

**ADDRESS BY ROGER BAXTER, CEO OF THE MINERALS COUNCIL SOUTH AFRICA,  
AT THE 128<sup>TH</sup> ANNUAL GENERAL MEETING OF MEMBERS ON 23 MAY 2018**

Honourable Minister Gwede Mantashe,  
Minerals Council President and Vice-Presidents,  
Past Presidents of the Chamber of Mines,  
Members of the Minerals Council and Members of the Board.  
Members of the Media,  
Ladies and Gentlemen

I am delighted to give this first formal CEO address on behalf of the Minerals Council South Africa.

Before I discuss some of the highlights and challenges of this year, I would like to reflect on Mxolisi's statements on safety and health, after the poignant remembrance of those who have lost their lives in mine accidents.

Ensuring our colleagues return home safely and unharmed at the end of every day must be our industry's upper most priority.

Since the dawn of democracy, the industry and its tripartite partners, including labour unions and the Department of Mineral Resources, have illustrated that by working together the industry's safety performance can improve. Great strides have been made towards achieving the collective goal of Zero Harm. Between 1993 and 2016, the number of fatalities across the industry declined by around 88% while fatalities as a result of fall of ground incidents declined by 92% over the same period. Other safety indicators improved at similar rates.

After a 23-year period of consistent improvement, we are deeply disturbed and disappointed by the deterioration in safety performance during 2017 and the first part of 2018, particularly in respect of the number of accidents related to seismic activity and subsequent fall of ground incidents.

As employers, the industry is fully committed to achieving the goal of Zero Harm. Ensuring the safety and health of all mining employees requires active collaboration between management, employees and regulators.

I know that the CEOs of our members have recommitted themselves to the quest for zero harm. In 2012, the Minerals Council established the CEO Zero Harm Forum to visibly lead by example, to drive health and safety initiatives and to share experiences to help address key challenges. Among the priorities have been the development and management of critical controls for fatal risks, and instilling a culture in the industry that will change the behaviour of people at all levels to enhance their compliance and agility for change.

On behalf of the industry, I call on all stakeholders to re-affirm their commitment and to remain focused on achieving Zero Harm in ensuring that each and every employee returns home safely to their families at the end of every day. As part of our commitment to improving safety and health in the industry, the Minerals Council Board has agreed to an industry “Safety and Health day” in the second half of the year where we hope unions, government and companies will join hands to refresh each other on leading safety and health practices and showing visible leadership.

On the regulatory and policy front, the challenges experienced in 2017 were arguably the worst the industry has ever experienced. In fact, the year 2017 proved to be one of the most eventful in the industry’s post-apartheid history. For the first time in several years, thanks to political developments in the ruling African National Congress and their impact at national government level, the year ended with a great deal of scope for hope for the future of the industry and our country.

A major focus of our work in 2017 related to improving the policy, regulatory and operating environment for the mining sector, despite what was a toxic political environment. The development of a new Mining Charter and resistance to the efforts of former Mineral Resources Minister, Mr Zwane to impose a unilaterally developed Charter on the industry that, if implemented, would have seriously damaged the industry and the national economy. The Minerals Council had to approach the courts to ensure a sustainable future for the industry and those that depend on it.

Ultimately, we believe that the subsequent developments bear out the validity of the strategy adopted.

In February this year, Mr Zwane was replaced as Mineral Resources Minister by Mr Gwede Mantashe in the country's new President's first cabinet reshuffle. This was followed by a commitment by President Cyril Ramaphosa to engage on a new charter. The Minerals Council, honouring a call by President Ramaphosa to give charter negotiations a chance, agreed to postpone litigation to review and suspend former Minister Zwane's Charter.

The new charter is being developed through a process of negotiation between all stakeholders. Reaching an outcome that all parties can live with and defend has not been and will not be an easy process. The reality is that there are many divergent perspectives of the industry, but we believe that the ultimate outcome must be – as was the case in 2004 and 2010 – a consensual one that takes account of broader transformational competitiveness and sustainability imperatives.

We remain committed to playing our part and continue to participate in the two technical task teams established by Minister Mantashe – one on transformation and the Mining Charter and the other on competitiveness and inclusive growth – as well as the Committee of Principals – with a view to develop a new Mining Charter that will facilitate the further transformation and sustainability of the industry. The aim is also to produce a growth and competitiveness strategy that will help galvanise renewed investment in the mining sector. Given that South Africa is ranked in the top quartile (position 20/91 jurisdictions) by the Fraser Institute Survey for our mineral potential assuming best policy and regulatory practice and that we are ranked in the worst quartile for our policy attractiveness (position 80/91), there is a huge divide between South Africa's mineral potential and its current performance.

Our hope is that the growth and competitiveness strategy and the new Charter, will bridge this huge divide, helping to materially grow investment and to help our country to realise its true economic and transformational potential.

Reflecting on the matter relating to the declaratory order in respect of the recognition of the continuing consequences of previous transactions – which was initially a joint initiative between ourselves and then Minister Ramatlhodi – the North Gauteng High Court found in favour of the Minerals Council's interpretation of this matter. Achieving clarity on this matter is absolutely critical to the industry's future in South Africa. The Minister and the DMR have subsequently initiated an appeal against this majority judgment. We respect their right to do

so, and advise that the Minerals Council will continue to act in support of the protection of the rights of its members.

What is often forgotten in the debate on the Mining Charter is that mining companies are not owned by the managers that manage them. They are merely the custodians of these assets, and they represent the interests of millions of South Africans who – through their pension funds – hold significant portions of shares in listed mining companies.

I alluded earlier to the fact that engagement on the Mining Charter continues to be robust. That is to be expected. The Minister's comments made earlier give us some comfort that the outcomes will be something that not only we can all live with, but an outcome that will ensure the growth and competitiveness of the industry.

We need to move beyond the lack of trust between parties, and beyond political rhetoric to our reality. And that is, without investment our industry will dwindle and die. That does not have to be the case:

Towards the end of 2017, we published a report based on a survey of members which showed that - should South Africa introduce changes to its mining regulatory regime - the country could once again return to the world's top 25% global mining jurisdictions, planned investment over the next five years could be 84% higher than was previously planned and that consequently we would see improvements in employment and all the other factors to which mining contributes.

These findings resonate with President Ramaphosa's initiative to source an additional US\$100 billion in investment. We believe that under these new circumstances South Africa can and will flourish. The industry recognises that it too has a role to play and we look forward to playing our part in both the President's Investment and Jobs Summits.

Turning specifically to the Minerals Council itself, it has been an immense privilege to have led the Minerals Council over the past three years. With the full support of the Minerals Council's Office Bearers, Board and members, the Minerals Council has been modernised to play a much more meaningful role in national debates to help realise the real potential of the mining sector. The Minerals Council has integrated a much more comprehensive strategic planning, budgeting and execution process into its very fibre. The organisational structure has been changed to reflect the strategic imperatives, a modernised human resources

strategy has been implemented and the Minerals Council building and facilities have been modernised to reflect the innovative and leadership role of the Minerals Council.

Over the past three years we have also embarked on the comprehensive brand health assessment, brand rejuvenation and renaming projects, with a view to repositioning the Minerals Council to be the preeminent mining industry association. The work involved in the brand health assessment included all our stakeholders, many hundreds of hours of just plain hard work and thousands of pages of documents and presentations.

While recognising the industry's challenging past, the new Minerals Council seeks to blend the positives of the past with the promise of the present and the future. We subscribe to a core set of values and seek to realise a mining future that is progressive, transformed, competitive, innovative, modernised, safe and healthy, skilled, community and nation building where South Africans are proud of their mining sector.

As the guru of South African marketing Jeremy Sampson said, "A BRAND is a promise made and a promise kept". We intend to continue working constructively with all stakeholders to realise that promise.

Over the past few years we have significantly enhanced our efforts to deal with legacy issues and good progress is being made on ensuring ex-mineworkers receive either compensation that is due for occupational lung disease or pension funds that were not collected.

It is also our contention that mining companies and the state need to work more closely, in an integrated way, to ensure a holistic view of community needs. In terms of our work in mining communities, we have implemented on-the-ground pilot engagements and programmes at Emalahleni and in the Northern Cape where we hope that the work we do will be helpful in itself and that the lessons we learn will be valuable to the industry as a whole.

Finally, it has been an immense privilege to have led the Chamber-to-Minerals Council transition, with all the hard work done behind the scenes. I am indebted to the wise counsel and leadership of our President, Mxolisi Mgojo; Andile Sangqu, Neal Froneman and Steve Phiri, our Vice Presidents for 2017/2018. Thanks to immediate past President Mike Teke who helped shape the rebranding agenda. Thanks for the support of our Board, who have

given generously of their leadership time to the Board. Thanks also to Jeremy Sampson who helped in the initial parts of our brand work, to Sean McCoy and his team at HKLM for their brand rejuvenation work and to Charmane Russell and her R&A team for all the communication and brand work.

Special thanks to my internal leadership team, including our Senior Executives Mr Niks Lesufi, Mr Tebello Chabana, Mr Harry Groenewald and Mr Sietse van der Woude. Special thanks to my MANCO team made up of Dr Thuthula Balfour, Motsamai Motlhamme, Stanford Malatji, Ursula Brown, Jeannette Hofsajer van-Wyk, Henk Langenhoven, Mustak Ally and Stephinah Mudau. Thanks to the rest of the Board team for their hard work and commitment to the Minerals Council.

Going forward, we as the Minerals Council South Africa will continue to support and promote the South African mining industry and will continue to work towards ensuring that mining matters, for our employees and their families, our shareholders, our neighbours and communities, for our customers and suppliers, and the users of our products, and for the nation as a whole.

Finally, as President Nelson Mandela once said, “It always seems impossible – until it's done”.

We are doing and we look forward to working with stakeholders to get this great industry back on its feet and to realise its true economic and transformational potential.