

**MINERALS COUNCIL 133rd ANNUAL GENERAL MEETING (AGM)
ADDRESS BY MINERALS COUNCIL CEO ROGER BAXTER
31 MAY 2022**

Honourable Minister Mantashe
Minerals Council President Nolitha Fakude
Office Bearers
Member company CEOs
Director General Mbele and Deputy Director Generals
Senior colleagues
Organised labour
Former Office Bearers and CEOs
Members of the Media

Good afternoon and thank you for joining us at our 133rd AGM.

Thank you Nolitha for the important insights into the mining industry's increasingly important role not only in the economy but also in society more broadly to ensure we continue #MakingMiningMatter and play a leading, solutions-driven role in the change we want to see. We believe in the adage "be the change that you want to see in this world". Thank you for your great leadership, friendship, selfless contribution and wise, insightful counsel throughout 2022, which was another difficult year for the mining sector and the country.

I welcome Nombasa Tsengwa to the Minerals Council's Office Bearers. You join us at a time of change and your leadership and knowledge will be invaluable. My thanks too for the thoughtful, astute leadership and guidance of our other Office Bearers, Paul Dunne, Themba Mkhwanazi, and Peter Steenkamp. I'm pleased you have indicated you can serve an extra term with our President, which will prove invaluable to our new Chief Executive, and I'm sure that you will provide him the same great support that you have so generously provided to me to navigate a challenging environment for mining and the economy.

The Minerals Council continued to implement its Board-approved strategic plan despite the many challenges and headwinds of 2022 and, importantly, it was able to continue to make material progress against our objectives.

Substantial industry leadership and energy continued to be channelled through the Minerals Council, and directly by companies, into safety initiatives to achieve the lowest level of fatalities in the mining sector in recorded history. Still, this means that 49 people did not go home to

their families in 2022, and our quest for zero fatalities must continue. We recorded the first month with zero fatalities in January 2023, so we know it can be done. In the first half of 2022, there were no recorded fall of ground fatalities in deep level gold and platinum – the first time on record.

As I prepare to end my term as CEO of the Minerals Council, this remarkable milestone is one that I regard as really important but that the leadership journey to zero harm must continue. When I joined the Minerals Council as a junior economist in 1992, there were 551 fatalities that year. Through tireless and dedicated focus and collaboration between the Minerals Council and its members with the Department of Mineral Resources and Energy, Mine Health and Safety Inspectorate and organised labour, the mining industry has made significant progress in improving the industry's safety and health performance. We are not yet at our goal of zero harm, but we have proved we are able to make our industry safer.

Material progress was made on reducing fall of ground fatalities, which were cut by 73% to six during the year and implementing workable collision avoidance solutions. The issue is how to sustain progression to achieve Zero Harm. We know it has to do with a combination of technological progress in modernising our mines and ensuring that people work together to achieve it. Collaboration, trust and cooperation are fundamental building blocks in our quest to ensure every employee returns home safely every night. Most importantly, we need to ensure that people know that they can say no to working in unsafe conditions and that they are assured that their bonuses will not be affected by declining to do unsafe work.

Significant progress has been made on the health front where the industry was alert to any COVID-19 risks, continued to focus on reducing occupational exposures and, significantly, the industry's TB prevalence rate remains well below the national average. The sector also implemented the Masoyise health programme focused on lifestyle diseases.

The Council's drive for greater diversity and inclusion in mining, including through the implementation of the Women in Mining Strategy by members, continued to see positive progress made. By the end of 2022, some 70,000 women were employed in the mining sector representing about 15% of the workforce.

The Minerals Council has led the charge on addressing legacy issues. With the Minerals Council's support, the Medical Bureau for Occupational and the Compensation Commissioner for Occupational Diseases achieved a clean audit, and, at the same time, the industry saved more than R1 billion in levies through a revaluation of the fund assisted by the governance and oversight work provided by the Council to these bodies.

The Minerals Council helped shape the national discourse to enable the most substantial structural reform in the past two decades in the energy sector with government removing the cap on the size of embedded energy projects. The Government has eventually accepted our view that the future of new power generation should rest with the private sector. Government established the National Electricity Crisis Committee or NECOM and focused on removing impediments to private sector investment in generation, including eliminating any licensing requirements. Further urgent reforms are needed to separate Eskom's transmission system

into a separate state company and resolve transmission constraints, which are preventing rapid implementation of 9GW of private sector energy projects, 7.5GW of which are in the mining sector.

The Council invested significant effort with members engaging government and Transnet on the country's rail and ports crisis. President Cyril Ramaphosa has announced the National Logistics Crisis Committee in which the Minerals Council and its members will play a major role.

The mining industry accounts for 80% of Transnet Freight Rail's annual revenue and half of Transnet's group revenue. Based on actual performance versus target, the mining sector lost more than R50 billion in exports in 2022. Taking nameplate capacity of rail infrastructure, or enhanced nameplate, the economic opportunity cost was more than R150 billion in forfeited mineral exports and R27 billion in taxes to Treasury.

While the Minerals Council and its bulk commodity members are in regular engagement with Transnet's Board, Executive and management on four key export channels, the challenges with logistics affect the entire economy and pose a risk as severe as -- if not more severe than -- Eskom. We need urgent and consolidated action from the Government, Transnet and business to stabilise Transnet's performance and to rapidly bring private sector participants into the rail sector as outlined in the National Rail Policy White Paper. Private sector concessions at the ports to manage the transshipment of products is essential to addressing bottlenecks in our exports and imports.

Another area of substantial focus during 2022 has been the security crisis affecting the mining sector, including the impact of product theft, illegal mining, attacks by armed gangs on precious metals facilities and mines and disruptions and violence perpetrated by the procurement mafia to extort contracts from the industry. The Council has worked closely with members and the security cluster to address the challenges. Together with Business Unity South Africa and Business Leadership South Africa, the Minerals Council will work with structures set up with the Government to address crime and corruption that is rapidly eroding the fabric of our society.

The Minerals Council continued to drive the industry's Modernisation and Research, Development and Innovation collaborative efforts with the Department of Science and Innovation and the CSIR through the Mandela Mining Precinct. Good progress was made on the critical pillars of the RD&I extraction focus of the Precinct, with over R500 million now invested in RD&I. We are seeing positive progress in developing digital twin models for mines, advanced orebody knowledge and extending the lives of existing large scale and deep mines.

As expected, the Council continued to engage government on all the relevant policy, legislation and regulation issues affecting the mining sector. The fundamental purpose of doing so was to promote smart tape, reduce red-tape and improve the competitiveness of the policy and regulatory regime for exploration and mining. The DMRE has agreed that the SAMRAD online system was dysfunctional. It has also agreed to redo the RFP for a new cadastral system. It has stated it will buy an off-the-shelf system instead of trying to develop a bespoke system. It is now critical for the new cadastral system to be fully implemented and for a transparent and

much more competitive licensing system to be in place. If South Africa wishes to play its role in the global mining industry and realise its true potential, it must have a transparent, corruption-free, accessible cadastral system to efficiently manage prospecting and mining rights as well as permits on an efficient and sound basis. There is a backlog of more than 5,000 rights, which is curtailing investment and job creation in the industry. It is impeding the development of the junior, emerging and exploration mining sector, which will fundamentally transform the sector as new entrants are encouraged to participate.

Unfortunately, South Africa did slip in the Fraser Institute Survey ratings for 2022. Issues such as the security and crime challenges and the reduced electricity supply and deteriorating rail performance affected the sector.

Following recent meetings with the DMRE Director General Mbele and his leadership team, the MCSA and DMRE have agreed to focus on the four or five priority challenging areas that require revision and reform – and we hope to make progress to address the deterioration in the country's ranking.

I can confidently say that the Minerals Council stood up and was counted in all the critical debates during 2022, and that it continued to properly represent the interests of members and drive an agenda of *#MakingMiningMatter*.

On personal note, I would like to say thank you and farewell after my three decades in South Africa's mining sector. It has been a privilege and deep honour to have been entrusted with the leadership of the Minerals Council over the past nine-years. There is a solid platform, with excellent leadership, great capability, a determination to help the country prosper and an industry that really does matter for South Africa.

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