

COMMUNITY TEAM EDUCATION
EFFORT HEALTH
ECONOMIC DEVELOPMENT PASSION
SOCIAL INFRASTRUCTURE
EDUCATION
SOCIAL **TEN YEARS** EDUCATION
INITIATIVES OUR JOURNEY HEALTH EFFORT
ECONOMIC DEVELOPMENT PASSION
PASSION HEALTH EDUCATION EFFORT
INFRASTRUCTURE HEALTH



Celebrating

TEN YEARS

OF CHANGING LIVES IN OUR COMMUNITIES

THE LEADING *partner*

IN SUSTAINABLE SOCIO-ECONOMIC
DEVELOPMENT OF BENEFICIARY COMMUNITIES



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THE LEADING *agent*

IN DEVELOPING PROSPERITY

AND THE SUSTAINABILITY
OF THEIR IDENTIFIED
BENEFICIARY COMMUNITIES



FOREWORD BY CHAIRMAN

MR CONWAY MOLUSI

For over a decade Sishen Iron Ore Company – Community Development Trust (SIOC-cdt) has partnered with beneficiary communities in the Northern Cape and Limpopo provinces, in a common endeavour to change and improve lives. SIOC-cdt has invested more than R1 billion in community development projects with varying levels of success, so it seems fitting for us to reflect on the progress made in the last 10 years.

SIOC-cdt recognises that the elimination of poverty and inequality, as a path towards sustainable development, is a mammoth task involving careful and deliberate planning through community participation. It is a consuming process and not an event by design. A critical pillar in this journey is the investment in social infrastructure such as education, healthcare, and sporting centres to create space for community enrichment.

Since its inception, the Trust has prioritised improved educational and learning outcomes as a fundamental prerequisite for human development, investing more than R550 million. Education provides the surest path to uplift people out of poverty and provide hope to eliminate absolute poverty.

We have invested in providing primary healthcare services and facilities, broadening access for remote communities, who without these interventions would have to travel huge distances for treatment to save lives. Allow me to point out that mother and child mortality rates have improved since we have provided ambulances equipped with obstetrics facilities to far flung communities and we have restored community members' sight through the provision of cataract operations.

Community participations remains critical in this partnership, even as we seek to re-engineer our organisational structures to more effectively mirror the financial pressure experienced by the mining

sector, because of tough economic circumstances. While we have downsized our representative structures, we continue to source future projects for beneficiary communities and to seek optimal costs structures to implement projects in a more cost-effective manner, thereby ensuring that we are able to spend more resources on actual projects that impact communities.

Good corporate governance remains critical in our ability to implement the objectives of our Trust Deed effectively, with minimal leakage and without cumbersome bureaucracy. SIOC-cdt remains committed to ensuring that we continue our shared values of non-partisan distribution of the benefits intended by the founders of the Trust. In this way, we will ensure that we leave an indelible mark in the development of communities and remain the envy of our detractors, as we rally communities around a common goal.

Today we can showcase men and women whose lives have been fundamentally touched and transformed by our collective endeavours. Those who have availed themselves of the opportunities and services of SIOC-cdt will continue to be exemplary ambassadors in mapping a new path of mutual co-existence of mining companies and host communities.

It has been indeed an honour and privilege to have led the Trust in the past 10 years, and I would like to take this opportunity to thank the Board of Trustees, the management of both SIOC-cdt and Beneficiary Trusts, as well as our Host Communities. Without your cooperation, our achievements would not have been possible. While we acknowledge that we have faltered along the path and that we might not have always started with a mutual understanding, whenever the road forked we found each other along the same stream, that is the story of the true human journey. I would also like to thank the Boards of Sishen Iron Ore Company and Kumba Iron Ore Company for making it possible for SIOC-cdt to forge a new path in the relationship between mining houses and Host Communities.

FROM THE CEO'S OFFICE

MR VUSANI MALIE

The 10- years since the creation of SIOC-cdt has been a great story for success and a great learning curve. SIOC-cdt was established by Kumba Iron Ore Limited to invest in community development projects to uplift and improve the lives of the local communities where it has mining operations. The board and management of SIOC-cdt, through the agency of local representative trusts and other partners have delivered circa R 1 billion worth of community development projects to our beneficiaries over the past decade. I'm grateful to my predecessors Mr Jeffrey Ngobeni and Mrs Shipra Chisa for their excellent stewardship and contribution. This book highlights the 10-year journey of the trust as well as the revised strategy to respond to the rapidly changing economic environment impacting on its work.

Sustainability at SIOC-cdt is defined in two ways. First, it's securing the sustainability of our communities for future generations and second, it's ensuring the sustainability of the Trust so that we can continue to serve our communities beyond the operations of Kumba Iron Ore Limited. Taking this into account, we have launched a rationalisation programme to reduce costs and prioritise project spending. This has helped to align development priorities and has reduced or eliminated duplication of administrative expenditure. The consolidation of our operating structure and the strengthening of our treasury operations has significantly reduced our operating and fixed overhead costs and improved our cash management returns. As part of this, SIOC-cdt is relocating its head office to our award-winning building in Kathu, Northern Cape Province in October 2017. This will ensure that we are accessible to our beneficiaries and stakeholders. This will also improve our stakeholder relations efforts and partnership initiatives with our host district, John Taolo Gaetsewe and local governments of Ga-Segonyana, Joe Morolong, Tsantsabane, ZF Mgcawu and Gamagara. The Waterberg Municipality will continue to be supported by the central support services team to be located in Centurion, Gauteng Province and will have a fully capacitated team to focus on the development priorities of that district which have been impacted by the closure of Kumba's Thabazimbi Mine in 2015.

We have narrowed our social investment focus into three key areas: education, health, and enterprise development. These are the areas which we believe we can make the greatest difference in our communities and where we have the expertise to deliver cost effective projects of good quality. Narrowing our focus areas has enabled us to identify key growth opportunities in the Northern Cape. We are also developing a model where we use our capacity, capability, and experience in the Northern Cape to actively participate in the development of local contractors in our community development projects. We believe that it is vital that our work provides ongoing social returns by decreasing poverty, increasing employment opportunities, and improving entrepreneurial development.

Over the past 10 years, we have learned that, as a Community Development Trust, we have a higher duty of care to ensure that our beneficiary communities benefit from the work that we do. As such, it is important that we uphold the values of total trust, good faith, and honesty. To guarantee that we always act in the best interests of our beneficiary communities, we have strengthened our governance processes, financial controls, project management controls, and how we interact with our stakeholders.

This change has also helped us to engage with local municipalities as our partners. It's vital for us to develop our partnership with the local municipalities because they have a greater understanding of the development priorities of the people in our beneficiary communities. We rely on our partnerships with local municipalities to access the community and we want to support and compliment their efforts in uplifting and developing the beneficiary communities.

Key to our strategy of diversifying our income sources, we have also set out to review our investment strategy by understanding our current portfolio and identifying strategies to optimise returns from these as well as identifying investment opportunities that also provide social dividends. In this connection, we are especially proud of our investment in Kathu Solar Park, a 100MW renewable energy project, which provides employment and business opportunities for our beneficiaries in the adjacent Gamagara and Ga-Segonyana municipalities. We have also embarked on a strategy that will enable us to utilise our project management capacity and Northern Cape experience and track record to implement projects for likeminded entities seeking to invest in the development of our beneficiary communities on a cost-plus basis. We are excited at this prospect of being able to attract more investment into the development of our beneficiary communities and to strengthen partnerships that will see better coordination and impact. We believe that these strategies will diversify our income sources and facilitate the increase of the collective impact of community development activities in our beneficiary communities.

In celebration of the success we have enjoyed over the last 10 years, and on behalf of the board and staff of SIOC-cdt, I would like to thank all our partners (past and current), donors, beneficiary trusts, and communities for their hard work, commitment and support in a challenging environment.

Because of our renewed strategy and the results we have already delivered, SIOC-cdt is now more resilient with a more robust and stable balance sheet and efficient cost structure. Our strategic direction is clear and we will continue to focus on operational efficiencies, including system and process enhancements, to continue to reduce operating costs and improve the value we deliver. SIOC-cdt looks forward to collaborating with new partners in implementing our strategy to create sustainable value and continue serving the best interests of our communities.

Celebrate

OUR SUCCESS



TIMELINE

HIGHLIGHTS OVER THE LAST DECADE



CHAPTER 1

WHO WE ARE



OUR VISION

To be a leading partner in developing prosperity and sustainability in our identified beneficiary communities.



OUR MANDATE

To manage, invest, and disburse funds for the benefit of beneficiary communities in line with the guidelines provided by the Board and prescribed by the Trust Deed.



DEFINING OURSELVES THROUGH OUR ACTIONS AND NOT OUR WORDS

The Sishen Iron Ore Company-Community Development Trust (SIOC-cdt) was established in 2006 by Kumba Iron Ore Limited to invest in the development of the communities in which the company operates. The Trust focuses primarily on beneficiary communities adjacent to the Sishen Iron Ore Company's (SIOC) mining activities in the Northern Cape and Limpopo and has invested significantly in community development projects aimed at ensuring sustainability beyond mining operations.

SIOC-cdt has substantiated its stated intention of “defining ourselves through actions not our words” by investing over R1 billion in socio-economic and community development projects in its beneficiary communities.

Our primary goal is to be the leading implementing agent for community based projects as well as the leading partner to organisations that wish to enhance their project management and governance systems by tapping into the existing skills and competence of the SIOC-cdt management team.

Through the years, the projects implemented in the Northern Cape and Limpopo provinces have had positive impact beyond the beneficiary communities. The projects have also contributed towards social stability, economic growth, and job creation within the provincial and regional economies.

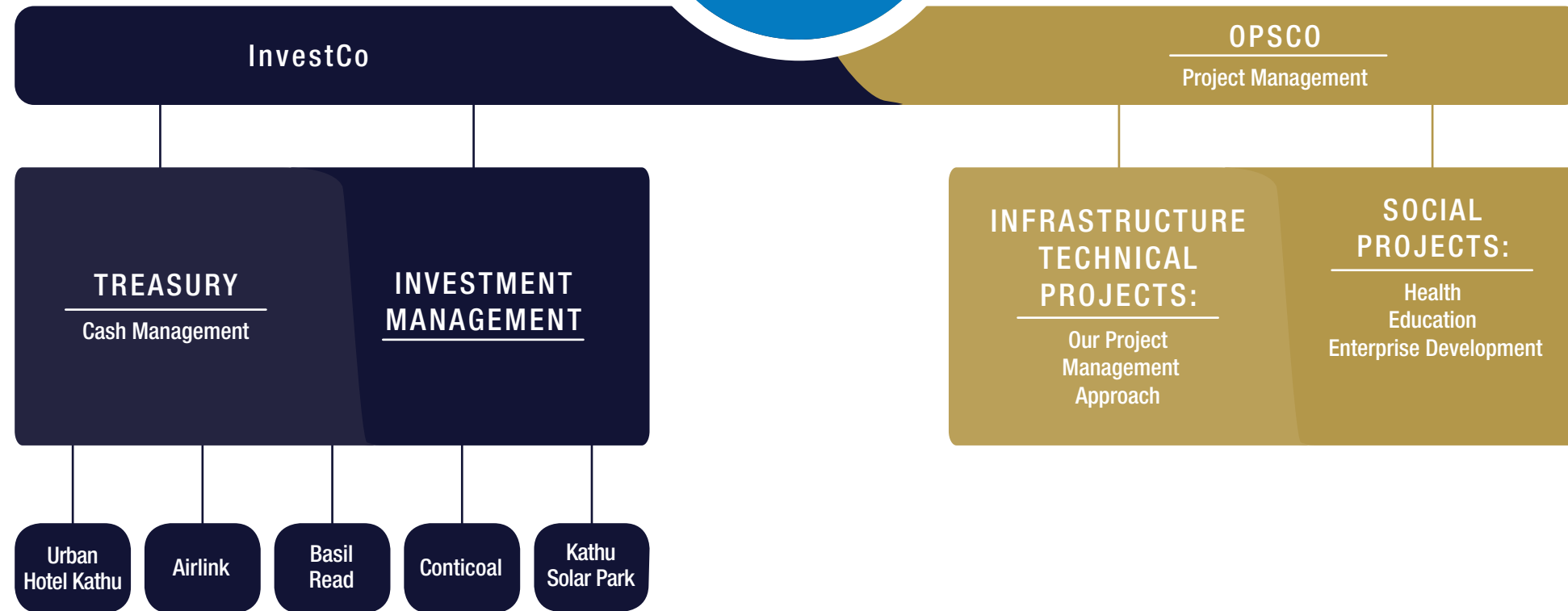
THE TRUST FOCUSES PRIMARILY ON

beneficiary

COMMUNITIES



OUR STRUCTURE



EXECUTIVE MANAGEMENT

VUSANI MALIE - GROUP CHIEF EXECUTIVE OFFICER



Mr Vusani Malie is the Group Chief Executive Officer of SIOC-cdt and Executive Trustee. Mr Malie is an admitted attorney and has been serving as a trustee of the organisation since 2012. He was a former company secretary of Kumba Iron Ore and was appointed as the SIOC-cdt CEO on 03 March 2014.

ZANELE ZIPHELELE NGWENYA - GROUP CHIEF FINANCIAL OFFICER



Zanele is a chartered accountant with over 10 years' professional experience in the field of accounting and senior management. He has extensive experience in financial management, corporate governance management, research and policy formulation. He previously served as audit partner at Sithole Incorporated Chartered Accountants.

BESSIE BULUNGA - GROUP COMPANY SECRETARY



Ms Bessie Bulunga is the Company Secretary and is also responsible for the governance portfolio which includes secretariat services, legal risk and compliance. She has over 15 years' experience as a company secretary in both public and private sector entities and has extensive experience in the field of corporate governance.

TAONEZVI MUTSAGO – INTERIM CHIEF COMMERCIAL OFFICER



Mr Mutsago is the interim Chief Commercial Officer driving business development and programme implementation for the group. He is responsible for transitioning the SIOC Community Development Trust into a successful social enterprise by implementing its robust commercial strategy. He is a seasoned finance professional, having spent most of his 7 year career in the development space. Mr Mutsago is a CIMA qualified Chartered Global Management Accountant and holds an MBA.

OUR BENEFICIARY COMMUNITIES

THE NORTHERN CAPE PROVINCE AND THE THABAZIMBI LOCAL MUNICIPALITY

The beneficiary communities around the Sishen Iron Ore Company operations are located in the poorest and most underdeveloped regions of South Africa. They range from urban and rural settlements with vast distances between each location. This increases the difficulty in creating sustainable opportunities to ensure valuable contribution to the upliftment of these communities.

Each community faces different socio-economic conditions, from lack of basic infrastructure, poor schooling facilities, and limited youth development opportunities. This means that the viability of projects must be critically screened to ensure a lasting impact on communities.

Proceeds of the Trust's returns have ordinarily been invested in five identified communities namely Thabazimbi, Tsantsabane, Ga-Segonyana, Gamagara and a specific focus on the community of people living with disability in the Northern Cape and Limpopo (Thabazimbi) provinces. These communities are illustrated graphically in the Figure 1 on the right hand side.



THABAZIMBI LOCAL MUNICIPALITY

Thabazimbi municipality is situated in the Waterberg District of the Limpopo Province. Thabazimbi, which means “mountain of iron” in Setswana, was named after the lucrative iron ore that was found in the vicinity. The Godisang Thabazimbi Community Development Trust (GT- cdt) was established in 2015 by SIOC-cdt to serve the needs of the community of the Thabazimbi local municipality.



GENDER



POPULATION GROUP



THE NORTHERN CAPE PROVINCE

The Northern Cape (Afrikaans: Noord-Kaap; Tswana: Kapa Bokone) is the largest and most sparsely populated province of South Africa. It was created in 1994 when the Cape Province was split up. Its capital is Kimberley.



POPULATION GROUP



OUR PREVIOUS OPERATING MODEL

The SIOC-cdt operational model initially consisted of the Super Trust and five representative Trusts which were located in beneficiary communities and were responsible for the identification, proposal, and implementation of projects. In 2016, this model was reviewed and resulted in a consolidated structure. This has enabled SIOC-cdt to reduce operating costs in a prevailing environment of diminished dividend revenue. Godisang Thabazimbi Community Development Trust remains as the representative Trust serving the Thabazimbi community supported by SIOC-cdt.

Figure 2: The Five Independent Trusts Previously Supported By SIOC-cdt



THE TRUST'S OPERATING MODEL HAS EVOLVED TO ALSO

focus on assisting

OTHER LIKE-MINDED ORGANISATIONS DELIVER ON THEIR VARIOUS OBLIGATIONS TO THE SOUTH AFRICAN GOVERNMENT, INCLUDING THOSE INCLINED TO EXECUTE PHILANTHROPIC INITIATIVES



CHAPTER 2

PROJECT MANAGEMENT

CURRENT OPERATING MODEL

SIOC-cdt's philosophy for social investments in the various communities is informed by a combination the provisions of the Trust Deed and insights emanating from community participation exercises carried out on an annual basis. Until 2014, our model covered all focus areas as recommended by the Income Tax Act for PBOs. Following the suspension of dividend (by SIOC), our focus areas were reduced to health, education and enterprise development to allow the Trust to focus on high impact projects using available cash reserves. The model further evolved when the Board of Trustees approved our current organisational strategy, which promoted the Trust's mandate, to include commercialisation of certain activities. This involves collaborating with like-minded institutions in the development space but also marketing our capabilities for the same purpose to the corporate sector. We are confident that this strategy, driven through OPSCO, will ensure growth and sustainability of the Trust's mandate of social and economical upliftment of our communities, even without the dividend and beyond the life of mine.

1 | EDUCATION DEVELOPMENT

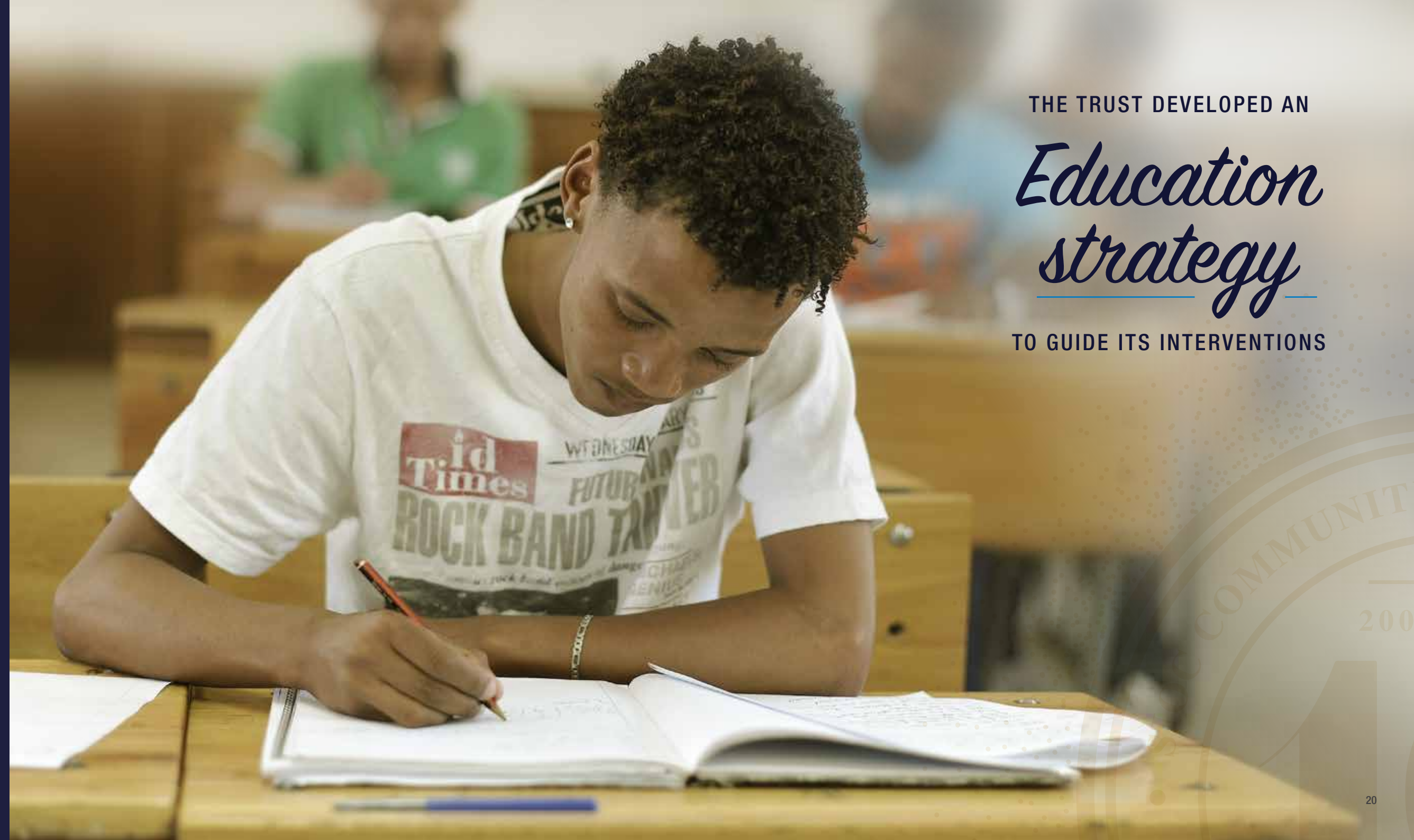
The Trust has developed an education strategy to guide its interventions in complementing the existing efforts by the Department of Basic Education. The aim of the strategy is to achieve improvements in the ability of children to read, write, and count. The strategy revolves around the following nine themes:

- Development of teacher ability to improve content knowledge, methodological competence, and classroom practice.
- Improvement in the ability of school management teams to provide instructional leadership and drive school functionality.
- Establishment of the infrastructure and programmes of Teacher Resource Centres as hubs of professional development for teachers.
- Utilisation of ICT in education to provide online, ongoing, and accessible teacher (school) content support.
- Assessment of value add and sustainability of programmes by rigorously monitoring and evaluating programmes.
- Granting of bursaries to deserving and underprivileged students to study relevant fields in reputable HEIs.
- Provision of limited and focused support to matric students by employing innovative and cost-effective strategies.
- Promotion of reading programmes that provide high quality materials to teachers and learners- with training to ensure effective use.

THE TRUST DEVELOPED AN

Education strategy

TO GUIDE ITS INTERVENTIONS



PROMOTE COMMUNITIES THAT ARE EDUCATED ABOUT

healthy lifestyles.

STAY IN GOOD HEALTH AND CAN MANAGE CHRONIC CONDITIONS

2 | HEALTH CARE PROMOTION

Our bundle of preventative and lifestyle initiatives are intervention programmes aiming to complement the Department of Health's efforts in promoting communities that are educated about healthy lifestyles, staying in good health and managing chronic conditions.

These interventions are designed to promote:

- Hygienic environments;
- Advocacy on alcoholism and drug dependency, sexual health, and nutrition;
- Immunisation campaigns such as new drugs on Malaria;
- Bursaries for skilled health practitioners as part of the SIOC-cdt Bursary Programme;
- Education about healthy families' relationships; and
- Limited infrastructural and clinical equipment support.

Re A Fola Health Promotion

SIOC-cdt launched the Re A Fola Health promotion in 2011. The aim of the project is to ensure that the community of Gamagara Local Municipality (GLM) is well informed on issues affecting their health and promotes health awareness on mainly HIV/AIDS, Cancer, TB and preventable diseases which are non – communicable and on the rise. Re A Fola provides services such as Screening for Diseases of Lifestyle, Cervical Screening, Eye Screening, HIV Screening and Oral Care. Re A Fola addresses the health needs of the community in a targeted and direct way.

3 | ENTERPRISE DEVELOPMENT

A tool for poverty alleviation

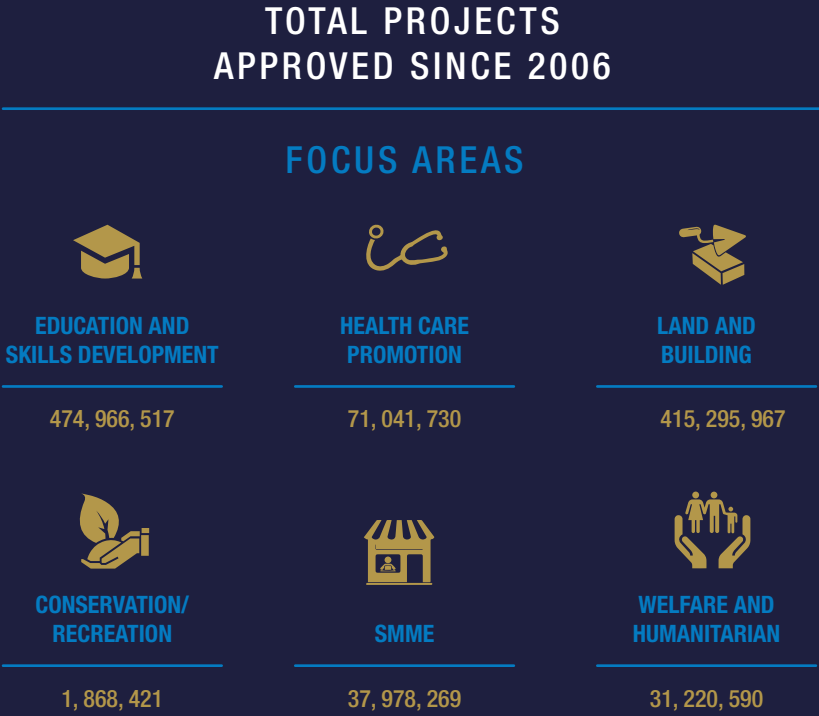
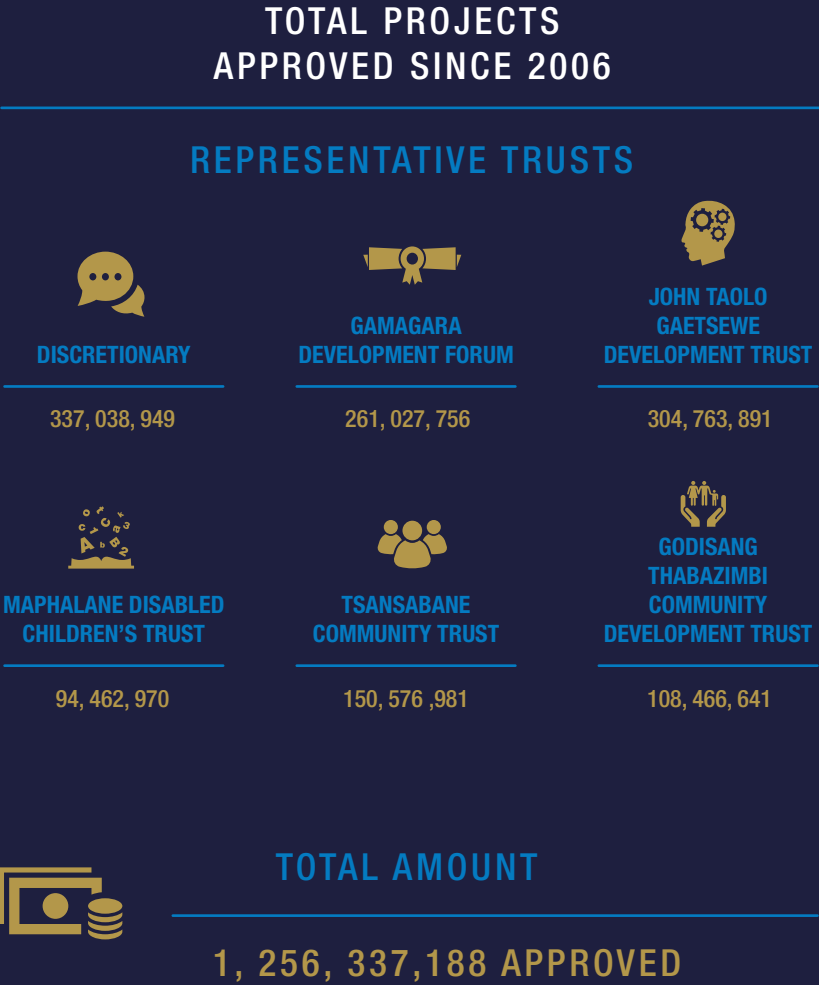
Economic growth is key to addressing unemployment, gender inequality, health, and other poverty related issues. At SIOC-cdt, Enterprise Development is an important tool and essential element to address the socio-economic issues confronting our beneficiary communities.

SIOC-cdt believes in working with partners to invest time, knowledge and capital to help Small Medium and Micro Enterprises (SMMEs) establish, expand and improve business including empowering modest income generating informal activities to grow and contribute to the local economy.

Our intended outcomes include:

- Steering SMMEs towards a stable business operating environment that nurtures growth and increases SMMEs economic competitiveness,
- Fostering winning relationships between the private and public sector to embrace social investment as a common vision, and
- Fostering an entrepreneurship culture within our beneficiary communities Since its inception, SIOC-cdt has invested R 69 million towards enterprise development initiatives in the Northern Cape and Thabazimbi. These initiatives range from the establishment of bakeries, offering financial and non-financial support to cooperatives in sectors such as agriculture and manufacturing to assist organised communities to invest in established enterprises.

TOTAL AMOUNT APPROVED SINCE 2006



PROJECT DELIVERY MODEL



CHAPTER 3

OUR FLAGSHIP PROJECTS

Our flagship projects are research and development projects that are strategically and scientifically defined and are of substantial size with regard to their scientific and financial volume, the number of project partners and the running time.

1 | THE JOE MOROLONG ROAD PROJECT

SIOC-cdt in partnership with the Department of Roads and Public Works in the Northern Cape funded the Joe Morolong road project. The project was focused on the upgrading of gravel roads to tarred roads within the Joe Morolong local municipality in the John Taolo Gaetsewe District. This intervention assisted with resolving a community service delivery protest that had an impact on the education programmes in the area.

OBJECTIVES

The objectives of the project were to enhance job creation through infrastructure investment, the development and strengthening of Small, Medium and Micro Enterprises (SMMEs) targeting previously disadvantaged individuals and skills development to local people. The project further delivered an essential infrastructural development in the area.



YEAR

MARCH 2014 - DECEMBER 2015



PROJECT VALUE

R 91 0000 000.00



NUMBER OF BENEFICIARIES

266 400

IMPACT

Upon completion of the project, the following was realised;



11

SMMEs



111

LOCAL JOBS



205

JOBS CREATED



THE OBJECTIVES OF THE
PROJECT WERE TO

enhance

— JOB CREATION —

2 | SIOC-cdt AND THE NORTHERN CAPE DEPARTMENT OF EDUCATION'S RHODES UNIVERSITY PROGRAMME

SIOC-cdt partnered with the Northern Cape Department of Education and invested in the provision of high quality, content-rich, and properly accredited teacher professional development programmes, through Rhodes University's Centre for Social Development (CSD), Mathematics Education Project (RUMEP) and the Institute for the Study of English in Africa (ISEA). The project targets Maths, English and Foundation Phase teachers drawn from schools in our beneficiary communities in the Northern Cape. The teachers are registered for a 3 year in-service training, full qualification Bachelor of Education degree in the three areas of specialisation.

OBJECTIVES

To provide of high quality, content-rich, pedagogically sound, and properly accredited professional teacher development programmes for teachers in the Northern Cape.



YEAR

JANUARY 2011 – DECEMBER 2014
AND
JANUARY 2015 – DECEMBER 2018



FOCUS AREA

EDUCATION



PROJECT VALUE

R 39 443, 763.00



NUMBER OF BENEFICIARIES

209
TEACHERS

IMPACT



The first cohort of teachers (2011-2014) involved 107 teachers, and 66 of them graduated.
The second cohort, involving 102 teachers started in 2015.



PROJECT BENEFICIARY TESTIMONIALS

I have been promoted to Head of Department of English at our school. It is wonderful to put into practice what I have learnt during the course. I am able to implement those in the department as well as the general administration of school. The course has given me the confidence to do so. Thank you once again.

- Rochelle Topkin, representative of English teachers

The knowledge I gained through my course at Rhode really helped me to give valuable advice to teachers. I am able to look at teaching and learning from the Constructivist, Reflections view that I gained in my training. I share my knowledge throughout the province and teachers find it of great use and value. So in my experience this was one of the best courses I did so far.

- Diaan Cloete, representing Foundation Phase teachers

The programme was so enriching that, firstly, because of it I find my further studies much easier due to the strong background they laid, and also because of its good results. Secondly, Wits offered me a bursary for 5 years called Honours to PhD 5-year programme. I can never be able to express how far the programme has improved the way we teach, for example last year 2014, I managed to get 74% pass rate in Maths whereas the district target was 70%. Thank you very much.

- Herbert Lukyamuzi, representing Mathematics teachers

3 | PROGRAMME TO IMPROVE LEARNING OUTCOMES (PILO)

SIOC-cdt funded PILO to implement a district-based change model in the John Taolo Gaetsewe Education District. This was based on SIOC-cdt's strong commitment to sustainable education change. PILO was a collaborative effort between the public and private sectors to bring about systemic change and improve schooling for young people.

OBJECTIVES

PILO aims to strengthen and improve ordinary practices of schools and the education system.

The objective of PILO is to implement programme interventions that can be easily copied and rolled-out to realise improvements throughout the entire education system.



YEAR

OCTOBER 2014



FOCUS AREA

EDUCATION



PROJECT VALUE

R 21 699, 710.00



NUMBER OF BENEFICIARIES

71 000 LEARNERS

IMPACT



PILO has succeeded in giving beneficiaries the appropriate tools, including the knowledge, skills, values, and support material that will enable them to do their core work of ensuring curriculum coverage more effectively.



PROJECT BENEFICIARY TESTIMONIALS

Thanks for the effort that PILO is doing to support SMT to improve the standard of education.

- Jean April- HOD, Noord Kaap Primary

This training is very fruitful to me because I fully understand the content of it, and I'm sure it will help us a lot in our school.

- Aobakwe Baikapi- Principal, Kopano primary school

If the PILO programme continue, we will produce good results in our schools and resources arriving on time.

- Flora Booysen- Logobate primary school, Acting Principal

As teachers let us be ready to embrace change that fosters better and quality education through the PILO programme. The only thing that is constant in life is change.

- Nong Aron- Educator, Mamasilo primary school

Keep it up by continuing with this excellent workshops.

- Dalene Coetzee- Educator, Kalahari High School

The workshops are helping educators, principals and HODs.

- Selao Kgomotso- HOD, A.B. Kolwane

SIOC-CDT INVESTED A GREAT
DEAL OF RESOURCES IN THE
PROVISION OF QUALITY

education

4 | DISTRICT ACADEMIC PERFORMANCE IMPROVEMENT PROJECT (DAIP)

As part of its commitment to improve the socio-economic conditions of its beneficiary communities, SIOC-cdt invested a great deal of resources in the provision of quality education. Between 2012 and 2014 SIOC-cdt funded a large-scale education programme in its beneficiary regions, with the objective of improving the performance of learners in the National Senior Certificate (NSC or Matric) examination.

OBJECTIVES

The objective of the programme was to improve NSC pass rates in all the SIOC-cdt regions, including JTG, ZF McGawu, and Thabazimbi. More specifically, it sought to improve the outcomes in four target subjects, namely Life Science, Physical Science, Mathematics, and English.



YEAR

JANUARY 2012- DECEMBER 2014



FOCUS AREA

EDUCATION



PROJECT VALUE

MATHS: R 76 411,363.00
SCIENCE: R 81 337, 901.00
ENGLISH: R 41 515, 648.00



NUMBER OF
BENEFICIARIES

11 122
LEARNERS

IMPACT



In the first year of DAIP, the overall pass rate increased from 51.1% in 2011 to 63.5% in 2012. In the second year, it shot up even higher to 71.7% in 2013. In 2014, which was the last year of the DAIP Programme, the JTG District maintained an upward trajectory, and the pass rate was 72.8%.

5 | RE A FOLA

SIOC-cdt funded the Re A Fola project in the John Taolo Gaetsewe district in response to the growing need of access to healthcare facilities in the district. This initiative was in partnership with the Northern-Cape Department of Health. SIOC-cdt plans to roll out the project in the Tsantsabane Municipality.

OBJECTIVES

The project was aimed at ensuring that the community is well informed about issues affecting their health and also to promote health awareness on HIV/AIDS, Cancer, TB and preventable non-communicable diseases which are on the rise.

Re A Fola addresses the health needs of the community in targeted and direct way.



YEAR

JUNE 2011 – DECEMBER 2014



FOCUS AREA

HEALTHCARE



PROJECT VALUE

R 15 736, 129.00



NUMBER OF BENEFICIARIES

MORE THAN 9300 PATIENTS

IMPACT



A significant number of people received free medical attention and treatment especially eye care and oral care. This assistance was appreciated by the community as indicated by testimonies from beneficiaries.

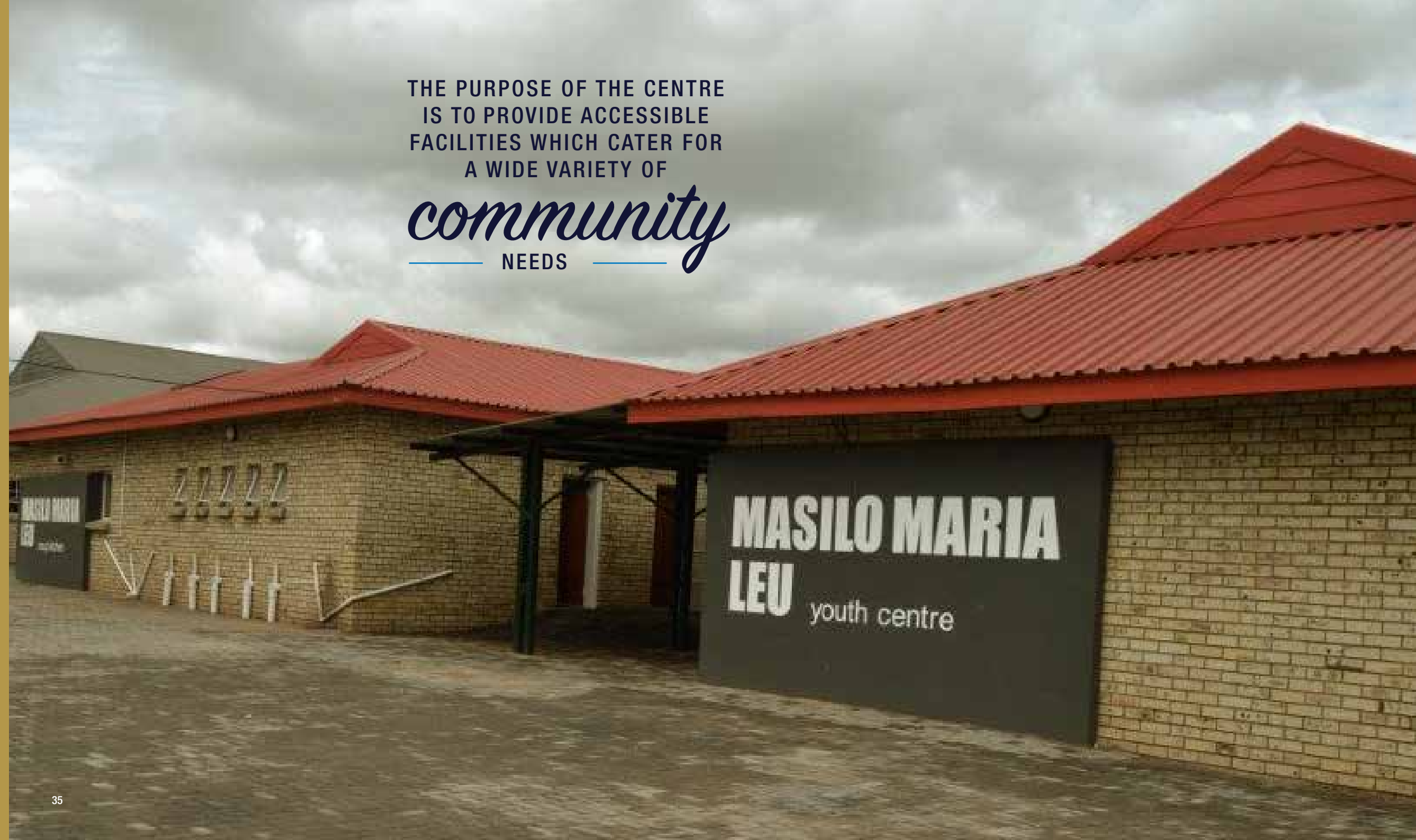
THE PROJECT WAS AIMED AT
ENSURING THAT THE COMMUNITY
IS WELL INFORMED ABOUT
ISSUES AFFECTING THEIR

health



THE PURPOSE OF THE CENTRE
IS TO PROVIDE ACCESSIBLE
FACILITIES WHICH CATER FOR
A WIDE VARIETY OF

community
NEEDS



6 | THE MASILO MARIA LEU MULTIPURPOSE CENTRE

SIOC-cdt funded the construction of the Masilo Maria Leu Multipurpose Centre, which was officially opened on the 5th of December 2014. The centre was named after the late Ms Masilo Maria Leu, who was a well-known anti-apartheid activist. Ms Masilo passed away on the 22nd September 2003. Deben is a small settlement with an intimate social structure that exists in the informal area. The majority of youth and middle-aged individuals in the area are unemployed.

OBJECTIVES

The purpose of the centre is to provide accessible facilities which cater for a wide variety of community needs such as; a pension pay point, a voting station and access to technology and a hub to foster skills development.



YEAR

JUNE 2011 – DECEMBER 2014



FOCUS AREA

LAND AND BUILDING



PROJECT VALUE

R 9 503, 818.00



NUMBER OF BENEFICIARIES

4 023
PEOPLE

IMPACT



162 local jobs were created and 3 Small Medium and Micro Enterprises (SMMEs) benefited from the project.

7 | SIOC-CDT BURSARY PROGRAMME

Since its inception, SIOC-cdt has been offering bursaries to deserving young people from its beneficiary communities to study at various higher education institutions across the country. The Bursary Scheme provides a full value bursary that is paid directly to the academic institution and service providers of accommodation, books, and assistive devices. The students are given ongoing support by the bursary administrators to ensure their welfare and quality academic performance. This legacy project has seen 223 of these tertiary beneficiaries graduating since its inception with an additional 42 expected to graduate during 2017.

OBJECTIVES

To contribute to the overall development and upliftment of the communities through the acquisition of higher level education outcomes as well as the development of higher level knowledge, skills, values, and attitudes amongst community members.



YEAR

MARCH 2009



FOCUS AREA

EDUCATION



PROJECT VALUE

R 65 936, 338.00



NUMBER OF BENEFICIARIES

550 STUDENTS

IMPACT

The bursary projects have changed the lives of many underprivileged students. Many of them had to leave their homes in deep rural areas to go and live and study in unfamiliar environments in the big cities where most universities are located. Some of the graduates have been placed within SIOC-cdt's main operational departments which are namely; Projects, Finance and Governance departments.

PROJECT BENEFICIARY TESTIMONIALS

My father passed away in the year 2003 and my mother is unemployed. As I grew up nothing was promising and I was slightly falling astray until I passed my matric. JTG Developmental Trust came to my rescue and at least I feel restored. I was awarded a bursary by JTG Developmental Trust in 2014, which covered my admission fee, tuition fees and accommodation, including a monthly allowance. I started appreciating conditions at home and made a promise to bring about a positive impact in my family and as well as my society. It is very vibrant and inspiring to see my dream come true. Every time I feel exhausted I think about the opportunity that I have of which someone out there is really looking for. I have learnt that tenacity, endurance, and perseverance are the major principles of victory. With great support from JTG Developmental Trust, I am positive about my future and I am willing to use this opportunity wisely. Sincerely,

- Rorisang Roderick Raokwe, Cape Peninsula University of Technology,

Thank you for your generous and financial support towards my higher education. Growing up in a low-income background family and being raised by a single parent has not only provided me with a financial and academic problems, but has made me realise the value of higher education. This bursary has made a positive impact on my life in pursuing my career goal. My dream is to become a mechanical engineer, the financial support that am receiving has allowed me to be one step closer to my goal. I would not have made it this far without generous support from a sponsor like you. I appreciate all the things you have done for me.

I hope you will continue in helping students that are less fortunate in achieving their goals. You do make a huge difference in one's life and am grateful for that. Thank you.

- Keneilwe Letty Moagi, Mechanical Engineering

The Bursary Scheme has benefited me a lot as my mother is a single parent and she is unemployed. The Trust is paying for everything that covers my studies, without the bursary I would not be studying, I am now studying towards my honours degree. I can see that now I am close to reaching my dreams, therefore am very grateful and I thank you as my sponsors. Thank you.

- Jonas Elias, Public administration and governance, North-West University

I'm currently on my first year of studies of Metallurgical Engineering at Vaal University of Technology. I am more than grateful to have been awarded the GDF bursary and the opportunities it presented. I will continue to work hard and make sure that I pass all my modules exceptionally well, because I don't want to disappoint GDF after all their efforts in ensuring that I was happy and comfortable. My dream is to plough back to the community of Gamagara Local Municipality (GLM) by working for one of the mines in the GLM, and maybe one day work Kumba Iron Ore because it has always been my dream. Thank you.

- Phenyo, Metallurgical Engineering, Vaal University of Technology

CHAPTER 4

OUR INVESTMENT APPROACH

Our approach is to acquire significant interests in high quality assets with an added emphasis on improving socio-economic conditions for our beneficiaries.

OUR INVESTMENT MANDATE

Investments undertaken should provide social and economic returns in the Northern Cape and Thabazimbi with a practical and focused drive on growing the investment assets to ensure continuous sustainable benefits are enjoyed by the beneficiaries of our shareholding.

SIOC-cdt’s investment criteria is determined by the duration of the investment, the return on investment, the investment risk profile, and impact on both the social and economic environment in the Northern Cape and Limpopo.

SIOC-cdt’s investments should look at bringing returns beyond the life of the Sishen Iron Ore Company in order to sustain the Trust.

OUR INVESTCO PORTFOLIO

SA AIRLINK



InvestCo acquired a 32.51% equity stake in SA Airlink in 2012 for a consideration of R 121m.

URBAN HOTEL KATHU



InvestCo acquired a 58% stake in Urban Hotel Kathu in 2012 for a consideration of R 13m. The investment was split into two allocating R 5m equity and R 8m as a shareholder’s loan.

CONTINENTAL COAL



InvestCo acquired a 26% BBBEE equity shareholding in Continental Coal Limited for a consideration of R 215m.

BASIL READ



InvestCo acquired 7 883 243 shares in Basil Read, representing an initial investment of 5.99% equity stake (pre-dilution) of the Basil Read shares in issue for R 99m. InvestCo subscribed for a further 33 607 507 “a” shares at a price of R 0.01 at a revised option exercise price of R 11.87 (post special dividend), representing potential 20.33% of the diluted outstanding shares in issue.

KATHU SOLAR PARK



InvestCo through its wholly owned subsidiary acquired 12.5% equity interest in the Kathu Solar Park Project in 2016. This a 100 MW solar plant commissioned by the Department of Energy as part of its Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). The construction of the solar plant takes place in Kathu in the Gamagara District Municipality. KSP is a long-term investment project with a 20-year life span funded using hybrid finance (Debt and Equity).

SIOC-cdt through InvestCo has acquired the above investments with the intention of achieving self-sustenance beyond the life of the Sishen Mine. The aim was to construct a well-diversified portfolio by selecting from various sectors that offer continuous investment options to achieve the sustainability of the Trust. The focus was on acquiring assets which would offer both real annual income returns and capital growth to be realised at divesting stages.

OUR FLAGSHIP INVESTMENTS

1 | KATHU SOLAR PARK PROJECT

Kathu Solar Park is a 100 MW greenfield Concentrated Solar Power (CSP) project with parabolic trough technology and equipped with a molten salt storage system that allows 4.5 hours of thermal energy storage. It is situated in the Northern Cape Province, 600 km South-West of the national capital Pretoria. Kathu Solar Park was awarded preferred bidder in the third round of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) led by the Department of Energy (DOE). The project has a 20-year Power Purchase Agreement (PPA) with Eskom, South Africa's state owned power utility.

The consortium, which is led by ENGIE (48.5%) includes a group of South African investors comprising SOIC-cdt, Investec, Lereko Metier, and the Public Investment Corporation. The total investment cost of the project is funded by a mix of debt and equity. The debt is funded by a club of South African banks namely, Rand Merchant Bank, Nedbank Capital, ABSA Capital, Investec, and the Development Bank of South Africa. SIOC-cdt is acquired a 12.5% equity interest.

A total of 1, 270 jobs will be created during the construction phase. The concentrated solar park is expected to be operational in August 2018. It is estimated that the Kathu Solar Park will save six million tonnes of CO2 over 20 years and will further promote local economic development through, amongst other things, a local community trust for the benefit of communities in the John Taolo Gaetsewe District Municipality situated in the Northern Cape and sourcing of other services from local entrepreneurs.

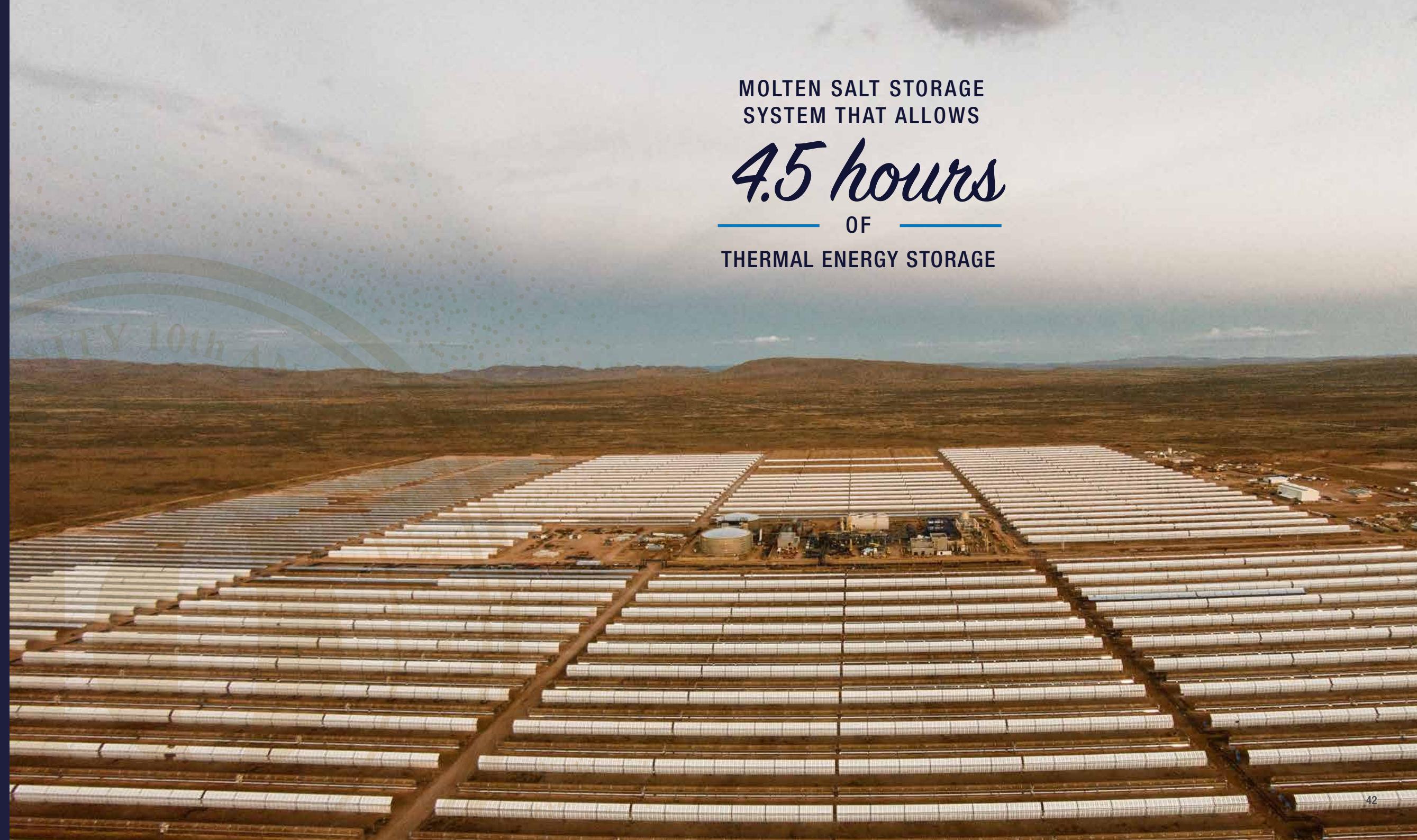
The rationale behind this investment, other than envisaged returns, is that the solution will alleviate the electricity provision challenges faced by the John Taolo Gaetsewe District Municipality and Gamagara District Municipality. In addition, beneficiary communities in the aforementioned district municipalities will benefit from the jobs and skills transfer that Kathu Solar Park will create.

MOLTEN SALT STORAGE
SYSTEM THAT ALLOWS

4.5 hours

OF

THERMAL ENERGY STORAGE



WE ARE WELCOMING YOU IN
MAKING URBAN HOTEL KATHU,
YOUR HOME AWAY FROM

home



2 | URBAN HOTEL KATHU

When InvestCo was presented with a proposal to invest in Urban Hotel Kathu in 2012, we realised that, through our investment company, we had an opportunity to fulfill both our social and investment mandate. InvestCo acquired a 51% stake in Urban Hotel Kathu in 2012 for a consideration of R 13m through a combination of equity and debt allocated as R 5m and R 8m respectively.

Through this investment, InvestCo was looking for more than investment returns in dividends. The organisation was interested in the social impact the investment promised. The investment promised job opportunities for the Sishen labour force and contribution to the local economy. Urban Hotels Kathu has created 19 employment opportunities to date and currently outsources some of the laundry service to a local laundromat.

2015 was a challenging year for the hotel because of low commodity prices which affected global markets. The hotel experienced declining occupancy rates as it operates from a town dominated by iron ore. As a result, InvestCo increased its equity interest in the hotel to 58% in 2016. This has enabled InvestCo, through its investment company, to influence the strategic direction of the hotel in line with its reviewed mandate. The increase in shareholding enabled the introduction of a new hotel management company to manage the hotel operations from July 2016.

InvestCo is of the view that the growth and sustainability of the hotel is of significant importance in improving the economic conditions of the Northern Cape. With this in mind, the hotel is reviewing how it can improve its contribution to the market and reduce its reliance on patrons conducting mining business in the area, especially because the Northern Cape is becoming a haven for renewable energy projects.

We would like to thank all those who have played a role in positioning the hotel to where it is today, more so to those who occupy our hotel frequently. We are welcoming you in making Urban Hotel Kathu, your home away from home.

CHAPTER 5

OUR CORPORATE GOVERNANCE

SIOC-cdt is governed by a Board of Trustees and the framework for its operations is prescribed in the Trust Deed. The Board of Trustees is ultimately responsible for the governance of the Trust and for guiding the strategic direction of the Trust.

The SIOC-cdt Board comprises of eleven (11) Trustees and an independent Chairman. Members of the Board include community and donor representatives as well as independent trustees to ensure the promotion of beneficiary interests. The Board of Trustees holds four (4) regular meetings a year to discuss, in the main, the business strategy and to agree on the spending plans for forthcoming years as well as the delivery of social impact projects to be funded by the Trust.

The governing documentation of the Trust includes the Trust Deed that clarifies the powers and duties of Trustees, the mandate and objectives of the Trust.

Governance of the Trust is effected through well-developed structures and processes that flow from and to the Board of Trustees. The Board is overall responsible for governance of the Trust but has, in line with principles of good corporate governance, delegated some of powers to various committees which have been mandated to focus on specific areas of the Board's mandate.

OUR BOARD OF TRUSTEES



A.C.G. MOLUSI (CHAIRMAN)



V. MALIE



O.C. MOGODI (JTG)



Y. MFOLO



W. VAN HEERDEN



D.J. VAN STADEN



N.M. MOSIAPOA (MDT)



A.M. POLE (GT-CDT)



J. MOOKI (T-CDT)



H. CAMERON



A. DIPPENAAR

BOARD COMMITTEES

The Board has six (6) designated committees established to address both compliance issues and improve the efficiency of decision making processes. The committees, who have delegated authority, are responsible for making decisions for final approval by the Board on matters ranging from, inter alia, finances, audit, risk, remuneration, ethics and projects approval.

The following Committees have been established to assist the Board in discharging its mandate:

1 | THE GROUP AUDIT AND RISK COMMITTEE (GARC)

Group Audit and Risk Committee is responsible for providing assurance to the Board and oversight on the Group's risk management framework to ensure that business risk is adequately mitigated against and manage:

2 | THE PROJECTS REVIEW COMMITTEE (PRC)

This committee is responsible for ensuring overall projects governance and reviews and makes recommendations to the Board on projects to be implemented within SIOC-cdt's beneficiary communities;

3 | THE REMUNERATIONS, HR AND PERFORMANCE MANAGEMENT COMMITTEE (REM COM)

This committee is mandated to oversee human resources matters, review the Trust's performance management framework and to review and make recommendations to the board on the remuneration of both staff and Trustees;

4 | THE NOMINATIONS COMMITTEE (NOM COM)

The Nominations Committee is responsible for providing advice to the Board on the appointment and removal of Trustees and ensuring that suitably qualified persons are appointed to the Board and at management level to ensure a proper mix of skills, experience and expertise across the organisations;

5 | THE SOCIAL, ETHICS TRANSFORMATION COMMITTEE (SET)

This committee is the watchdog for ethical conduct across the Group and oversees the integration of ethical conduct and culture within the organisation; and

6 | THE INVESTMENT REVIEW COMMITTEE (IRC)

The Investments Review Committee is an advisory Committee set up to provide technical support to management in reviewing potential investments and areas for potential investment by the Trust and to make the relevant recommendations to the Board in line with the approved investment strategy.

The above Committees have Terms of Reference (TOR) approved by the Board setting out their respective mandates and extent of their powers/authority. These TORs are reviewed on an annual basis to ensure relevance to the mandate of the relevant committee and to effect any changes required by changes in, inter alia, the business strategy, funding, legislative developments, organisational change etc.

While the Board has delegated some of its powers to designated committees, the Board has reserved certain rights and duties in line with the Trust Deed requirements and the approved delegation of authority framework.



CHAPTER 6

OUR FINANCIAL REPORT

The Trust and its subsidiaries ('The Group') is in a healthy financial position at year end, despite a declining net asset value and dividend income over the years. The Group has approved strategies and policies for organisational direction and enhanced efficiencies over the 10 year cycle.

TREASURY AND CASH MANAGEMENT

SIOC-cdt boasts a dedicated treasury and cash management function. In terms of the approved investment policy, best practice methods are employed to ensure optimal working capital levels are maintained for the short-term requirements of the Trust. This includes term deposits and money market investments to ensure liquidity. The financial institutions selected for this purpose must be highly rated by reputable credit rating agencies. The ratings and their outlooks are monitored periodically by the treasury team.

FINANCIAL HIGHLIGHTS

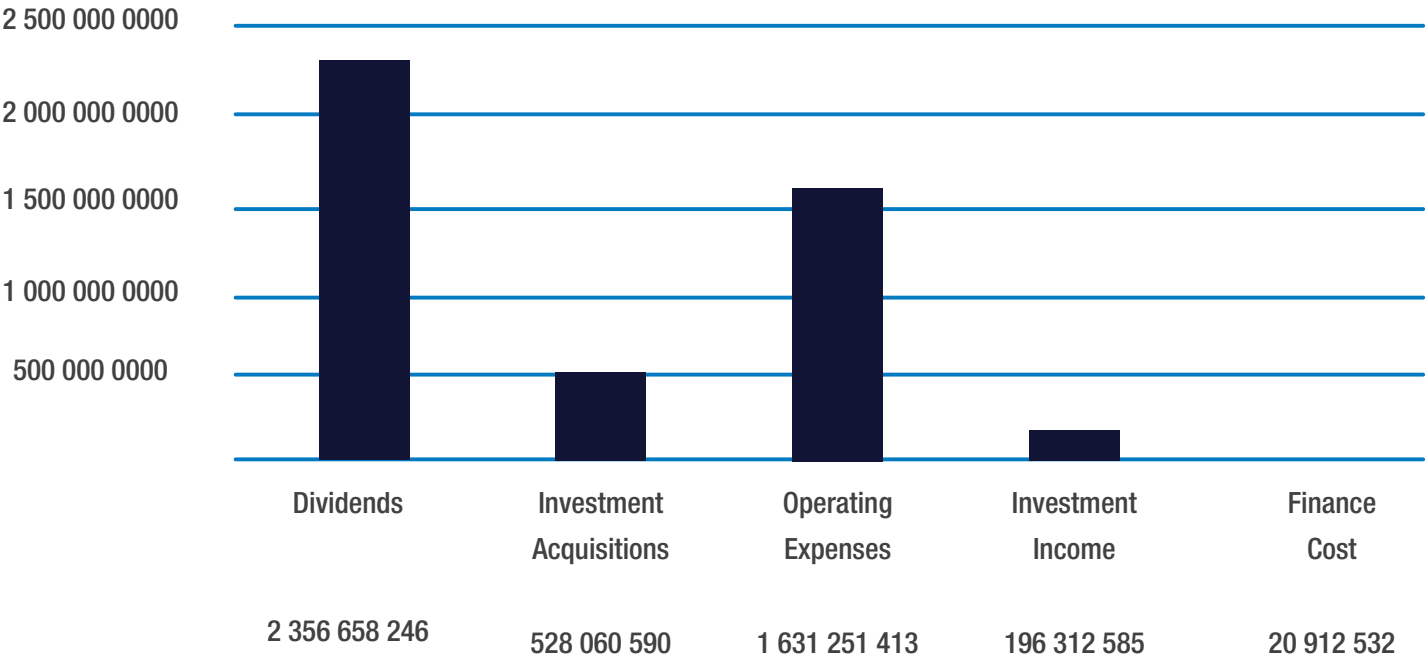
REVENUE

The Group reported total revenue of R 2, 55 billion, mainly comprising of a R 2,35 billion dividend from Kumba Iron Ore (KIO), other investment income of R 196 million.

EXPENSES

Total operational expenditure amounted to R 1, 63 billion. And total finance cost of R 20, 9 million for the 10 years.

10 YEAR - FINANCIAL HIGHLIGHTS



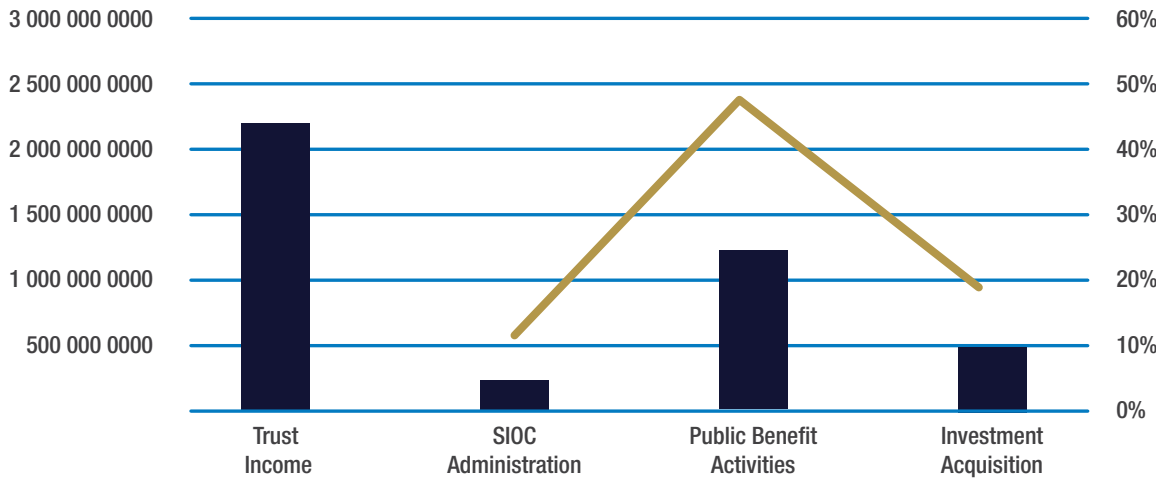
ANALYSIS IN TERMS OF THE TRUST DEED AND PUBLIC BENEFIT ACTITIVIES

TRUST INCOME

The Trust income amounts to R 2, 552 billion including investment income mainly coming from dividends received in the past 10 years until 2016.

TRUST EXPENDITURE

The Group reported public benefits expenditure of R 1, 395 billion, which is 55% on Trust Income, spent on communities over the 10 years and R528 million, which is 21% of Trust's income, spent on acquisition of additional investment other than Sishen Iron Ore Company (Pty) Ltd, and R256 million, which is 10% of Trust's income, on administration of the Group. 15% of the Trust's income has not been spent.

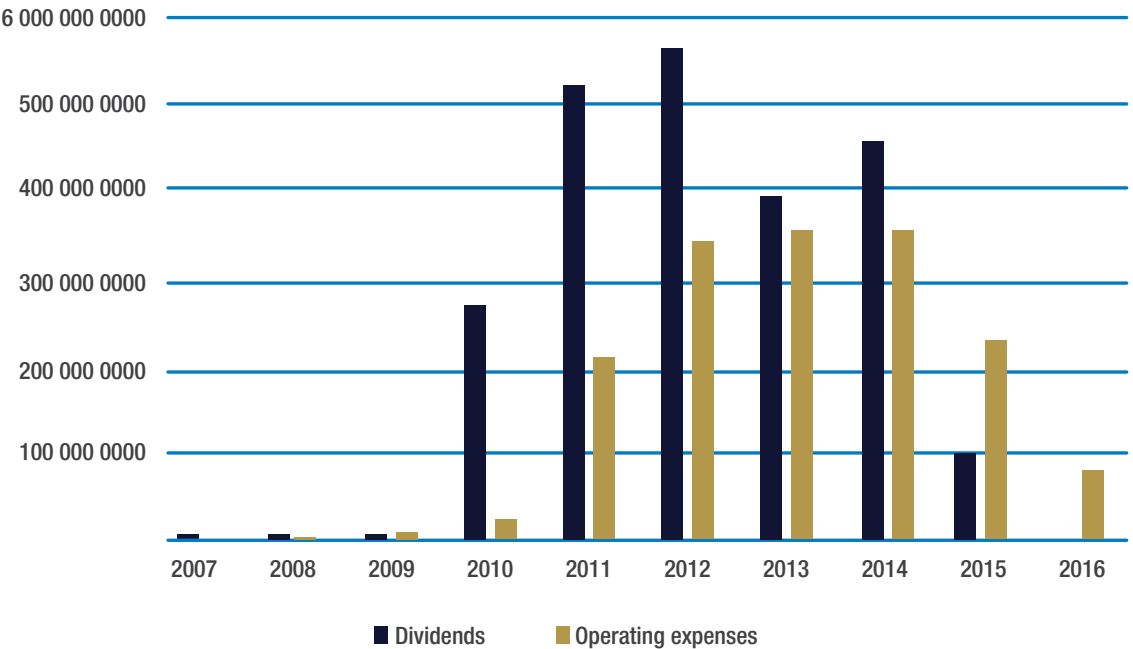


10-YEAR FINANCIAL PERSPECTIVE

COMPARISON OF DIVIDEND AND OPERATING EXPENSES OVER THE 10 YEARS

The average dividend per year has been approximately R 235 million since 2007. The highest dividend of R 570 million was received in the 2012 financial year with no dividend received in the 2016 financial year. The annual operating expenses have followed the dividend trends where expenses have tracked the dividend patterns.

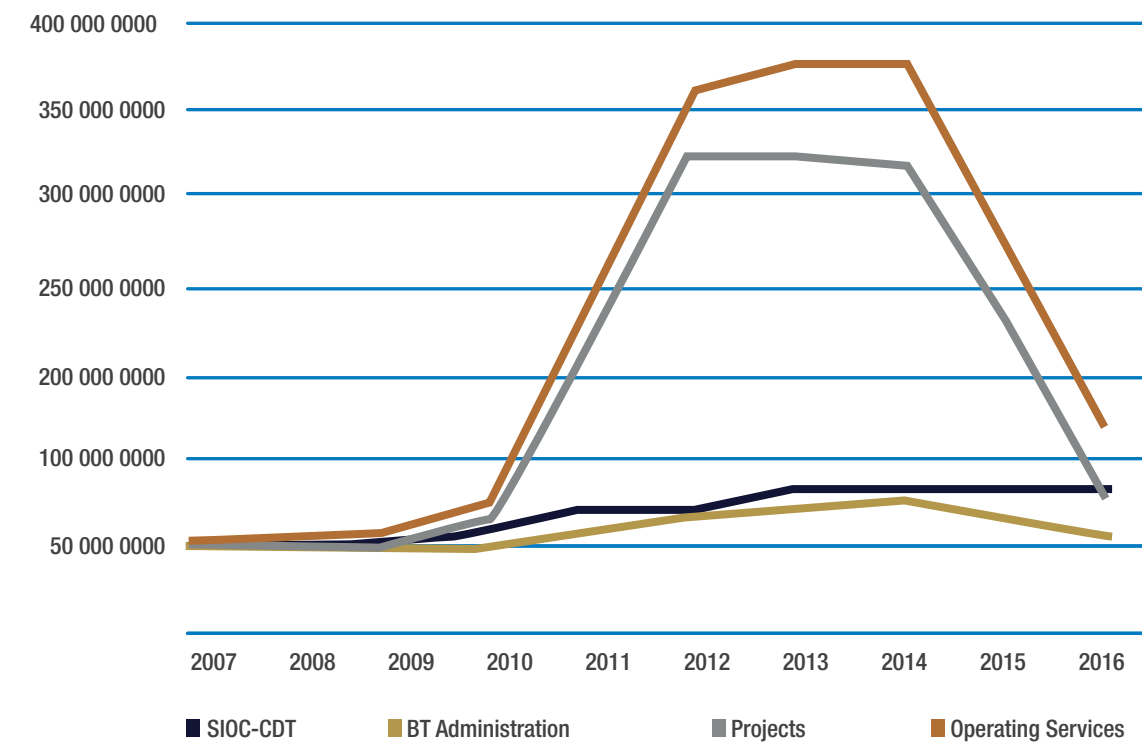
INCOME EXPENDITURE



EXPENDITURE TREND

Group expenditure increased until 2014 and decreased from 2015 due to the reduction of dividends from the KIO investment and other investments. Beneficiary Trust (BT) administration also administration also was on the rise until 2014 when the Trust changed its strategy to remove the Beneficiary Trust expenditure to the one Trust operating model.

EXPENDITURE PATTERN

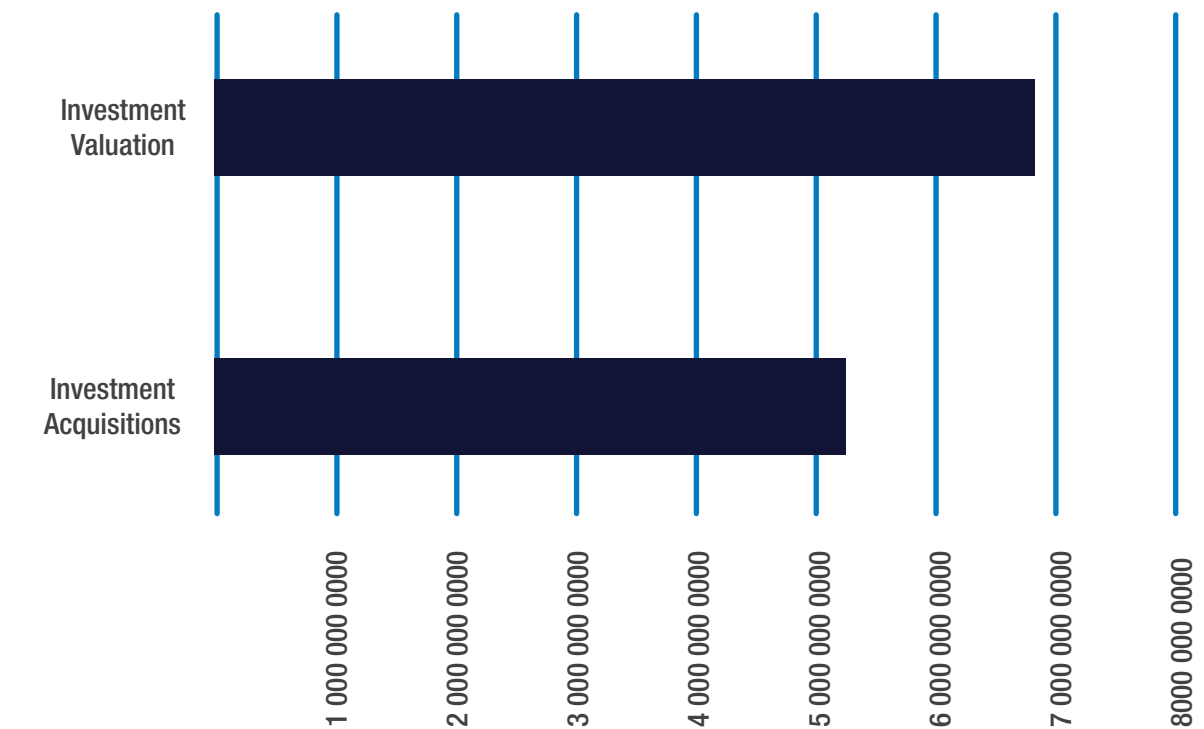


INVESTMENTS

The Group has a portfolio consisting of five investments in different sectors, excluding the biggest investment of 3% shareholding in the Sishen Iron Ore Company. This is supplemented by four investments acquired through InvestCo, namely SA Airlink, Urban Hotel, Continental Coal Limited, and Basil Read.

The acquired investments amounted to R 528 million and based on the internal valuations as at December 2016 the investments were valued at R 687 million despite the loss of in Continental Coal and Basil Read in value of investment. SA Airlink has been the main driver of the good performance of investments.

INVESTMENT ANALYSIS



CASH FLOWS

The Group funds at the end of 2016 amounted to R629.8 million with R156.5 million relating to Kathu Solar Park investments through Subrotouch. Most of the funds are invested in the Nedbank Corporate Money Market Fund which attracts better interest rates, of at least 7% above average per annum.

ZAR'000	BALANCE - 31 DEC 2016
Current & credit card account	6, 834
Money market	466, 372
Total cash available	473, 206
Escrow account	156, 586
Total cash reserves	R 629, 792

Source: Bank Statements

FORWARD-LOOKING ASSESSMENT

INTERNAL PROCESSES

Policies and strategies for treasury and investment were developed at year end to influence the choice and diversity of investments. The focus will be on investment fundamentals of companies reflecting strong cash flow from operations, net growth, anticipated dividend pay-outs, the retention of strong market positions and brands. The Investment Policy will focus on the implementation of strong cash management principles to minimise leakage and maximise growth in interest income.

SUSTAINABILITY

The Investments are intended to create a sustainable future for the SIOC-cdt and its beneficiary communities, beyond the lifespan of the SIOC's mining activities.

