

## Existing mining right holders

Existing right holders are bracketed into the following categories with associated BEE shareholding requirements:

Current BEE Shareholding Status	Recognised as compliant	Transition period to supplement to 30% target
<p>1 Maintained a minimum 26% BEE shareholding at date of publication of 2018 draft Charter</p>	<p>2 Achieved 26% BEE Shareholding during mining rights' existence, and BEE partner(s) have since exited the BEE transaction</p> <p><b>Principle of "once-empowered-always-empowered"</b></p>	<p>3 Did not achieve a minimum of 26% BEE shareholding by the date of commencement of the 2018 draft Charter, but may have achieved a level of BEE shareholding before this</p>

Five years from date of coming into effect of 2018 draft Charter

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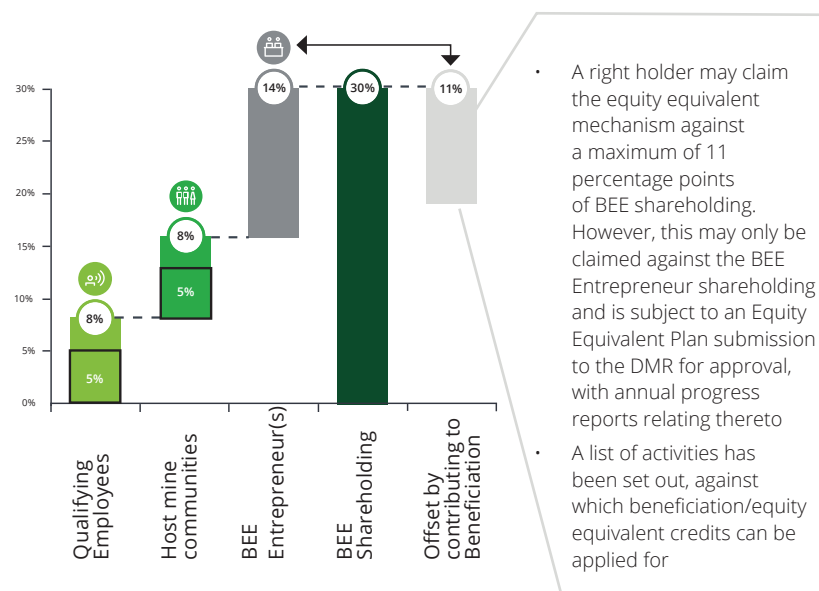
Five years from date of coming into effect of 2018 draft Charter

No recognition and must be subjected to the MPRDA corrective processes immediately

## New mining rights

A new mining right must have a minimum 30% BEE shareholding, for each mining right or within the company holding the mining right. This shareholding shall include economic interest and associated voting rights and shall apply for the duration of the mining right.

The make-up of the shareholding is required to be as follows, within a period of five years:



A right holder may claim the equity equivalent mechanism against a maximum of 11 percentage points of BEE shareholding. However, this may only be claimed against the BEE Entrepreneur shareholding and is subject to an Equity Equivalent Plan submission to the DMR for approval, with annual progress reports relating thereto. A list of activities has been set out, against which beneficiation/equity equivalent credits can be applied for.



Ring fenced element which requires 100% compliance



## Key considerations

- 5%** 5% of the qualifying employees and community shareholding is expected to be non-transferable free carried interest.
- The host community shareholding is expected to be held within a community trust.
- Both host community and employee shareholders shall have representation on the board or advisory committee of a right holder. The board and executive/top management employment equity targets must account for the Black shareholders and their active participation in management and control of the business.
- From the 6th year of the issuing of a mining right, right holders shall pay a trickle dividend (at any point within a 12 month year) equal to a minimum of 1% of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) to qualifying employees and host communities respectively, until dividends are declared.

**Pending applications**

Pending applications lodged and accepted prior to the 2018 draft Charter coming into effect, shall be processed & granted in terms of the current (2010) Charter and current 26% Ownership requirement. Once granted, right holders must supplement the shareholding to the new minimum of 30% within the transition period.

Human Resource Development expenditure as a % of total annual Leviable amount (excl. mandatory skills development levy)

3.5% 5% 1.5%

**Essential skills development activities for employees and non-employees such as:**

- Science
- Technology
- Engineering
- Mathematical skills
- Artisan training
- Bursaries
- Literacy and numeracy skills

**South African Public Institutions, science councils or research entities for research and development initiatives in:**

- Exploration
- Mining
- Processing
- Technology efficiency
- Beneficiation
- Environmental conservation and rehabilitation



Right holders must employ a **minimum threshold of Black Persons, and Black Females** reflective of the provincial or national demographics.

Core and Critical skills must include **technical representation (science, technology, engineering and mathematical skills)** across **all organisational levels** within both production and operational and be reflective of the **provincial or national demographics**.

**Career progression plans aligned to mine's Social and Labour Plan (SLP)** and the demographics of RSA must include:

- Developing career development matrices of each discipline (inclusive of minimum entry requirements and timeframes)
- Developing individual development plans for employees

- Identifying a talent pool to be fast tracked in line with the organisation's needs
- Providing a comprehensive plan with targets, timeframes and how the plan will be implemented.

**Disabled Employees' EE target** introduced which is required to be reflective of national or provincial **demographics**. The measure includes Africans, Indians, Coloureds and White disabled employees.

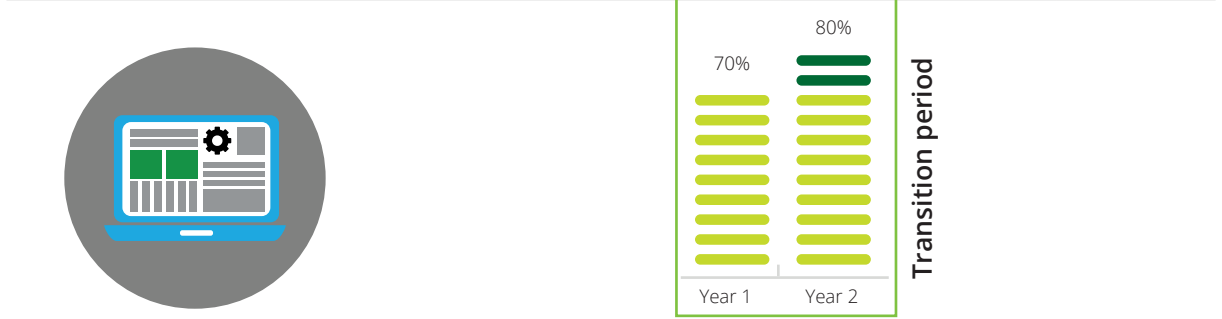
**Board and executive/top management** targets must include **BEE shareholders** in line with the MPRDA's and Mining Charter objectives for Black representation. (read: in line with the MPRDA's and Mining Charter objectives for Black representation)

- Increased targets
- Inclusion of Black Females
- Reflective of demographics
- Introduction of career progression plans as a practice requirement
- Inclusion of Disabled Employees
- Board and executive/top management targets must include BEE shareholders

Measure	Transition period					Compliance Target	Weighting
	Year 1	Year 2	Year 3	Year 4	Year 5		
Percentage of the total mining goods procurement budget spent on South African manufactured goods by <b>BEE Entrepreneurs</b> (referred to as Black entrepreneurs in the published 2018 draft Mining Charter)	3%	6%	10.5%	15%	21%	21%	10%
Percentage of the total goods procurement budget spent on South African manufactured goods from BEE Women Entrepreneurs or Youth owned and controlled company	0.71%	1.45%	2.50%	3.57%	5%	5%	5%
Percentage of total goods procurement spend on South African manufactured goods from BEE compliant companies	6.29%	12.57%	22%	31.43%	44%	44%	5%



Measure	Transition Period		Compliance Target	Weighting
	Year 1	Year 2		
Percentage of total services budget spent on services from BEE Entrepreneurs	52.5%	60%	60%	5%
Percentage of total services budget spent on services from BEE Compliant companies	8.75%	10%	10%	5%
Percentage of total services budget spent on services from companies who are 51% youth owned and controlled companies or BEE Women Entrepreneurs	8.75%	10%	10%	10%



## Enterprise and Supplier Development

**Mining goods**

Up to 5% of total procurement can be offset using supplier development only

**Services**

Up to 10% of total procurement (excluding non-discretionary expenditure) can be offset using both supplier and enterprise development

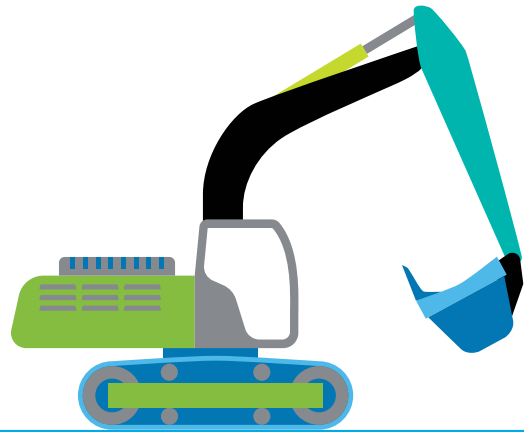
The 2018 draft Charter states that a right holder may invest in enterprise and supplier development against which it may offset some of its procurement element obligations.

Three requirements must be met:

- Qualifying beneficiaries must have a turnover of less than R50 million
- A written agreement must be entered into between the right holder and the ESD beneficiary
- Right holders and beneficiaries of Supplier Development contributions (not Enterprise Development) must enter into a contract for a minimum of five (5) years.

# 2018 Draft Mining Charter III Scorecard

dti B-BBEE scorecard		2018 draft Charter scorecard		
Level 1	≥ 100 points	Ring fenced Element + 100%		Compliant
Level 2	≥ 85 points but < 100 points	Ring fenced Element + 80 - 100%		
Level 3	≥ 75 points but < 85 points	Ring fenced Element + 70 - 80%		
Level 4	≥ 65 points but < 75 points	Ring fenced Element + 60 - 70%		
Level 5	≥ 55 points but < 65 points	Ring fenced Element + 50 - 60%		
Level 6	≥ 45 points but < 55 points	Ring fenced Element + 40 - 50%		Non-compliant
Level 7	≥ 40 points but < 45 points	Ring fenced Element + 30 - 40%		
Level 8	≥ 30 points but < 40 points	Ring fenced Element + 20 - 30%		
Non-compliant	< 30 points	Ring fenced Element + <20%		



## Human Resource Development

### Scorecard

Element description	Measure	Compliance Target	Weighting
HRD expenditure as percentage of total annual leviable amount (excl. mandatory skills development levy)	Invest 3.5% of the leviable amount as defined in the HRD element in proportion to applicable demographics	3.5%	10%
	Invest 1.5% of the leviable amount towards South African public institutions, Science Councils and research Institutions in proportion to applicable demographics	1.5%	10%
<b>Sub-total</b>		<b>5%</b>	<b>20%</b>



Ring fenced element which requires 100% compliance



## Inclusive Procurement, Supplier and Enterprise Development

### Scorecard

Goods procurement		
Measure	Compliance Target	Weighting
BEE Entrepreneurs	21%	10%
BEE Women Entrepreneurs or Youth Owned and controlled company	5%	5%
BEE Compliant Companies	44%	5%
Services procurement		
Measure	Compliance Target	Weighting
BEE Entrepreneurs	60%	5%
BEE Compliant Companies	10%	5%
51% Youth Owned and controlled companies or BEE Women Entrepreneurs	10%	10%
Samples		
Measure	Compliance Target	Weighting
% of samples analysed using South African based facilities	100%	5%
Contributed by foreign suppliers		
Measure	Compliance Target	Weighting
% of revenue as defined in the element	0.5%	5%
Research and Development		
Measure	Compliance Target	Weighting
% of research and development budget spent in South Africa	70%	10%

## Ownership

### Scorecard

Element description	Measure	Compliance Target	Weighting
Minimum target for representation of BEE shareholders	<b>Qualifying Employees</b> 5% Free Carried Interest and 3% financed interest	30% B-BBEE Ownership	Ring fenced element
	<b>Mine Community</b> 5% Free Carried Interest and 3% financed interest		
	<b>BEE Entrepreneurs</b> 14%		
Trickle dividend	% of EBITDA to be paid to qualifying employees and host communities	1%	Ring fenced element

## Employment Equity

### Scorecard

Element description	Compliance Target	Weighting
Board		
Africans   Coloureds   Indians	50%	2%
Black Females	20%	2%
Executives/Top Management		
Africans   Coloureds   Indians	50%	2%
Black Females	15%	2%
Senior Management		
Africans   Coloureds   Indians	50%	2%
Black Females	15%	2%
Middle Management		
Africans   Coloureds   Indians	60%	2%
Black Females	20%	2%
Junior Management		
Africans   Coloureds   Indians	70%	1%
Black Females	25%	1%
Core and Critical Skills		
Africans   Coloureds   Indians	60%	1%
Disabilities		
Africans   Coloureds   Indians   Whites	1.5%	1%

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