

# DRIVING THE FUTURE OF THE PGM INDUSTRY - MODERNISATION IS AN IMPERATIVE

Chris Griffith, CEO - Anglo American Platinum Limited



*Robotics arm at the laboratory at Polokwane smelter*

# FOUR KEY COMPONENTS OF OUR MODERNISATION STRATEGY

Crucial to our global competitiveness and future sustainability

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**Generation of consistent & acceptable shareholder returns**



**Improved labour relations and work environment**



**Relationships with and benefits for local communities and stakeholders**

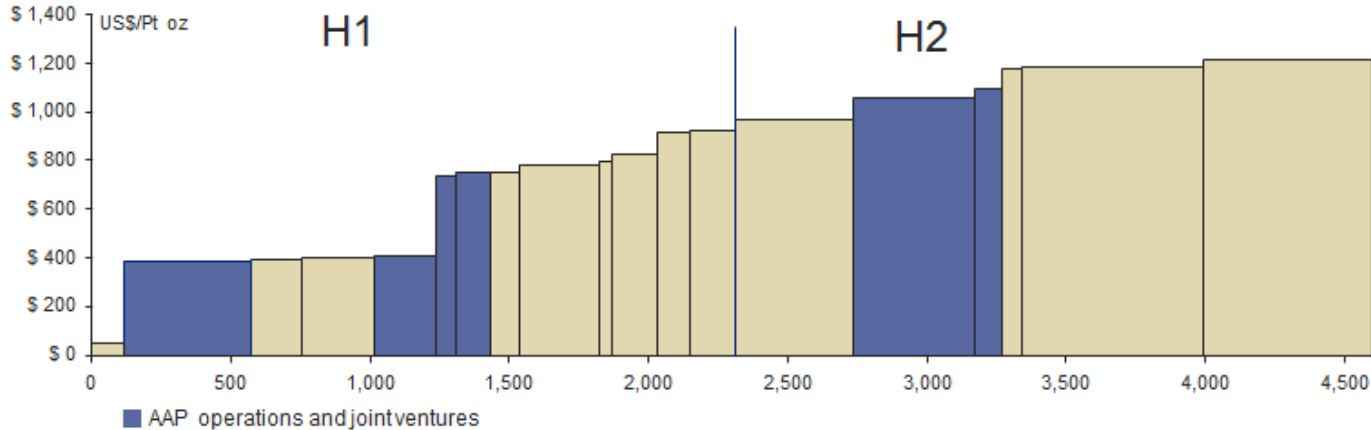


**Mechanisation**

# GENERATING SHAREHOLDER RETURNS

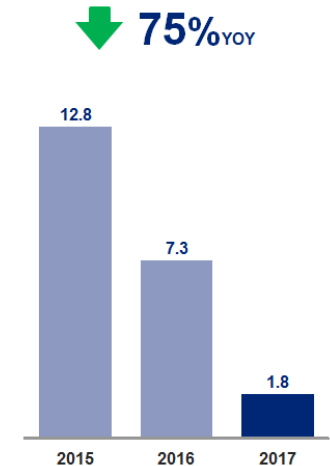
Without appropriate returns, no other modernisation aspiration can be fulfilled

~70% of AAP's production is in H1 of the primary producer cost curve...

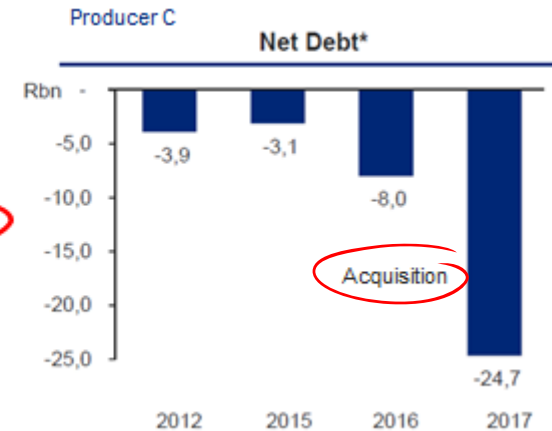
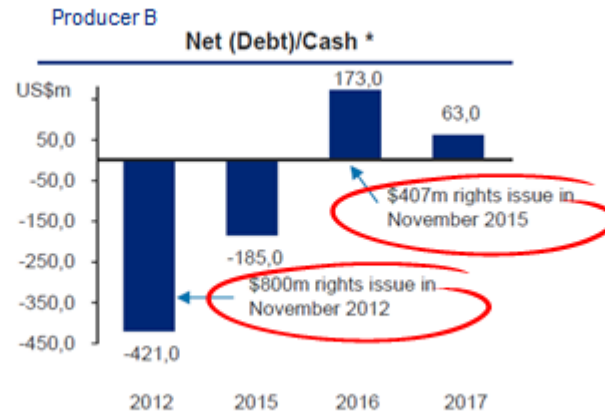
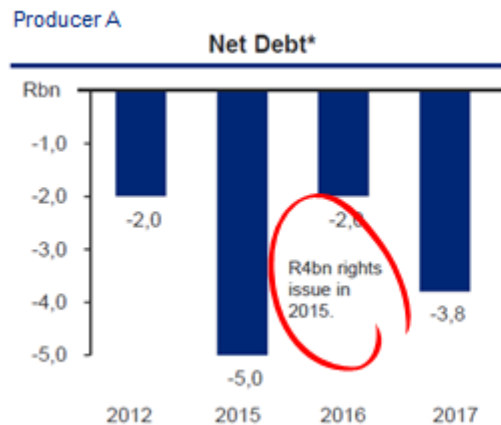


## AAP Debt

Net debt (Rbn)



...deleveraged our balance sheet and reinstated dividend (sustainable dividend policy of 30% of headline earnings)



# IMPROVING LABOUR RELATIONS & THE WORK ENVIRONMENT

Creating a sense of ownership, responsibility & shared benefit in AAP's future

## Reclaiming the relationship

### Organisation cultural transformation

- Serve & support leadership style
- Focus on the frontline & lowest level upwards
- Improving levels of trust to address issues

## Improved environment

### Focus on safe work environment & improved conditions

- Safety & critical control management
- Modernisation & engineered controls
- Local hiring
- Improved housing & social infrastructure
- ESOP under discussion

## Addressing employee indebtedness

### Delivering debt reduction solutions

- 989 employees on debt relief solutions
- Garnishee orders reduced from 5,877 to around 500
- 539 employees paying R3,630 less every month towards their debt
- R35 million combined debt reduction

### Anglo helps its over-indebted employees

**RUSTENBURG HERALD – RUSTENBURG** – For David Petele, a family of five and bread winner for his family, the pressure of providing for his family quickly became unmanageable as the needs of his family continued to grow. "It all started a few years ago with the purchase of my second car," explains David. It seemed like a great deal at the time but soon found myself struggling with the payments. That, and needing to pay for my children's tertiary fees, led me to take out my first loan.

Like David, a growing number of South Africans are struggling with crippling debt, which explains why South Africans were recently ranked as the world's biggest borrowers in the World Bank's 2014 Global Findex Database study.

For this reason, Anglo American Platinum took the decision to tackle the issue of indebtedness by enlisting the assistance of a service provider to develop personalised debt relief programmes for its employees. The programme enables employees to regain control of their finances and alleviate the negative impact that debt has on their lives.

Anglo American Platinum noticed that it is garnishee orders that exhaust much of indebted employees' salaries. Garnishee orders are court orders issued by credit providers compelling employers to pay debt instalments directly from an employee's salary.

Studies at Anglo American Platinum show that the majority of garnishee orders issued towards its employees are from micro lenders and financial institutions offering small loans.

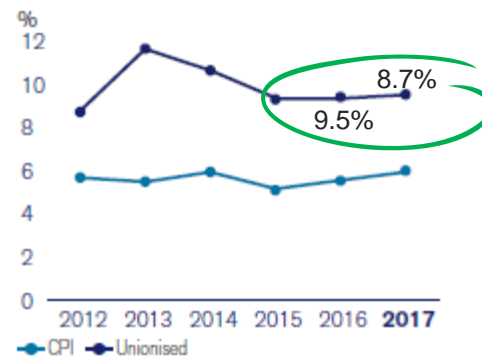
Since the inception of the programme, Anglo American together with its partners have helped employees save over R3 million, which would otherwise have been consumed by garnishee orders. The financial wellbeing solution has managed to reduce debt commitments from 54% to 28% of net income, resulting in a monthly improvement to disposable income of roughly R3 000 per month per employee accessing these solutions and a total monthly reduction of debt commitments of R1.3 million.

### Amplats earnings surge despite platinum price

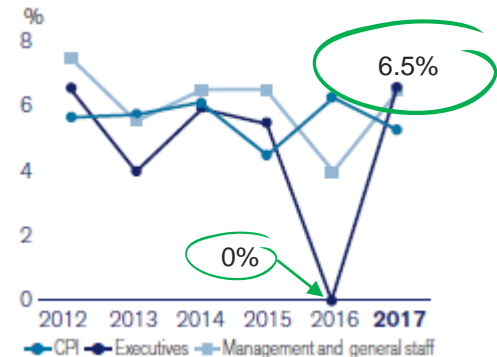
**RUSTENBURG HERALD – RUSTENBURG** – Anglo American Platinum (Amplats), the world's largest platinum producer, announced on Monday, 13 July, that its interim earnings are expected to rise by almost 1 500%

## Closing the wage gap

### Unionised employees

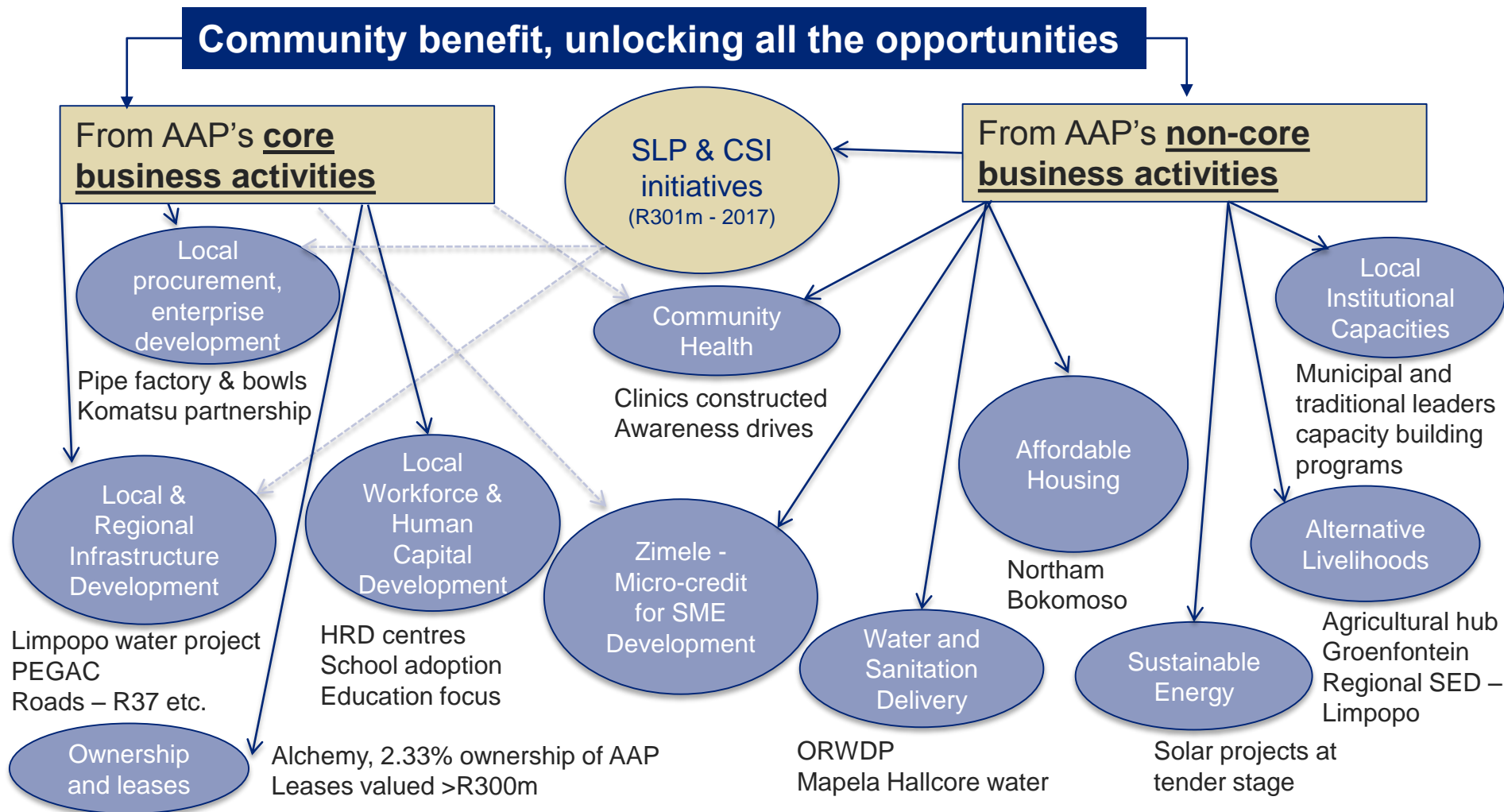


### Management



# THRIVING COMMUNITIES

Communities must be able to see and feel a positive impact and real benefits



## Underpinned by new/novel community engagement and partnerships

- HOD involvement directly in villages
- Community field workers
- Newspapers in the community/newsletters
- SMS perception surveys
- Faith based engagements
- Task teams

# ESTABLISHING LOCAL BUSINESSES - PIPE FACTORY AND TRUCK BOWL REPAIR EXAMPLES- MOKOPANE LIMPOPO



Mokopane pipe factory established & opened in 2017



Bucket repair workshop established

# PARTNERSHIPS TO DEVELOP INFRASTRUCTURE - LIMPOPO WATER PROJECTS AND ROAD IMPROVEMENT EXAMPLES



Lebolelo pipeline, takes water from Polokwane area to Burgersfort

De Hoop Dam partnership supplying water to industry and communities



R37 Provincial road upgrades around Polokwane smelter

# EXAMPLES OF SCHOOLS SUPPORT & SCHOOL AND CLINIC INFRASTRUCTURE PROVISION BY AAP



Ramotshodi secondary built by AAP



Sekuruwe Clinic, completed by AAP in 2017



Computer centre at Mfidikwe, built by AAP



Chromite school, infrastructure and teacher support from AAP



# FACILITATING HOME OWNERSHIP FOR EMPLOYEES

Rustenburg and Northam examples and projects underway in Mokopane



# ALTERNATIVE LIVELIHOODS – GROENFONTEIN HUB

Fully functioning agricultural hub with contracts with Woolworths



Groenfontein farm and pack house



Groenfontein community fields

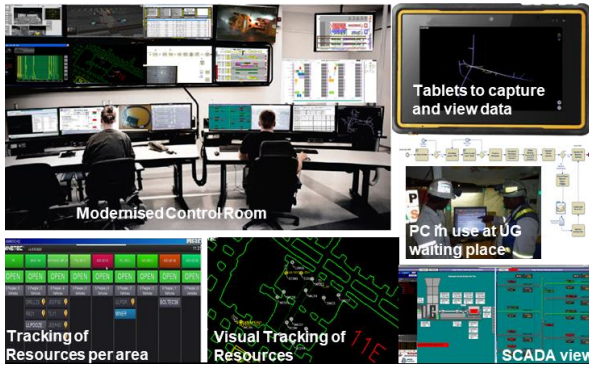


# MODERNISATION IN PROGRESS

Our modernisation journey has been taking shape over the past decade & is gaining momentum

## Modernisation examples

### Operating control technology



### Old PS-smith converting



### In stope netting & lighting



### New ACP converting technology

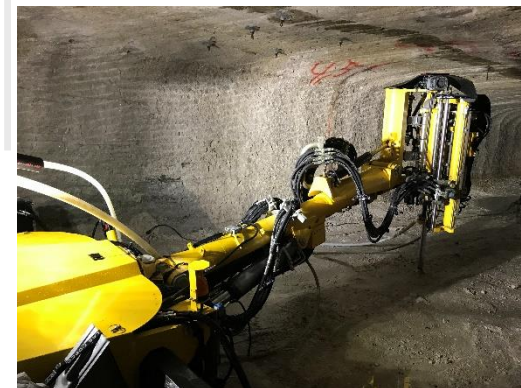


## Mechanisation examples

### Unki mine – 100% mechanised



### Rope anchor – Cabletec



# MECHANISATION – A COMPONENT OF MODERNISATION

AAP is targeting 80% mechanised production from operations by 2027

## Conventional stope modernisation and mechanisation program being rolled out

### Improving drilling rates

#### Electro/Hydraulic hand held drills

- 500 drills ordered for roll-out & testing



#### Addressing falls of ground

- Cable support mechanisms
- Timberless support systems
- Stronger netting



### Safer & more effective blasting

#### Blasting technologies

- Emulsion explosives
- Improved IT system for explosives management



#### More effective cleaning

- Water-jet cleaning improving productivity following improved blast quality & rates



# MECHANISATION – NEW MINING TECHNOLOGY

Proof of concept trials under way on various new mining technology

## Rapid mine development (RDMS) with Atlas Copco

- Designed to mine declines on reef to rapidly drop down & open new mining areas
- Targeting advance rates of 200m/month



## Continuous hauling system

- Consists of an 86m flexible & mobile belt
- Targeting to remove 100 ton/hr of material (particle size 250mmx70mmx70mm)
- Currently being assembled at Twickenham



## Rock cutting - MN220 trials with Sandvik

- Designed to operate in 1m high stopes, delivering low volume ore at the desired grade
- Targeting cutting rate of 3.9m/shift and 1200m<sup>2</sup>/month



## Ultra low profile fleet

- Have tested a fleet of ultra-low profile equipment at Twickenham consisting of a drill rig, roof bolter, dozer, sweeper and continuous loader.
- Trial on ULP equipment aims to achieve stoping rates of 4000 m<sup>2</sup> / month from a half level



# Closing remarks and Q&A

