

31 May 2023

President Nolitha Fakude's speech at the Minerals Council South Africa's 133rd AGM
Transforming our industry beyond compliance and #MakingMiningMatter

Honourable Minister Gwede Mantashe,
Minerals Council CEO Roger Baxter,
Office Bearers,
Board Members,
Fellow CEOs and Minerals Council Colleagues,

Good morning and welcome to our 133rd AGM.

Thank you for joining us as we reflect on the past year and what lies ahead. Today, Roger will speak about the operational challenge and successes we've had in navigating an increasingly difficult environment for not only the mining sector, but also our economy and our society. I will focus on why mining matters to our stakeholders: our employees, host communities and the broader economy. Mining is a critical industry in our country, with a history stretching back well over a century. We pride ourselves at the Minerals Council that we continue learn from past mistakes, and we move forward in a constructive, solutions-driven way to continue making mining matter. We continue to strive to be a trusted, reliable partner for our stakeholders.

Fundamental to this partnership is our quest for the transformation of an industry that was for generations forged along deeply divisive and damaging racial and gender lines. We have made tremendous progress in the nearly three decades of freedom and democracy since 1994. Our imperative to transform is guided by a bold vision in South Africa's Constitution: *to heal past divisions and establish a society based on democratic values, social justice and fundamental human rights*. Transforming our society and economy is at the heart of making this ideal a reality, and the Minerals Council and its members are unequivocally committed to playing our part in achieving this vision. As someone once said, the past we inherit, however, the future we create.

As the Minerals Council, we reiterate that the mining industry remains as committed as ever to transformation and continuing the sustainable and impactful initiatives that should result in true economic value creation beyond mere compliance. We are committed to positive social impact, especially in host communities.

This is demonstrated through our ongoing *Transformation Beyond Compliance* project which we initiated in 2021. The project was developed in response to the perceived void as regards an enforceable transformation instrument for the mining sector. Following the High Court declaratory order and judicial review, we started developing this project in collaboration with our members. Minister Mantashe, you invited us to recommend a framework for socio-economic transformation in the mining industry.

In this respect, we are preparing a proposed instrument that can deliver meaningfully differentiated outcomes for all stakeholders while ensuring policy certainty for the industry concerning transformation and targeted socio-economic development commitments. Accordingly, we are hopeful that the *Transformation Beyond Compliance* project will serve as a proposed bridge by the mining sector between the current context of transformation in the mining sector and a future characterised by increasingly shared values and collective buy in by all stakeholders and beneficiaries comprising our employees, communities and customers.

Our Board has endorsed and approved this concept and we are ready to engage the DMRE to review, refine and work towards the adoption of the co-created *Transformation Beyond Compliance* proposal, that will result in a common framework that can be easily measured and monitored and is aligned to global EESG standards and strongly correlated to the UN's Sustainable Development Goals.

Our engagements will involve all stakeholders, including the beneficiaries, organised labour, community-based organisations and non-governmental organisations.

As an industry, we continue to play our part in changing South Africa's socio-economic landscape in numerous ways. In 2022 alone, our performance as an industry enabled us to contribute R484.7 billion to the economy, up from R475 billion, keeping the sector as a 7.3% contributor to GDP. Exports increased to R877.4 billion compared to R834 billion a year earlier. For the second consecutive year, the value of production was above R1 trillion, increasing to a record R1.18 trillion from R1.1 trillion.

The value we add and share as an industry comes in many forms and not just financial. Through our total economic contribution, we have enabled local companies to grow and thrive by being very deliberate about procuring from local suppliers in our host communities; those owned by black South Africans and those owned by women and young people.

The mining and quarrying sector spent R504 billion in 2022 on buying goods and services. The mining industry strives to allocate 60-80% of its annual procurement expenditure on HDSA-empowered companies, which includes black-owned, women-owned and youth-owned companies.

The industry grew employment to nearly 469,000 during 2022 from 460,000 the year before. Mining industry employees' earnings of R174 billion were substantially higher than R165 billion before. The sector spent more than R5 billion on human resources development, with a further R1.7 billion paid through the skills development levy.

In addition to this, the Minerals Council is proud of its role as a champion of junior, exploration and emerging mining companies. We are actively working to grow this sector to ensure broader benefit from South Africa's fantastic mineral endowment. Our Junior and Emerging Miners Desk has 38 members, including three associations representing more than 1,000 small companies. In 2022, Junior and Emerging Miners accounted for 7.4% of the mining industry's total revenue – at around R88 billion. Along with the JSE, the Junior and Emerging Miners Desk initiated a Junior Mining Accelerator Programme to provide strategic support to junior mining companies, while the leadership from our larger members provide mentorship opportunities to those heading these companies.

It is more important than ever that the mining industry forges relationships built on mutual trust, cooperation and partnership with our communities through Social and Labour Plans and other initiatives. The economy is not growing, and job prospects are poor for school leavers and youth in general.

The industry spends more than 1% of its net profit after tax on community development projects annually. Mining companies often implement social development initiatives before they start production or selling products.

The industry's procurement spend, enterprise development projects, and education and training through Social and Labour Plans that underpin mining rights are the ideal mechanism to improve our host communities' lives and create sustainable livelihoods beyond the lives of mining operations.

As the global mining industry is increasingly judged by the highest of Economic, Environmental, Social and Governance or EESG standards, the Minerals Council and its members are firmly steering a course towards greater transformation, community engagement and upliftment, and contribution to the country and society.

Including a global EESG-leading practice is vital to societal acceptance of mining and securing our future. Going beyond regulatory compliance and demonstrating lasting social value are fundamental to building trust and demonstrating leadership.

The Minerals Council has an active Women in Mining initiative to ensure gender diversity and inclusion in a traditionally male-dominated industry. The sector employs more than 70,000 women, representing about 15% of the workforce. Developments in technology to modernise mining and make it safer will not only improve the industry for all employees but also make it a viable career option for women.

Our members look beyond their mine gates to make a positive difference in nearby communities. The Minerals Council, representing its members, signed a Memorandum of Understanding last year with the National Prosecuting Authority's Sexual Offences and Community Affairs Unit and the GBVF Response Fund. The parties will collaborate to facilitate the building and/or refurbishment of Thuthuzela Care Centres to provide prevention, response and after-care services to survivors of gender-based violence in mining-host communities around the country. To date, seven of our companies have pledged financial support of R6 million and made donations to the partnership. They pledged to build Thuthuzela Care Centres.

Modernisation and repositioning of mining in society includes reducing carbon-based energy, extracting critical minerals for new energy sources, and ensuring a just energy transition for employees and mining host communities. In September 2022, the Minerals Council Board adopted a comprehensive position on climate change, and its members are committed to contributing to a just energy transition. In this regard, the Minerals Council is a member and participant of the Presidential Climate Change Commission.

The Minerals Council is determined to continue playing a meaningful role in the economy, society and communities in which member companies operate. We will ensure that our social licence to mine is beyond reproach and that we continue with #MakingMiningMatter in a safe, sustainable, environmentally conscious way.

Finally, allow me a personal note to thank Roger Baxter, the outgoing Minerals Council CEO. Having spent over three decades in service of our industry, Roger embodies a spirit of collaboration and selfless leadership synonymous with our predecessors and icons in our industry.

Through his unwavering commitment to making South Africa a better place, he has provided a blueprint for us all to emulate. South Africa's mining industry is indebted to him for his passionate and principled leadership during some very challenging times for our industry.

Please join me in thanking Roger for his selfless and principled leadership.

In conclusion, on behalf of our Board, I am pleased and delighted to also announce that we have concluded our search process for Roger's successor. Last week, our Board unanimously approved the appointment of Mr Mzila Mthenjane as the CEO of the Minerals Council South Africa. Mzila is currently an Executive at Exxaro Resources, with 30 years of mining industry experience. He is no stranger to the intricacies of mining and more crucially, the stakeholder engagement processes at both national and international levels. He is a strong culture fit, highly competent in stakeholder management and building sustainability strategies. With this, Mzila is well placed to support the Minerals Council's strategy especially within the EESG agenda.

Thank you very much and may I hand over to Roger for his CEO review.
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