for community assistance that fall outside the SLPs are funded through the operational CSI budgets. At ARM corporate level, CSI initiatives include the ARM Chairman's Fund and the Educational Trust.

CSI spending increased to R44.7 million (F2019: R27.4 million), with 35% invested in supporting educational initiatives and 24% in health (mostly Covid-19 related spending).

Sporting events included sponsorships of local soccer and netball events by Khumani Mine, table tennis, netball and cricket by Black Rock Mine, soccer by Cato Ridge Works and soccer and netball events by Two Rivers Mine.

Employee volunteering is encouraged through initiatives such as Mandela Day.

F2020 TOTAL CSR SPEND R130.3 million (%)

