



## IN CONVERSATION WITH BEN MAGARA, CEO, LONMIN



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### 14 June 2016 – Johannesburg:

The Centre for Sustainability in Mining and Industry at the University of the Witwatersrand, in partnership with consultants Synergy Global, hosted an evening conversation with Lonmin CEO Ben Magara on Wednesday 8 June 2016 at the Wits Club. The event brought together senior industry leaders and participants from the Community Relations Practice course offered by the CSMI on managing stakeholder relations. Magara was asked to share his views on the challenges of managing social risks and maintaining open lines of communication with a diverse range of stakeholders in times of cut backs and budget cuts.

Asked for his thoughts on leadership, Ben Magara gives a straight forward answer, simple but profound: “Show up, be there with passion and purpose. If you aren’t passionate about what you do find another job, go somewhere else.”

He doesn’t dissolve into clichés about only having one life and the answer is not a slick, well-used refrain. Ben believes in what he does and seeks out opportunities to practice his profession – he’s a miner who wears his hard hat with honour.

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In July 2013, when all of the platinum industry and most of South Africa were still reeling in horror after the events of August 2012, which left 44 people dead in Marikana, Ben left the familiarity of an executive role at Anglo and joined Lonmin as its CEO.

One has to ask why. He’s been asked many times, not least by his former colleagues at Anglo, the company that had sponsored his studies and where he had grown from new recruit to CEO of Anglo Coal, taking in some time in the platinum mines along the way. He was driven to take it on, he says, because he felt there was a purpose.

He took on a company where everyone from the unionized workers, those who had wanted to strike and those who didn’t, to executives, management and shareholders had suffered a deep sense of loss.

His first week in the job, he skipped the Melrose Arch head office with its easy access to trendy coffee shops and restaurants, and headed to the shafts. That week he greeted around 22,000 of his new employees as they started shifts or came up from underground. Introducing himself as one of them.

### Who is he?

He is a man who is passionate about mining, a man whose excitement is evident when he speaks about the challenges of digging, of blasting, of turning the 3 grams a tonne of

platinum group metals begrudgingly yielded up by the hard igneous rock of the Bushveld complex into metals that can be turned into wealth, turned into jewellery, turned into catalytic converters that can save cities from choking in the fumes of the increasing demand for automobiles.

The workers mocked him, he says, saying they had never had a CEO who knew about going underground. He told them he would be back to show them...

In his second week at Lonmin, Ben kept the shareholders and the financiers waiting a bit longer while he travelled to the Eastern Cape to meet the widows and the relatives of those that had died during that fateful week in August 2012. He set in motion a process to offer bereaved families the opportunity for one member to be given employment so that no family would be left without a breadwinner as well as a renewed focus on their children’s education. All of the child dependents are now in school, even those who hadn’t been to school before the events. And he has led a process to fundamentally reassess the company’s investment in employees and communities.

One of the first appointments he made was that of an Executive Vice-President in charge of communication and stakeholder relationships. This has previously been part of Human Resources. Even in these worst of times, that

team has grown, supporting him in holding open the lines of communication and extending those to line managers and other executives.

With the share price and the company reputation battered by the combination of the Marikana events, the severe downturn in the commodity cycle and the six-month industry strike in 2014, there were few options open to Ben. The company couldn't spend its way out of the problem. Everybody had to sacrifice something: The unions had to concede to the loss of 6,000 jobs, senior managers were retrenched and directors had to take a haircut on their fees.

In the 50 km zone around the mine, the company stepped up its focus on addressing the underlying causes. The remaining single sex hostels were converted and upgraded. A partnership was created with government whereby the mine provided land and government provided cash to create new housing – not a mining compound but a place where miners could live side by side with workers from other sectors of the economy.

In week three at Lonmin, Ben went back to the shafts to start a weekly tradition. He went underground with the Nduna and team who had mocked him, to show them he understood what it meant to be a rock driller. And, in the uncomfortable confines of a 1 metre platinum stope he spoke to them about what it took to turn the meager 3 grams a tonne of platinum they extracted into a saleable mineral – helping them to understand why their demands for a R12,500 minimum wage were always going to be difficult to achieve.

Ben's a big man, so a day underground alongside them, experiencing the discomfort of moving in those confined spaces - with a hard hat on his head, knees protected by the caps that are necessary when crawling along these confined stopes - must elicit the kind of mutual respect needed to work with and help heal this deeply affected workforce. But, his face lights up and his energy is evident when he talks about his regular return visits to the mine shafts – once a week when he is in the country. They greet him with smiles when he comes, he says.

Safety is a priority. Emotion rushes to his face when he speaks of the horror of his first day as a young team leader when the man leading the shift before him was killed only metres away from him by a roof collapse. The determination not to see people die under his leadership has driven him ever since.

Perhaps that is one of his strengths. His own life experience as a child growing up in a rural area without appropriate infrastructure, means he understands where his workers come from. He is able to imagine himself in the inhumane living conditions of the old hostels or the shacks that many turned to in post Apartheid years and find them wanting and a cause for action.

He participates actively in collaborative industry initiatives like the "Courageous conversations" process and the tripartite safety initiatives, which have led to a dramatic fall in the fatal injury rates. But, one can still hear the deep regret in his voice when he acknowledges that even now neither Lonmin nor the industry has achieved zero harm.

The collaboration on safety is he says, an example of what could be done to drive greater collaboration in addressing the big social challenges in the mining belt. The reality he says is that the R1 billion a year the industry spends on social and labour plans in that area has to be brought back to defend the mining licence – or risk losing it – so sub-optimum outcomes are frequently the result.

Lonmin has made changes including the creation of employee share option schemes (ESOPs) and a community share holding with the Bapo Ba Mogale who now hold a material 2.2% of the stock. While this might sound insignificant to those outside the industry he points out that this is worth many millions of dollars - "US not Zim," he quips. The problem is that in current circumstances the company cannot pay dividends so the trust and belief in the company's future value has to be built. He meets with that community as he would with all other material shareholders and explains the quarterly results, the progress and the future outlook. While they wait for the return of profitability and a flow of dividends, procurement options with benefits flowing back to the community have been opened up.

Questioned about the success of past community funding initiatives, he admits that some have seen significant amounts of money disappear without impact. On the failure to implement past plans for housing he points to the fact that this cyclical industry has to learn to save during the good times to smooth out the inevitable downturns.

On the issue of migrant labour Ben acknowledges the challenges, but insists that the solution is not simply to stop employing people from distant places – as that would have a significant

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economic impact on the Eastern Cape and Lesotho and other labour sending areas.

Critical to ongoing success is that stakeholder engagement teams understand the mining process and experience the conditions, he says. But, it is also critical that line management understand the expectations of communities, participate occasionally in engagement sessions and offer suggestions when it is the impact of mining processes that are under discussion.

Asked about the challenge of mining in South Africa's arid North-West Province, Ben talks about ensuring that grey water and water captured in the rock dams on their properties can be repurposed for industrial use. If it comes to a war over who will use the drinking quality water, the community will win everytime, he says.

Does platinum have a future? With the need to curb emissions caused by growing populations that want transport into the future, it is only the PGMS that can provide effective catalysts – capable of delivering good performance at high temperatures. With that in mind and the growing use of fuel cells in energy generation he is confident that there is both the market and the resource to last a long time.

Asked on the sidelines about Lonmin's turnaround, Ben lights up; "I am very pleased with the positive momentum because results matter, a profitable and thriving business is essential for sustainability and employment of future generations and should create shared value for all stakeholders".

Asked about the relationships with government, Ben says you have to start with respect.

It's clear that for Ben most things start with respect; respect for his own deeply held beliefs and value systems; respect for all of the people who work for and with him; and, respect for the stakeholders around them.

He can't change the past or wave a magic wand to recreate the platinum pot at the end of the rainbow of pre-Marikana days, but Ben Magara shows up with passion and purpose and a desire to contribute to a different future.