

## Merafe and the Venture stakeholder engagement

### Stakeholder table

MERAFE RESOURCES		
NAME OF STAKEHOLDER	MATERIAL ISSUES AND RISKS	METHOD AND FREQUENCY OF ENGAGEMENT
Providers of debt	<ul style="list-style-type: none"> <li>• Impact of Rand/US Dollar exchange rate on cash flow</li> <li>• Impact of ferrochrome prices on cash flow</li> <li>• Risk management</li> <li>• Ability to repay borrowings</li> <li>• Compliance with covenant</li> <li>• Operational performance</li> </ul>	See Appendix 1 A
Government and Regulators	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Regulatory compliance</li> <li>• Tax compliance</li> <li>• Employment equity</li> <li>• Empowerment credentials</li> <li>• Health and safety</li> </ul>	See Appendix 1 B
Merafe Employees	<ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Remuneration, incentives and benefits</li> <li>• Career opportunities</li> <li>• Training and skills development</li> </ul>	See Appendix 1 C
Our partners in the Glencore – Merafe Chrome Venture	<ul style="list-style-type: none"> <li>• Sustainability</li> <li>• Accountability and transparency</li> <li>• Risk management</li> <li>• Financial stability</li> <li>• Empowerment credentials</li> <li>• Alignment of interest</li> </ul>	See Appendix 1 D
Suppliers/Assurance Providers	<ul style="list-style-type: none"> <li>• HDSA procurement requirements</li> <li>• Contract terms</li> <li>• Payment terms</li> <li>• Regulatory performance</li> <li>• Governance</li> <li>• Internal controls</li> <li>• Transparency</li> </ul>	See Appendix 1 E
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Potential for future returns</li> <li>• Impact of Rand/US Dollar exchange rate on cashflow</li> <li>• Impact of ferrochrome prices on cash flow</li> <li>• Project progress and funding</li> <li>• Sustainability</li> <li>• Impact of industrial action</li> <li>• Safety record</li> <li>• Good governance</li> </ul>	See Appendix 1 F
Customers	<ul style="list-style-type: none"> <li>• Pricing</li> <li>• Product availability</li> <li>• Quality of product</li> </ul>	See Appendix 2 G

<b>MERAPE RESOURCES</b>		
<b>NAME OF STAKEHOLDER</b>	<b>MATERIAL ISSUES AND RISKS</b>	<b>METHOD AND FREQUENCY OF ENGAGEMENT</b>
	<ul style="list-style-type: none"> <li>• Contract terms and delivery</li> <li>• Reliability of supply</li> </ul>	
Government and regulators	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Training and development</li> <li>• Black empowerment credentials</li> <li>• Employment equity</li> <li>• Environment</li> <li>• Regulatory compliance</li> <li>• Compliance with Mining Charter</li> <li>• Mining rights</li> <li>• Health and safety</li> </ul>	See Appendix 2 H
Suppliers/Assurance Providers	<ul style="list-style-type: none"> <li>• Contract terms</li> <li>• Payment terms</li> <li>• HDSA procurement requirements</li> <li>• Regulatory performance</li> <li>• Governance</li> <li>• Internal controls</li> <li>• Transparency</li> </ul>	See Appendix 2 I
Communities	<ul style="list-style-type: none"> <li>• Infrastructure development</li> <li>• Job creation</li> <li>• Enterprise development</li> <li>• Local employment opportunities</li> <li>• Portable skills development</li> <li>• Local procurement</li> <li>• Stakeholder responsiveness</li> <li>• Corporate social investment</li> <li>• Environment</li> </ul>	See Appendix 2 J
Venture employees	<ul style="list-style-type: none"> <li>• Health and safety</li> <li>• Career opportunities</li> <li>• Training and skills development</li> <li>• Consultation on future operational changes</li> <li>• Employment equity</li> <li>• Housing benefits</li> <li>• Workers' rights</li> <li>• Remuneration, incentives and benefits</li> </ul>	See Appendix 2 K
Trade unions	<ul style="list-style-type: none"> <li>• Training and skills development</li> <li>• Consultation on future operational changes</li> <li>• Employment equity</li> <li>• Housing benefits</li> <li>• Workers' rights</li> <li>• Remuneration, incentives and benefits</li> <li>• Health and safety</li> </ul>	See Appendix 2 L
<b>INTERNATIONAL INDUSTRY BODIES</b>		
International Chromium Development	<ul style="list-style-type: none"> <li>• Development of product knowledge and best practices</li> <li>• HSE risk assessments</li> </ul>	See Appendix 2 M

<b>MERAFE RESOURCES</b>		
<b>NAME OF STAKEHOLDER</b>	<b>MATERIAL ISSUES AND RISKS</b>	<b>METHOD AND FREQUENCY OF ENGAGEMENT</b>
Association (ICDA) REACH (Registration, Evaluation, Authorisation of Chemicals)	<ul style="list-style-type: none"> <li>• Development of requirements for REACH registration and implementation</li> <li>• Integrated projects with downstream users</li> <li>• Material and chemical safety issues in EU for products up and downstream to ensure no risks associated with importing products into EU</li> </ul>	
International Stainless Steel Federation	<ul style="list-style-type: none"> <li>• Sharing information on efforts to reduce impact of climate change and product stewardship</li> </ul>	See Appendix 2 N
<b>NATIONAL INDUSTRY BODIES</b>		
Northwest Air Pollution Control Forum (NAPCOF)	<ul style="list-style-type: none"> <li>• Common industry problems</li> <li>• Performance of operations or individual companies</li> <li>• Interaction with government</li> </ul>	See Appendix 2 O
Kroondal Eco Forum and Northwest Eco Forum	<ul style="list-style-type: none"> <li>• Complaints/concerns are recorded and addressed monthly</li> <li>• Stakeholders are involved in operations' activities and have a clear understanding of clear understanding of what is happening the steps being taken to improve sustainability performance</li> <li>• Messages regarding venting incidents provide information about the incident and mitigation action taken</li> </ul>	See Appendix 2 P
Ferro Alloys Producers Association (FAPA)	<ul style="list-style-type: none"> <li>• Focus specifically on ferrochrome industry issues, including management of slag, environment, health and all other sustainable development issues</li> <li>• Slag reclassification from hazardous substances to a waste with beneficial use</li> <li>• Climate change</li> </ul>	See Appendix 2 Q

## **Appendix 1**

### **METHOD AND FREQUENCY OF ENGAGEMENT**

#### **A) PROVIDERS OF DEBT**

South African banks

#### **Summary of material issues**

- Ability of the Company to repay borrowing and meet debt covenants
- Risk management

Method of engagement	Frequency of engagement
The Company borrows from South African banks. Regular meetings are held with its bankers.	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Impact of rand / dollar exchange rate on cash flow
- Impact of ferrochrome prices on cash flow
- Risk management
- Ability to repay borrowings and meet covenants
- **Operational performance**
- The Company responds by providing transparent up to date information and addresses in advance, issues relating to the above concern
- The Merafe head office debt was fully repaid by year end and these material issues were therefor not applicable for a significant portion of the 2017 year

#### B) GOVERNMENT AND REGULATORS

- Bi-annual meetings with SARS
- Ongoing engagements with other regulatory entities – as/when matters arise

#### C) MERAPE EMPLOYEES

- Regular staff meetings
- Yearly wellness day initiatives
- Heritage Day and Nelson Mandela Day initiatives
- Open door policy with both CEO and FD

#### D) OUR PARTNERS IN THE GLENCORE – MERAPE CHROME VENTURE

##### Summary of material issues

- New acquisitions and developments
- Financial returns
- Risk management
- Regulatory and policy compliance
- Accountable and transparent corporate governance
- Safety and sustainability

Method of engagement	Frequency of engagement
Merafe engages with its partners in the Venture, Glencore, through regular joint board meetings, the Venture's executive committee and subcommittee meetings and regular contact on operational issues.	<ul style="list-style-type: none"> <li>• Monthly exco meetings</li> <li>• HSEC meetings</li> <li>• Quarterly board meetings</li> <li>• Ad hoc meetings and communication as required</li> </ul>

## Key topics and concerns raised at the engagement and response/s to these

- Sustainability
- Accountability and transparency
- Risk management
- Financial stability
- Empowerment credentials
- Alignment of interests
- Related party transactions
- Revenue cycle

## E) SUPPLIERS / ASSURANCE PROVIDERS

### Suppliers

- Ongoing engagements – as/when matters arise
- Merafe suppliers are required to provide details of the HDSA shareholding/participation in their business and the Company has established its current level of procurement in terms of the Department of Trade and Industry's Codes of Good Practice

### Assurance Providers

- Regular meetings to:
  - Get updates on the business from management
  - Plan the audits
  - Assess audit outcomes and management's responses thereto
  - Engage with the Audit & Risk committee

## F) SHAREHOLDERS AND INVESTORS

At 31 December 2017 Glencore Netherlands B.V. held 29% of its shares and the Industrial Development Corporation (IDC) held 22% of the Company's shares. 49% is free float of which 36% is South African and 13% is offshore.

### Summary of material issues

- Merafe's returns to shareholders and potential for future returns
- Financial and non-financial risk management
- Corporate governance including executive remuneration
- Performance against strategy
- Trends and outlook for commodity markets
- Management of environmental and social risks and opportunities
- Sustainability

Method of engagement	Frequency of engagement
Road shows to investors in South Africa	Quarterly
Presentations at conferences	Ad hoc
Half-year results and year end results presentations to shareholders	Half yearly / annually

<p>Merafe's annual general meeting</p> <p>Press interviews relating to interim and year end results</p>	<p>Annually</p> <p>Half yearly / annually</p>
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Method of engagement	Frequency of engagement
SENS announcements of its interim and year end results as well as quarterly production updates	Quarterly / half yearly
Merafe's integrated annual report to shareholders	Annually
Merafe's website	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Impact of rand / dollar exchange rate on cash flow
- Impact of ferrochrome prices on cash flow and related volatility
- Stainless steel and ferrochrome demand outlook
- Sustainability
- Impact of labour unrest
- Safety record
- Good governance
- The Company responds through providing transparent information on the Company and the ferrochrome industry through methods of engagement

#### Appendix 2

#### G) CUSTOMERS

Method of engagement	Frequency of engagement
Glencore International AG (Glencore) and the Venture's marketing team are responsible for maintaining the Venture's relationship with customers to whom they market the ferrochrome it produces	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Typically, the material issues are raised by customers at engagement and are addressed by Glencore and/or our marketing team

#### H) GOVERNMENT AND REGULATORS

Department of Environmental Affairs (DEA)

#### Summary of material issues

- Ambient air standards
- Sponsorship in air monitoring programs

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>• Workshops</li> <li>• Members of air quality working groups</li> <li>• Meetings</li> <li>• Forums</li> <li>• Provision and sponsorship of training courses</li> </ul>	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

Engagement allows us to give input into proposed legislation, to understand DEA thinking and share environmental knowledge including sharing of best practices, discussion of industry and providing technical assistance to government and others.

Department of Water Affairs (DWAF)

#### Summary of material issues

- Integrated water and waste management strategies

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>• Presentations</li> <li>• Development of integrated water management programmes</li> <li>• Active participation with DWAF</li> </ul>	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Access to water
- Water and waste management
- Water licenses

Engagement allows the Venture to provide input into proposed legislation, understand DWAF aims and intentions and share best practice.

Health authorities

#### Summary of material issues

- Capacity building within health facilities and construction of health facilities in collaboration with the Department of Health (DoH)



Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Working with provincial health departments to align processes and systems</li> <li>Participating in Public Private Partnership (PPPs)</li> </ul>	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Interacting with health departments at national, provincial and municipal level with the aim of supporting efforts to improve the provision of healthcare in communities neighbouring our operations. This has resulted in us forming a PPP to provide healthcare facilities and extending our wellness programme to communities.

Department of Mineral Resources (DMR)

#### Summary of material issues

- Mining Charter compliance
- Mining rights

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>With DMR directly and through Chamber of Mines and SA Mining</li> <li>Development Association (SAMDA)</li> </ul>	Ongoing

#### Key topics and concerns raised at the engagement and response/s to these

- Compliance with the Mining Charter and the Codes of Good Practice- see the 2017 Integrated Annual Report for more information.

Department of Labour

#### Summary of material issues

- Employment equity and job creation

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Meetings and submissions</li> </ul>	Ongoing

### Key topics and concerns raised at the engagement and response/s to these

Merafe and the Venture respond by putting in place policies and procedures to meet the requirements and objectives of the Department.

- Employment equity performance
- Job creation

Local municipalities

### Summary of material issues

- Integrated Development Plans (IDP)

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"><li>• Partnering with local municipal authorities</li></ul>	Ongoing

### Key topics and concerns raised at the engagement and response/s to these

- Infrastructure in need of repair, provision of roads, running water community centres and business parks. We partner with local authorities to improve living conditions for our employees and the communities in which we operate. Refer to the Community development section of this report for further details.

## I) SUPPLIERS / ASSURANCE PROVIDERS

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"><li>• Tenders and supply contracts awarded by procurement committee</li><li>• HDSA status details of all potential suppliers required</li><li>• Scorecard established to measure procurement levels</li><li>• Human rights awareness training undertaken with suppliers</li></ul>	Ongoing
<ul style="list-style-type: none"><li>• Regular meetings to:<ul style="list-style-type: none"><li>• Get updates on the business from management</li><li>• Plan the audits</li><li>• Assess audit outcomes and management's responses thereto</li><li>• Engage with the Audit &amp; Risk committee</li></ul></li></ul>	Ongoing

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Key topics and concerns raised at the engagement and response/s to these

Suppliers

- Regular engagement by the Venture at all levels with Eskom regarding power supply and costs
- Suppliers are made aware of the SD standards, human rights standards and sustainable development policies, practices and procedures to which they must adhere when working on the Venture operations

Assurance Providers

- Audit related matters

## J) COMMUNITIES

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Complaints register to each site</li> <li>Social development meetings with community</li> <li>Annual community open days at all operations</li> <li>Social and labour plans for each site</li> <li>Grievance and conflict resolution mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly meetings</li> <li>Ongoing ad hoc communication including meetings emails and letters</li> <li>Annual open days</li> </ul>

### Key topics and concerns raised at the engagement and response/s to these

- Community radio programmes and newsletters
- Regular scheduled quarterly meetings are held by the Venture to discuss operational issues that might have a significant impact on the community, or that are of interest to the communities in the vicinity of the operations. A register is kept of who attends, what is discussed and what actions resulted from the engagement sessions
- Ad hoc meetings are also held when issues either arise from the operation or are raised by the community. Open days were held at operations during the year. Communities were also engaged through the Integrated Development Plans (IDP) and Local Economic Development (LED) forums
- Baseline studies are undertaken to identify the needs of the communities in the vicinity of our operations and to identify suitable Social and Labour Plan projects. Other responses to community needs addressed as a result of community engagement include upgrading schools providing bursaries and tertiary education opportunities through the Venture's community development programme, assisting SMMEs with facilities such as an SMME business park at Kroondal and training in business skills
- A register of community complaints is maintained at each operation and complaints are dealt with at operational level to existing operations
- All of the Venture's operations appointed Community Development Officers with the aim of improving engagement with communities
- A stakeholder perception survey was conducted during the year to assess the perceptions of members of the surrounding communities. The survey provided valuable feedback that will be used to improve aspects of community engagement in the future

## K) VENTURE EMPLOYEES

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Newsletter for Venture employees and newsletters at each operation</li> <li>Posters</li> <li>Digital messaging boards</li> <li>Industrial theatre</li> <li>Employee briefings</li> <li>Green area meetings</li> <li>Company intranet</li> <li>Induction training</li> <li>Business principles</li> <li>Toolbox talks</li> <li>Communication forums at each operation</li> <li>Skills development committees</li> <li>Employment equity committees</li> <li>Occupational health and safety committees</li> </ul>	Ongoing regular engagement

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>• Ethics line</li> <li>• Performance reviews</li> <li>• Grievance and conflict resolution mechanism</li> </ul>	

**Key topics and concerns raised at the engagement and response/s to these**

- Employees are kept informed on business issues, what is expected to them and which Business Principles they are expected to adhere to
- Employees understand they are free to join a trade union
- Training and communication raises employee awareness regarding health and safety issues
- Career opportunities and career development discussed during performance reviews
- Community issues covered in communication in confidence regarding behaviour that is contrary to the company's business principles
- Surveys inform company of employees' levels of satisfaction and issues that may need addressing

**L) TRADE UNIONS**

Method of engagement	Frequency of engagement
<p>In terms of the mines and smelters that make up the Venture, employees are represented by NUMSA and Solidarity. Recognition agreements and unions structures are used for the purposes of consultation and communication on union matters. The relationship and engagement are dictated by various collective agreements applicable labour legislation and management/ union structures</p>	<ul style="list-style-type: none"> <li>• Monthly meetings</li> <li>• Ad hoc meetings subject matter and urgency</li> </ul>

**Key topics and concerns raised at the engagement and response/s to these**

- Demands for amendments to terms and conditions of employment
- Dissatisfaction in the work environment (e.g. heat, dust, shift patterns, Overtime etc.). These are responded to in line with our mandate, compliance with legislative requirements and the maintenance of workable relationships. Each topic requires and receives a specific response

## INTERNATIONAL INDUSTRY BODIES

### M) INTERNATIONAL CHROMIUM DEVELOPMENT ASSOCIATION (ICDA), REACH (REGISTRATION, EVALUATION, AUTHORISATION OF CHEMICALS)

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>HSE committee meetings and information</li> <li>Technical committees</li> <li>Consortia involvement</li> <li>Meetings</li> <li>Directors: Sustainable Development sits on steering committee, HSE and technical committees of these international bodies and consortia</li> <li>Glencore and Merafe are members of ICDA</li> </ul>	<ul style="list-style-type: none"> <li>Monthly and quarterly meetings</li> <li>Ongoing interaction on joint studies, etc.</li> </ul>

#### Key topics and concerns raised at the engagement and response/s to these

- Legal compliance
- Joint studies
- Cost sharing
- Development of REACH dossiers
- These consortia worked with REACH for the EU to ensure material and chemical safety

### N) INTERNATIONAL STAINLESS STEEL FEDERATION

Frequency of engagement – Ongoing

### O) NORTHWEST AIR POLLUTION CONTROL FORUM (NAPCOF)

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Bi-monthly meetings</li> <li>Presentations</li> <li>Engagement about air quality management plans</li> </ul>	Regular meetings and ongoing communication between forum members

### P) KROONDAL ECO FORUM AND NORTHWEST ECO FORUM

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"> <li>Meetings</li> <li>Email correspondence</li> <li>Telephonic communication</li> <li>Direct access to Group Air Quality Specialist and Group Environmental Manager</li> <li>SMS messages regarding venting incidents (also sent to all interested parties)</li> </ul>	<ul style="list-style-type: none"> <li>Query-by-query basis</li> <li>Quarterly meetings</li> <li>Regular meetings</li> <li>SMS messages</li> <li>Ongoing</li> </ul>

Q) FERRO ALLOYS PRODUCERS ASSOCIATION (FAPA)

Method of engagement	Frequency of engagement
<ul style="list-style-type: none"><li>• Meetings</li><li>• Venture chairs forum</li></ul>	Regular and ongoing