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**DEPARTMENT OF MINERAL RESOURCES****NO. 450****15 APRIL 2016****REVIEWED BROAD BASED BLACK-ECONOMIC EMPOWERMENT  
CHARTER FOR THE SOUTH AFRICAN MINING AND MINERALS  
INDUSTRY, 2016.****PUBLICATION OF AND INVITATION TO COMMENT ON THE DRAFT  
REVIEWED BROAD BASED BLACK-ECONOMIC EMPOWERMENT  
CHARTER FOR THE SOUTH AFRICAN MINING AND MINERALS  
INDUSTRY, 2016.**

I, **Mosebenzi Joseph Zwane, MP**, Minister of Mineral Resources, hereby publish the draft Reviewed Broad Based Black-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2016 (draft Reviewed Mining Charter) for public comments.

Interested and affected parties are hereby invited to submit written representations on the draft Reviewed Mining Charter. The aforesaid representations must be marked for the attention of **Ms Sibongile Malie** and hand delivered, emailed or sent by post, within 30 days of publication of this notice to the following addresses;


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A copy of the draft Reviewed Mining Charter, 2016 is attached hereto.



**Mr Mosebenzi Joseph Zwane, MP.**  
**Minister of Mineral Resources.**

REVIEW OF THE BROAD-BASED BLACK-ECONOMIC  
EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING AND  
MINERALS INDUSTRY

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## PREAMBLE

The systematic marginalization of the majority of South Africans, facilitated by exclusionary policies of the apartheid regime, prevented Black people, as defined herein, from owning the means of production and from meaningful participation in the mainstream economy. To redress these historic inequalities, and thus give effect to section 9 (equality clause) of the Constitution of the Republic of South Africa, 1996 (Constitution), the democratic government enacted, *inter alia*, the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) (MPRDA).

The objective of the MPRDA is to facilitate meaningful participation of Black people in the mining and minerals industry. In particular, section 100 (2) (a) of the MPRDA provides for the development of the Mining Charter as an instrument to effect transformation with specific targets. Embedded in the Mining Charter of 2002 is the provision to review the progress and determine what future steps, if any, need to be made to achieve its objectives.

In 2009, consistent with this provision, the Department conducted a comprehensive assessment to ascertain the progress of transformation of the industry against the objectives of the Charter in the mining industry. The findings of the assessment identified a number of shortcomings in the manner in which the mining industry has implemented the various elements of the Charter, viz. ownership, procurement, employment equity, beneficiation, human resource development, mine community development, housing and living conditions, all of which had not embraced the spirit of the Charter to the letter. To overcome these inadequacies, amendments were made to the Mining Charter of 2002 in order to streamline and expedite attainment of its

objectives. Additionally, the review of the Charter introduced an element of sustainable growth of the mining industry, which sought to ensure sustainable transformation and growth of the mining industry.

As of 2014, the Mining Charter had been in force for a decade. This served as the opportune time to conduct a second assessment of levels of compliance by mining companies with the Amended Charter of 2010. This second assessment has revealed the following:

- Although there was a noticeable improvement in levels of compliance, there still remains a long way for the mining industry to be fully transformed.
- Notwithstanding a paucity of companies of all sizes that have fully embraced the spirit of the Mining Charter, there's an extremely varied performance that seems to suggest a compliance-driven mode of implementation, designed only to protect the "social license to operate".
- Whereas the MPRDA has transferred the ownership of the mineral wealth of our country to all the people of South Africa, under the custodianship of the State, a proliferation of communities living in abject poverty continues to be largely characteristic of the surroundings of mining operations.
- Limited progress has been made in embracing the broad-based empowerment ownership in terms of meaningful economic participation of Black South Africans. The trickle flow of benefits that ought not only to service the loan, but also include cash-flow directly to BEE partners, is vastly limited. To this end, the interests of mineworkers and communities are typically held in nebulously defined Trusts, which constrain the flow of benefits to intended beneficiaries. As a result, the mining industry has broadly been faced with increasing tensions with both workers and host communities.

It is against this backdrop that Government initiated another review process in 2015 aimed at strengthening the efficacy of the Mining Charter as one of the tools for effecting meaningful transformation of the mining and minerals industry.

The review process takes into account the need to align and integrate Government policies to remove ambiguities in respect of interpretation and create regulatory certainty. In this regard the reviewed Mining Charter is aligned to the provisions of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) and the Codes of Good Practice (DTI Codes).

The reviewed Mining Charter introduces new definitions, terms and targets to effect alignment of the Mining Charter with the BBBEE Act and the Dti Codes. The alignment of these policies intended to ensure meaningful participation of black people as per the objects of the MPRDA and the mining charter and provide for policy and regulatory certainty sought to invest in the development of the industry.

### **VISION**

To facilitate sustainable transformation, growth and development of the mining industry.

### **MISSION**

To give effect to section 100 (2) (a) of the MPRDA, section 9 of the Constitution and harmonise Government's transformation policies.

## DEFINITIONS

Government has identified a need to align and integrate the transformation regulatory framework in order to remove ambiguities in respect of interpretation and bring about regulatory certainty. In this regard the definitions of the terms BEE entity, Broad Based Socio-Economic Empowerment, Effective ownership, Black people and Shareholder are aligned with the provisions of the BBBEE Act and the Dti Codes.

**“BBBEE Act”** means Broad-Based Black Economic Empowerment Act 2003 (Act No. 53 of 2003) as amended;

**“Broad-Based Black Economic Empowerment”** means the viable economic empowerment of all black people, in particular women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies that include, but are not limited to-

- (a) Increasing the number of black people that manage, own and control enterprises and productive assets;
- (b) Facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- (c) human resource and skills development;
- (d) achieving equitable representation in all occupational categories and levels in the workforce;
- (e) preferential procurement from enterprises that are owned or managed by black people; and
- (f) investment in enterprises that are owned or managed by black people;

**“Beneficiation”** means beneficiation as defined in the MPRDA;

**“BEE compliant company”** in relation to the procurement element means a company that complies with the Broad-Based Black Economic Empowerment Act 2003 (Act No. 53 of 2003) and the Codes of Good Practice (DTI Codes).



**"Black people"** is a generic term which means Black Africans, Coloureds and Indians-

- (a) Who are citizens of the Republic of South Africa by birth or descent; or
- (b) Who became citizens of the Republic of South Africa by naturalisation:
  - (i) before 27 April 1994; or
  - (ii) On or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date;

**"Calendar year"** is defined as the one year period that begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>;

**"Community"** means a coherent, social group of Black persons with interest or rights in a particular area of land which the members have or exercise communally in terms of an agreement, custom or law;

**"Core skills and critical skills"** means skills which are a basis for a competitive edge for an organization, such as mining engineers, mechanical engineers, electrical engineers, metallurgical engineers, chemical engineers and artisans;

**"Effective ownership"** means the meaningful participation of black people in the ownership voting rights, economic interest and management control of mining entities;

**"ESOPs"** means Employees Share Ownership Scheme;

**"Labour sending areas"** areas from which majority of mineworkers both historical and current are or have been sourced;

**"Level of management"** refers to line of demarcation between various managerial positions;

“**Locally manufactured goods**” refers to goods manufactured within the Republic of South Africa.

“**Locally based companies**” refers to companies that are domiciled within the Republic of South Africa.

“**Life of Mine**” means the number of years that a particular mine will be operational;

“**Meaningful economic participation**” includes, inter alia, the following key attributes:

- BEE transactions shall be concluded with clearly identifiable partners in the form of BEE entrepreneurs, workers (including ESOPs) and communities;
- Some of the dividends should flow to the BEE partner throughout the term of the investment, and for this purpose, stakeholders must engage the financing entities in order to structure the BEE financing in a manner where a percentage of the cash-flow is used to service the funding of the structure, while the remaining amount is paid to the BEE partners. Accordingly, BEE entities are enabled to leverage equity henceforth in proportion to vested interest over the life of the transaction in order to facilitate sustainable growth of BEE partners;
- BEE partners 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 instrument used;
- Ownership shall vest within the timeframes agreed with the BEE;

“**Mine Community**” refers to communities where mining takes place and labour sending areas;

“**Mining Charter**” means the broad-based black-economic empowerment Charter for the South African Mining and Mineral Industry;

“**Ministerial Skills Development Trust Fund**” refers to a trust fund established by the Minister for essential skills development activities such as artisanal, bursaries, literacy and numeracy and reflective of the proportional representation, but excluding the mandatory skills levy;

“**MPRDA**” means the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) as amended;

“**Social Development Trust**” refers to a social development fund established by the Minister towards socio-economic development of local communities, capacity building for black suppliers of goods (Capital and Consumable) and services.

“**Shareholder**” means the holder of a share issued by a company and who is entered as such in the certificated or uncertificated securities register and/or a person who is entitled to exercise any voting rights in relation to a company, irrespective of the form, title or nature of the securities to which those voting rights are attached;

“**Small business**” means small business as defined in the National Small Business Act, 1996 (Act No. 102 of 1996).

“**Stakeholder**” refers to a person, group, organisation, or system which affects or can be affected by an organisation's actions which may relate to policies intended to allow the aforementioned to participate in the decision making in which all may have a stake.

## PART A

### 1. OBJECTIVES OF MINING CHARTER

The Broad Based Black Economic Empowerment Charter for the South African Industry, herein referred as the "Mining Charter", is a government instrument designed to effect sustainable growth and meaningful transformation of the mining industry. The Mining Charter seeks to achieve the following objectives:

- (a) Promote equitable access to the nation's mineral resources to all the people of South Africa;
- (b) Substantially and meaningfully expand opportunities for black people to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources;
- (c) Utilise and expand the existing skills base for the empowerment of black people and to serve the community;
- (d) Promote employment and advance the social and economic welfare of mine communities and major labour sending areas;
- (e) Promote beneficiation of South Africa's mineral commodities.

## 2. ELEMENTS OF THE MINING CHARTER

### 2.1 OWNERSHIP

Effective ownership is a requisite instrument to effect meaningful integration of black people into the mainstream economy. In order to achieve a substantial change in racial and gender disparities prevalent in ownership of mining assets, and thus pave the way for meaningful participation of black people for attainment of sustainable growth of the mining industry, stakeholders must:

- (a) Achieve a minimum target of 26% ownership per mining right to enable meaningful economic participation of black people taking into account the provisions of section 37(2) of the Companies Act, 2008 (Act No. 71 of 2008);
- (b) The 26% stake shall be allocated in not less than a minimum of 5% shares equitably distributed amongst workers (in the form of ESOPS), black entrepreneurs and the community respectively.
- (c) The aforementioned minimum community participation and workers stake shall be held in Trusts created by the community and the workers respectively and registered with the Master of the High Court with jurisdiction.
- (d) The trusts must be constituted in terms of the Trust Property Control Act, 57 of 1988 (Act No. 57 of 1988) as amended and report to the South Africa Revenue Services and the Department of Mineral Resources.
- (e) A community and workers trust must include representation from the traditional authorities and unions respectively.
- (f) Shareholders of the black empowerment stake must create Special Purpose Vehicle (SPV) to manage the 26% black economic empowerment stake.
- (g) Each empowerment transaction must register an SPV.
- (h) There must be a BBBEE transaction for each mining right granted and one SPV for each empowerment transaction.

- (i) The mining right holders must, with the concurrence of the BEE partners, consolidate the empowerment transactions with the prior written consent of the Minister.
- (j) The afore mentioned SPV must register its own Memorandum of Incorporation (MOI) to regulate the black economic participation stake amongst the black workers, black entrepreneurs and the community, consistent with relevant provisions of the Companies Act.
- (k) The MOI for the SPV must address the following issues;
  - (i) appointment of joint representative;
  - (ii) allocation of voting rights in respect of both the special and ordinary resolutions;
  - (iii) dispute resolution mechanism; and
  - (iv) any other matter prescribed by the Companies Act.

The only offsetting permissible under the ownership element is against the value of beneficiation, as provided for by Section 26 of the MPRDA and elaborated in the mineral beneficiation framework.

All existing mining right holders must align BEE transaction(s) concluded prior to the coming into operation of the amended mining charter 2010 with the reviewed mining Charter 2016. Where a BEE partner or partners have exited, BEE contract has lapsed or the previous BEE partner has transferred shares to a non-BEE company, the mining right holder must within the three years transitional period from the date of publication of the Charter review its empowerment credentials consistent with the amended 2016 mining Charter.

## 2.2 PROCUREMENT, SUPPLIER AND ENTERPRISE DEVELOPMENT

Enterprise development and local procurement are one of the key instruments to achieve both competitiveness and transformation of the mining industry. It also presents opportunities to expand economic growth that allows for the creation of decent jobs and widens scope for market access of South African capital goods, consumer goods and services.

To achieve this, a mining right holder must ensure that procurement policies and actual procurement is aligned to the following:

### **Capital goods**

- (a) A mining right holder must procure a minimum of 60% locally manufactured capital goods from BEE compliant manufacturing companies.
- (b) 30% of the above 60% must preferably be given to small business development which are BEE compliant, a minimum of 10% of the 30% must be reserved for BEE compliant enterprise development.

### **Consumables**

- (a) A mining right holder must procure a minimum of 70% of locally manufactured consumables from BEE compliant manufacturing companies.
- (b) A minimum of 30% of the 70% must be given to small business development which are BEE compliant, a minimum of 10% of the 30% must be reserved for BEE compliant enterprise development.

### **Services**

- (a) A Mining right holder must procure a minimum of 80% services from BEE compliant and locally based companies.

- (b) A minimum of 40% of the 80% must be given to small business development which are BEE compliant, a minimum of 10% of the 40% must be reserved for BEE compliant enterprise development.
- (c) Mining right holders must utilise South African based facilities for the analysis of 100% of each company's mineral samples across the mining value chain. A mining right holder may not conduct sample analyses using foreign based facilities without the prior written consent of the Minister.

Mining right holders shall before submitting the annual mining charter report to the Department verify local content for capital and consumer goods as provided for above with the South African Bureau of Standards (SABS); and

Multinational supplier of goods must annually contribute a minimum of 1% of annual turnover generated from local mining companies towards socio-economic development of local communities, capacity building for BEE suppliers of goods (Capital and Consumable) and services into a Social Development Trust Fund established by the Minister for that purpose.

The trustees of the Social Development Trust shall include stakeholders from organised business, organised labour and Government.

### **2.3 BENEFICIATION**

The Government policy on mineral beneficiation seeks to leverage the country's comparative advantage in mineral resource wealth to be a fulcrum for industrialisation by strengthening the linkages between mining and manufacturing. Whilst other elements of this Charter will strengthen side stream linkages between mining and manufacturing (e.g. procurement, Human resource development etc.), this element will strengthen the downstream linkages.



In this regard, the Mining Charter provides for a mechanism for companies to offset up to 11 percentage of the 26% of the ownership reserved for black people.

## 2.4 EMPLOYMENT EQUITY

The purpose of Employment Equity Act, 55 of 1998, (Act No. 55 of 1998) (EE Act) is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational levels in the workforce.

Consistent with the EE Act, workplace diversity and equitable representation at all levels are catalysts for social cohesion, transformation and competitiveness of the mining industry. In order to create a conducive environment to ensure diversity as well as participation of black people at all decision-making positions and core occupational categories in the mining industry, every mining company must achieve a minimum threshold of black people representation as follows:

### **Executive Management (Board)**

- (a) A minimum of 50% Black people with exercisable voting rights and proportionally representative, 15% of which must be black females in line employment active population (EAP).
- (b) A minimum of 50% Black people proportional represented at the executive directors' level as a percentage of all executive directors of which 25% must be black female in line with the employment active population.

**Senior Management (EXCO)**

- (a) A minimum of 60% Black Employees in Senior Management as a proportional representative percentage of all Senior Management of which 30% is black females in line with the employment active population.

**Middle Management level**

- (a) A minimum of 75% of Black employees in Middle Management as a proportional representative percentage of all middle Management of which 38% is black females employees in that category in line with the employment active population.

**Junior Management level**

- (a) A minimum of 88% Black employees in Junior Management as a proportional representative percentage of all junior management of which 44% is black females in that category in line with the employment active population (EAP).

**Employees with disabilities**

- (a) 2% of Black employees with disabilities as a percentage of all employees.

**Core and Critical skills**

Mining right holders must ensure that a minimum of 40% Black people are represented in the mining company's core and critical skills by diversifying their existing pools. To achieve this, the right holder must:

- (a) Identify and fast track their existing pools for core and critical skills.
- (b) The abovementioned fast tracking of pools must be a proportional representation of the workforce.

## 2.5 HUMAN RESOURCE DEVELOPMENT

The mining industry is a knowledge based and thus hinges on human resource development, constituting an integral part of social transformation at workplace and sustainable growth. To achieve this objective, the mining industry must:

- (a) Invest 5% of annual payroll essential skills development activities such as artisanal, bursaries, literacy and numeracy and reflective of the proportional representation, but excluding the mandatory skills levy;
- (b) The 5% annual payroll for skills development shall include support for South African based academic institutions, research and development initiatives intended to develop solutions in exploration, mining, processing, technology efficiency (energy and water use in mining), beneficiation as well as environmental conservation and rehabilitation.
- (c) Invest 15% of the above mentioned 5% payroll levy to the Ministerial Skills Development Trust Fund. A mining company may make representations to the Minister for exemption from aspects of this requirement in the event of having partnered and supported State owned entity (e.g Mintek) in respect of research and development.

The trustees of the Ministerial Skills Development Trust Fund shall include stakeholders from organised business, organised labour and Government.

## 2.6 MINE COMMUNITY DEVELOPMENT

Mine communities form an integral part of mining development, there must therefore be a balance between mining development and mine community socio-economic development. Mining companies must meaningful contribute towards community development, both in terms of size and impact, in keeping with the principles of the social license to operate. Stakeholders must adhere to the following:

Meaningful consultation and co-ordination between mining companies, communities and local municipalities is a critical element in ensuring mine community development. Consistent with international best practices mining companies must therefore:

- (a) Annually contribute a minimum of 1% of annual turnover towards local community development and labour sending areas.

## 2.7 HOUSING AND LIVING CONDITIONS

Human dignity and privacy for mineworkers are still the hallmarks to enhance productivity and expedite transformation in the mining industry in terms of housing and living conditions. In this regard mining companies' must improve the standards of housing and living conditions for mine workers in line with the Housing and Living Conditions Standards for the Minerals Industry, as follows:

- (a) Maintain the occupancy rate of one person per unit and maintain family units;
- (b) Contribute towards home ownership options for interested mine employees in consultation with organised labour.

The contribution for home ownership options include but not limited to the following:

- (a) mining companies offering different building packages to interested employees;
- (b) subsidising such workers to buy houses;
- (c) mining companies partnering with finance institutions to issue guarantees for home ownership on behalf of the mine employees;
- (d) Mining companies must ensure that where the company is offering housing for its employees, such housing must be integrated within communities in mining and labour sending areas in line with the Department of Human Settlement policies on Sustainable Integrated Human Settlement.

## PART B

**2.8 APPLICATION OF THE MINING CHARTER FOR PERMITS/LICENCES GRANTED UNDER THE PRECIOUS METALS ACT, 2005, AND THE DIAMONDS ACT, 1986, AS AMENDED.**

The Diamonds Act 1986 and the Precious Metals Act, 2005 make provision for the South African Diamonds and Precious Metals Regulator to have regard to the requirements of the Mining Charter when considering applications lodged in terms of these Acts.

The Mining charter shall therefore, apply to the industries administered under these Acts as follows:

CATEGORY	METAL USAGE IN KG/ANNUM	EXEMPT FROM THE FOLLOWING TARGETS	REQUIRED TO COMPLY WITH THE FOLLOWING TARGETS
Exempted Micro Enterprises (including students)	1.5 kg / annum Estimated max turnover Less than R1 million	Ownership	N/A
		Human Resource Development	
		Procurement	
		Employment equity	
		Community development	
Qualifying Small Enterprises	Between 1.5 kg and 5 kg/annum Estimated max turnover R1 million to 3.8 million	Ownership	Procurement
		Community development	Employment equity
			Human resource development

Medium and large entities	Between 5 kg and up annum Estimated max turnover Greater than R3.8 million	Community development	Ownership
			Procurement
			Employment Equity
			Human resource development

## 2.9 REPORTING (MONITORING AND COMPLIANCE)

Every mining company must report its level of compliance with the Mining Charter annually, as provided for by Section 28(2) (c) of the MPRDA. The Department shall monitor and evaluate implementation, taking into account the impact of material constraints which may result in not achieving set target.

## 2.10 APPLICABILITY OF TARGETS

All targets stipulated in the mining charter shall be applicable throughout the life of mine, unless the specific element specifies otherwise.

Ownership, Housing and living conditions and human resources development elements are ring fenced which require 100% compliance at all times.

## 2.11 TRANSITIONAL ARRANGEMENTS

The existing mining right holders are given a maximum of three years to comply with the revised targets of the Mining Charter from the date of publication of the Mining Charter.

In all the elements, mining right holders must align existing targets cumulatively from the mining charter 2014 targets within three years period to meet the revised targets.

In terms of this mining charter, performance shall be reported and audited against each element in respect of implementation for the applicable year of the report.

#### **2.12 NON-COMPLIANCE**

Mining right holders who have not complied with the ownership, housing and living conditions and human resource development elements as well as those who fall between level 6 and 8 of the Mining Charter scored-card will be regarded as non-compliant with the provisions of the Charter and the MPRDA shall render the mining right holder in breach of the MPRDA and subject to sanctions provided for in the Act.

#### **2.13 REVIEW OF THE CHARTER**

The Minister of the Department of Mineral Resources may review the Mining Charter as and when the need arises.

SCORECARD FOR THE BROAD-BASED SOCIO-ECONOMIC EMPOWERMENT CHARTER FOR THE SOUTH AFRICAN MINING INDUSTRY

ELEMENT <sup>1</sup>	DESCRIPTION	COMPLIANCE TARGET	YEARLY TARGET	WEIGHTING
Ownership	Minimum target for HDSA ownership	Workers	26%	Y/N
		Entrepreneurs		
		Communities		
		Beneficiation <sup>2</sup> offset of up to 11 percentage of ownership		
Housing and Living Conditions	Maintaining a one person occupancy rate	Occupancy rate of one person	100%	Y/N
	Conversion and upgrading of hostels into family units	Family units established		
	Facilitate for home ownership through buying of homes	Home ownership facilitation in line with integrated community development policies		
Human Resources Development <sup>3</sup>	HRD expenditure as percentage of total annual payroll (excl. mandatory skills development levy)	Skills development	5%	Y/N
	Percentage of the annual 5% payroll	Ministerial development trust fund	15%	
	Right holders to contribute the remainder of the 5%	Contribution to Research and academic institutions		
		Bursaries		

<sup>1</sup> It must be noted that Ownership, Housing and Living Conditions and Human Resource Development are ring fenced elements

<sup>2</sup> This sub-element provides for up to 11 percentage to be off-set against 26% ownership in line with the terms and conditions contained in Section 26 of the MPRDA.

<sup>3</sup> This element is measured in terms of the national demographics as per the statistics of the economically active population.



annual payroll to these		Artisan development	
		Literacy & Numeracy	
<b>Employment Equity<sup>4</sup></b>	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Executive (Board)	
		Black Africans	Whites
		Coloureds	Indians
		Senior (EXCO)	
		Black Africans	Whites
		Coloureds	Indians
		Middle	
		Black Africans	Whites
		Coloureds	Indians
		Junior	
Black Africans	Whites		
Coloureds	Indians		
Disabilities			
Black Africans	Whites		
Coloureds	Indians		
Core & Critical			
Black Africans	Whites		
40%			
30%			
<b>Procurement &amp; Supplier development</b>	Procurement spent from locally based companies	Locally manufactured capital goods <sup>5</sup>	
		Locally manufactured consumables	
		Percentage of services target procured from local companies	
		60%	
		70%	
		80%	

<sup>4</sup> This element is measured in terms of the national demographics as per the statistics of the economically active population.

<sup>5</sup> A minimum of 30% on capital goods, 30% on consumables and 40% on services must be set aside for small business development.

		Percentage of samples analysed using local facilities	100%	40%
	Multinational suppliers contribution to the social fund	Annual procurement spend from multinational suppliers	1%	
<b>Mine Community Development</b>	Conduct ethnographic community consultative and collaborative processes to delineate community needs analysis	Local community development	1% of annual turnover	30%

Annexure A

This annexure provides an alignment between the DTI levels and DMR BBSEE scorecard.

LEVELS	DTI SCORECARD	DMR SCORECARD	3 Ring Fenced Elements <sup>6</sup> + percentage weighting
Level 1	≥100 points	3 Ring fenced Elements + 100%	
Level 2	≥85 but <100 points	3 Ring fenced Elements + 80 -100%	
Level 3	≥75 but <85 points	3 Ring fenced Elements + 70-80%	Compliant <sup>7</sup>
Level 4	≥65 but <75 points	3 Ring fenced Elements + 60-70%	
Level 5	≥55 but <65 points	3 Ring fenced Elements + 50-60%	
Level 6	≥45 but <55 points	3 Ring fenced Elements + 40-50%	<50 % Non-Compliant
Level 7	≥40 but <45 points	3 Ring fenced Elements + 30 -40%	
Level 8	≥30 but <40 points	3 Ring fenced Elements + 20 -30%	
Non-Compliant	<30 points	3 Ring fenced Elements + <20%	

<sup>6</sup> Ring Fenced Elements are those elements where 100% compliance is required.

<sup>7</sup> A right holder will be deemed non-compliant if they fail to comply with one or more of the ring fenced elements regardless of their percentage score