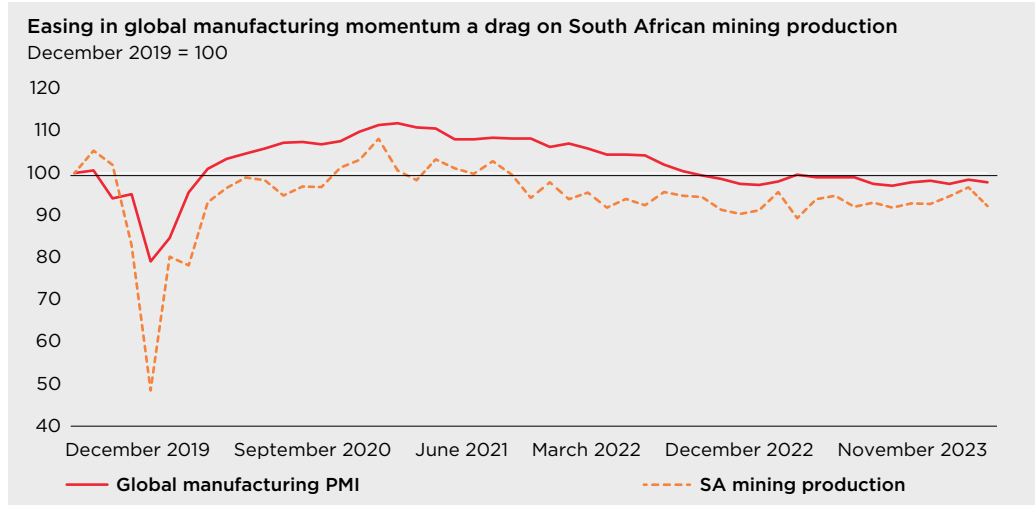


How mining contributes to South Africa

Global macroeconomic context

The global economic environment was not conducive to a productive South African mining sector performance in 2023. While real GDP growth in the US remained remarkably resilient, activity stalled in the Eurozone (EZ) and the UK in the second half of the year. In China, the recovery from draconian COVID-19 lockdowns in 2022 proved to be weaker than initially anticipated. The divergent regional trends were reflected in the global manufacturing purchasing managers' index (PMI), an important gauge of factory sector activity, remaining under pressure during 2023. Manufacturing production in those major economies (especially China) is an important driver of domestic mining sector performance.

For the information in this section, the Minerals Council relies on various primary data sources, including Stats SA, the DMRE, the South African Reserve Bank (SARB), the World Bank and the United States Geological Survey.



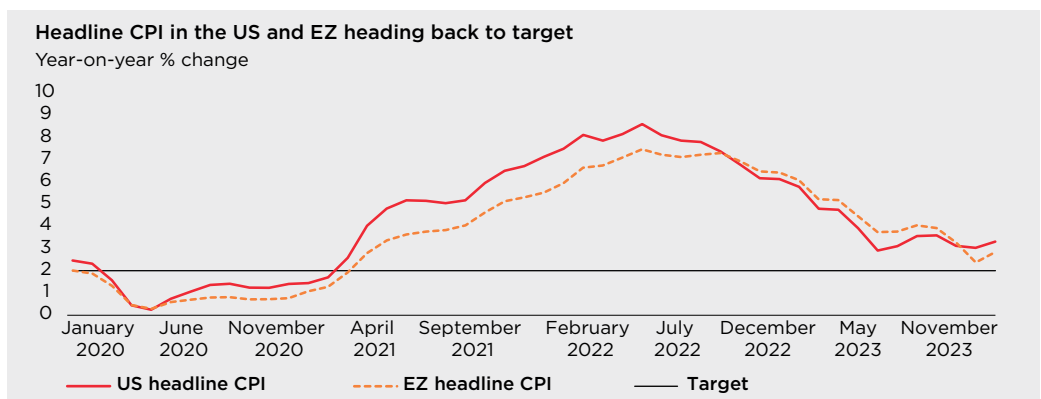
Source: S&P Global, Stats SA, Minerals Council

In addition, elevated global consumer inflation of almost 7%, as well as high international policy and long-term interest rates, lifted the cost of capital for South African mining companies. Along with other constraints, this weighed on mining sector fixed investment. Furthermore, the squeeze on household disposable income in developed countries amid higher borrowing costs dampened the demand for luxury goods, including diamonds.

Combined with geopolitical tensions, changing expectations about central bank interest rate actions led to volatile international currency markets. On average, the US Dollar weakened

against the Euro in 2023, but traded stronger versus the Japanese Yen. Against this uncertain backdrop, the Rand weakened by almost 13% against the US Dollar to an average of R18.46/\$ (2022: R16.37/\$) in 2023.

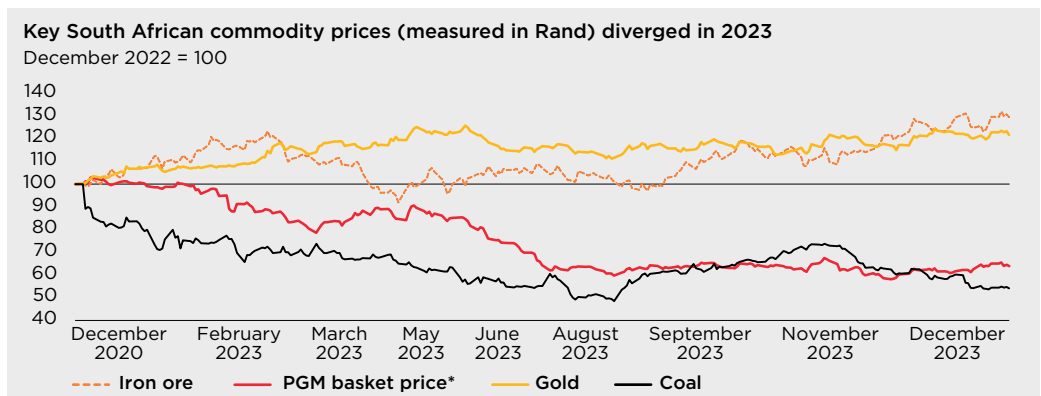
On a positive note, there was a widespread moderation in the annual rate of increase for global consumer price index (CPI) inflation to 3% and below in the second half of 2023. This provided room for central banks in the US, the EZ and the UK to stop their aggressive interest rate hiking cycles.



Source: Organisation for Economic Co-operation and Development

Mixed bag for South African export commodity prices in 2023

The uncertain global economic conditions pushed prices of the major minerals that South Africa produces and exports in opposing directions. Growing concerns about the future demand for PGMs as the electrical vehicle market takes off weighed on prices. Rhodium was the hardest hit, while the price of palladium normalised from the sharp gains in 2022 after Russia, a major producer, invaded Ukraine. The coal price also corrected sharply lower after surging in 2022 amid renewed European demand as the continent was forced to reduce its reliance on gas imports from Russia.



Source: Refinitiv, Minerals Council

* PGM basket consists of platinum, palladium and rhodium

In stark contrast to the price declines for PGM and coal, the US Dollar prices of gold and iron ore both ended 2023 more than 20% higher compared to December 2022. Gold was supported by a weaker US Dollar, investor demand amid geopolitical uncertainties that drove a flight to safe-haven assets, and sustained robust central bank buying. A ramp-up of fiscal and monetary stimulus measures from Chinese authorities in the second half of 2023, including measures to stabilise a weak property market, helped to increase the iron ore price.

How mining contributes to South Africa *continued*

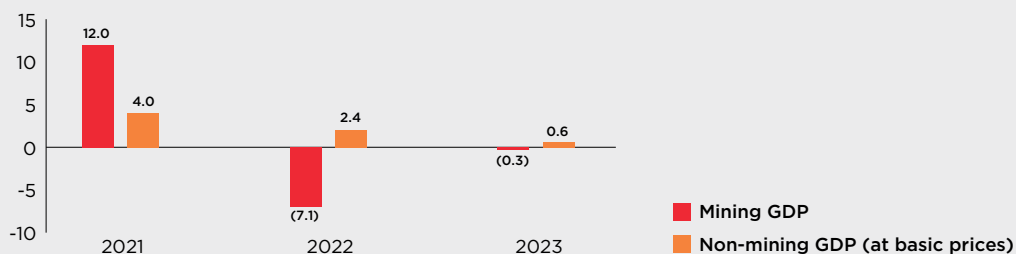
Despite improvement in Q4, mining GDP underperformed again in 2023

Stats SA's real GDP data for Q4 2023 showed that activity in the mining sector was notably better than in the rest of the economy during the final months of the year. Mining GDP increased by 2.4% quarter-on-quarter in Q4, vastly outpacing non-mining GDP that contracted by 0.1% quarter-on-quarter. The increase in mining GDP supported a modest rise of 0.1% quarter-on-quarter in overall real GDP. The quarterly gain for mining was driven by increased activity for PGMs, coal, chromium and diamonds.

Whereas mining sector GDP outperformed the rest of the economy in the fourth quarter, annual mining GDP contracted for a second consecutive year in 2023. On a less downbeat note, the rate of decline eased significantly when compared to 2022. Nevertheless, although the gap closed materially for the entire 2023, mining GDP again performed worse than the non-mining part of the economy. This is very different from 2021 when, on the back of rising commodity prices, real mining GDP expanded three times faster than the non-mining sectors. Since 2022, the mining sector has been particularly hard hit by record electricity load-curtailment and freight logistics challenges.

Mining GDP (in real terms) underperformed again in 2023

Year-on-year % change

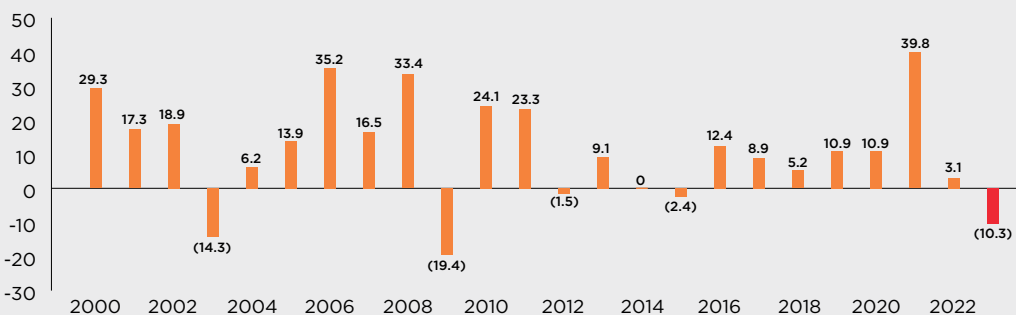


Source: Stats SA, Minerals Council

The combination of declining mining production and lower commodity prices in some key mining subsectors meant that South African mineral sales (in nominal terms) declined by a significant 10.3% year-on-year in 2023. This was the first calendar year decline since 2015 and the largest annual decrease since the aftermath of the global financial crisis in 2008.

Mineral sales posted first calendar year decline since 2015

Year-on-year % change



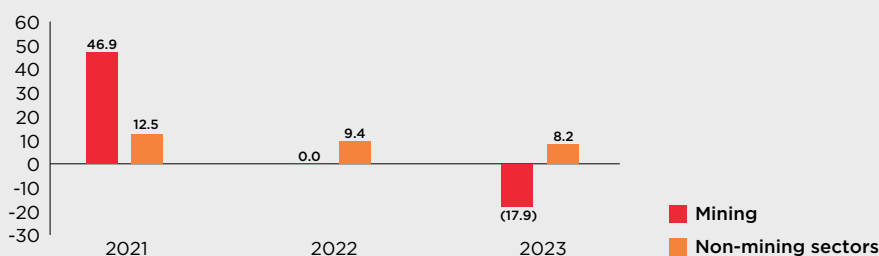
Source: Stats SA

Profitability taking strain

The relative underperformance from the mining sector is also evident in the gross operating surplus figures from Stats SA. These provide a broad measure of profitability in the economy and illustrates the cyclical nature of mining sector profitability. After gross operating surplus (profit) growth in mining vastly outpaced the non-mining part of the economy in 2021, it underperformed notably in 2022. The underperformance was even more pronounced during 2023.

Mining profitability worse than the rest of South Africa's economy

Year-on-year % change



Source: Stats SA, Minerals Council

The fiscal impact of lower mining sector profitability was starkly highlighted in the February 2024 National Budget. The Treasury reported that corporate tax receipts from the mining sector declined by more than R39 billion year-on-year in the first 10 months of the 2023/24 fiscal year. Combined, tax receipts from other key sectors of the economy were down by R1 billion.

In the context of falling profitability, the figures regarding compensation of employees are interesting. The mining sector paid out almost R179 billion to employees in 2023. This was 9.1% more than during 2022, outpacing the 5.4% year-on-year rise in compensation for the non-mining sectors.

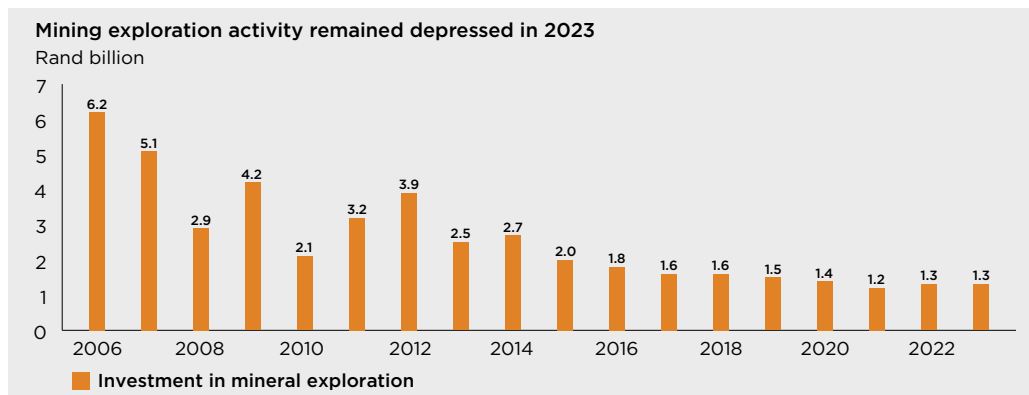


Sedibelo Platinum Mines - Pilansberg Platinum Mine

How mining contributes to South Africa continued

Fixed investment focused on sustaining operations

The Q4 GDP data also provided a first glance at real mining sector fixed investment (capex) during 2023. This showed that the mining sector contributed almost 12% to overall real fixed investment in South Africa. The real growth in mining capex slowed to 4.8% year-on-year during 2023, down from 8.1% in 2022. Despite losing momentum, the increase in mining sector capex was ahead of a 4.2% increase for the non-mining sectors. However, discouragingly, from already low levels, real investment in mineral exploration extended the downward trend, declining by 1.2% in 2023. This requires urgent leadership attention and response.



Source: Stats SA

Mining export volumes curtailed by Transnet rail problems

As was the case in 2022, bulk commodity exporters (especially coal and iron ore) continued to be negatively impacted by Transnet's rail infrastructure constraints in 2023, with significant export tonnages and revenue lost. A notable example of this is that the tonnages of coal railed to the Richards Bay Coal Terminal (RBCT) dropped to less than 48 million tonnes in 2023, the lowest since 1992. Based on the tonnages exported and average commodity prices, we estimate that between 2021 and 2023, the freight logistics constraints saw South Africa lose out on an estimated R98 billion (1.4% of GDP) in export revenue from coal and iron ore exports. Because of the problems with key Transnet rail corridors, mining companies were again forced to look to alternative ports, including Maputo in Mozambique, and increased road transportation to sustain export volumes. Although it resulted in higher transportation costs, these alternative measures, which were made possible by higher chrome ore prices, were particularly successful in the chrome industry where annual export tonnages reached a record high of 17.7 million tonnes in 2023.

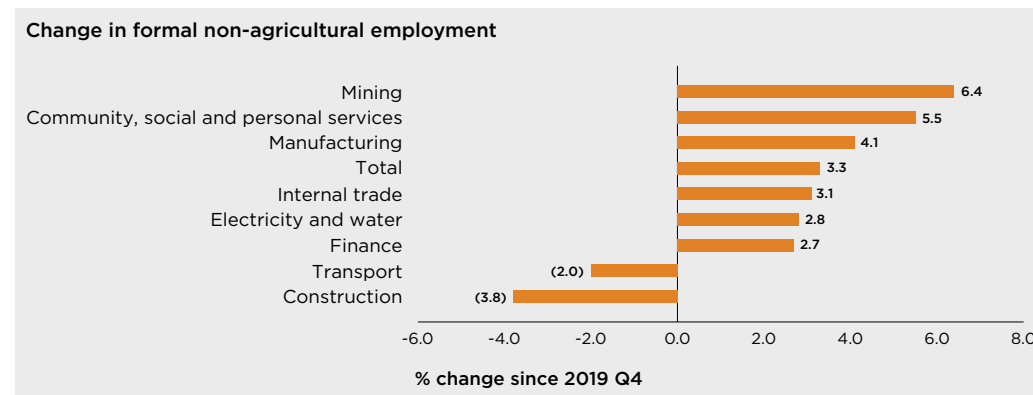
Iron ore and coal export losses: 2021-2023

	Tonnes (million)			Rand (billion)		
	2021	2022	2023	2021	2022	2023
Iron ore	+1.0	-9.0	-7.6	+2.3	-17.6	-16.8
Coal	-12.8	-6.9	-4.7	-23.6	-31.3	-10.5
Total	-11.8	-15.9	-12.3	-21.3	-49.0	-27.3

Source: SARS, Minerals Council

Mining employment defies poor operating environment

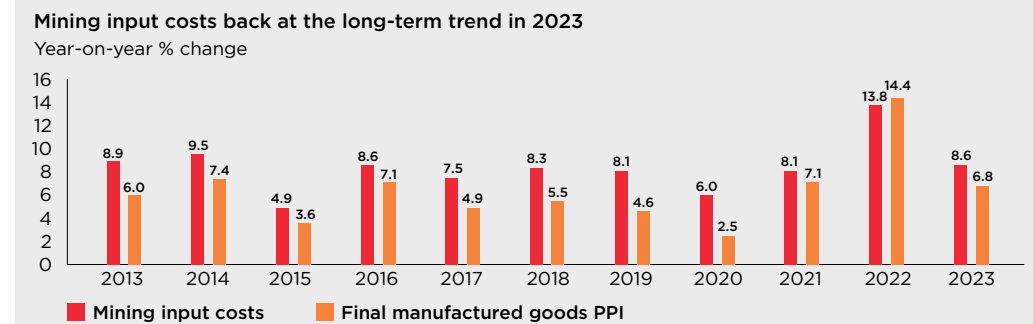
According to Stats SA's quarterly employment statistics, 481,307 people were employed in the formal mining sector during Q4 2023. Although this reflected a slight decline of 0.1% compared to Q3 2023, it was 9,000, or 1.9%, more than in the corresponding period of 2022. The mining sector did not experience nearly the magnitude of job losses suffered in many other parts of the economy during 2020. This explains why the level of mining employment was 6.4% higher in Q4 2023 than the pre-COVID-19 level in Q4 2019, vastly outpacing the non-mining (excluding agriculture) sectors where employment was 'only' 2.5% above the pre-COVID-19 level in the final quarter of 2023.



Source: Stats SA, Minerals Council

Input cost pressures ease, but remain elevated

The Minerals Council's mining input cost index increased by 8.6% in 2023. Although still elevated and above the 6% increase for headline CPI and the 6.8% rise for manufacturing producer price index (PPI), the rate of increase for mining input costs eased notably from 13.8% in 2022. In addition, mining input cost inflation returned to its long-term (2013-19) average of 8%. The gold sector had the highest average increase in input costs during 2023, averaging 9.7%. By contrast, coal experienced the lowest average increase of 8.1%. The main drivers of mining input cost inflation in 2023 were electricity and water (increased by an average of 15.4%), as well as machinery and equipment input prices (averaged 12.4% in 2023).



Source: Stats SA, Minerals Council

The Minerals Council's contribution to South African mining



The Minerals Council has represented the South African mining industry since 1889.

Our transformation into a leading, modern business advocacy organisation that, since 1994, has sought to play a leadership role in enabling the country's mining industry to achieve its potential for investment and inclusive growth, transformation and development in a socially and environmentally responsible manner, was signalled by the rebranding and renaming of the organisation in 2018.

The Minerals Council represents 70 mining companies and 3 associations representing more than 200 companies, which account for 90% of South Africa's mineral production by value.

The Minerals Council's key role is to advocate a conducive policy, legislative and operating environment that facilitates growth and investment and create impact through interaction with stakeholders, such as government, SOEs, business organisations, trade unions and non-governmental organisations (NGOs) on issues that are material to the enduring growth of the mining industry.

The CEOs of member companies and Minerals Council champions drive leadership forums. Led by internal Minerals Council subject matter experts, policy committees are supported by professional experts from member companies who provide inputs and guidance.

Over the past few decades, much of our work has been aimed at addressing the industry's negative legacy, while advancing inclusive growth and the development of the sector.

Our Board approved a revised strategic plan and set of priorities at the September 2023 Board meeting, following the Board strategy review held in June 2023. The priorities shifted to addressing the existential threats facing the mining sector with the energy, transport and logistics, and crime and corruption crises at the forefront.

We provide a coordinating function for our members. Part of this coordination function is engaging stakeholders such as government, SOEs, NGOs and community representatives in mining regions about local economic development projects and other critical issues as necessary. We also provide guidance to our members in addressing complex issues when the need arises.

“We represent 70 mining companies and 3 associations representing more than 200 companies, which account for 90% of South Africa's mineral production by value”

The Minerals Council's contribution to South African mining *continued*

Snapshot of our year

1	2	3	4	5	6
<p>January</p> <ul style="list-style-type: none"> Industry records its first fatality-free January and full calendar month without loss of life Minerals Council notes with dismay the above-inflation electricity tariff increases granted to Eskom Minerals Council warns that a social media campaign to stop coal exports will result in disrupted mining operations and potential job losses 	<p>February</p> <ul style="list-style-type: none"> Minerals Council represents members at Mining Indaba and shares its position on climate change Minerals Council welcomes energy interventions in national budget speech 	<p>March</p> <ul style="list-style-type: none"> Minerals Council participates in the Prospectors & Developers Association of Canada (PDAC) Convention Board approves the 2022 annual financial statements Minerals Council participates (with several mining companies) in the World TB Day celebrations hosted by the Deputy President of South Africa 	<p>April</p> <ul style="list-style-type: none"> Minerals Council and PwC release <i>'The state of digital transformation in the South African mining industry: Ten insights into 4IR 2023'</i> Minerals Council and its members in the Northern Cape welcome the completion of the first phase of the project to refurbish the Vaal Gamagara Water Supply Scheme 	<p>May</p> <ul style="list-style-type: none"> Minerals Council holds 133rd AGM and publishes Integrated Annual Review 2022 Minerals Council appoints Mzila Mthenjane as our new CEO Minerals Council expresses concern that South Africa remains poorly rated as a mining investment jurisdiction in the latest Fraser Institute Survey 	<p>June</p> <ul style="list-style-type: none"> Minerals Council celebrates International Day of WiM Minerals Council participates in the Junior Indaba Review of the Minerals Council strategic plan The Masoyise Health Programme (Masoyise), in collaboration with the MHSC and the Internal Labour Organization, hosts a seminar at the 11th SAAIDS Conference 2023
7	8	9	10	11	12
<p>July</p> <ul style="list-style-type: none"> Minerals Council welcomes the appointment of nine new members to the Transnet board chaired by Andile Sangqu Member CEOs share learnings on FOG fatalities at the monthly hour of learning meetings 	<p>August</p> <ul style="list-style-type: none"> Minerals Council hosts the 6th National Day of Health and Safety in Mining Minerals Council President delivers a paper at the inaugural African Critical Minerals Summit 	<p>September</p> <ul style="list-style-type: none"> Minerals Council participates in a MIASA event Minerals Council CEO presents paper at the Africa Down Under Conference on mining being an enabler to a low carbon future 	<p>October</p> <ul style="list-style-type: none"> Minerals Council ICMM meeting in London Minerals Council CEO participates in a panel at the Joburg Indaba on reviving mining and exploration in South Africa 	<p>November</p> <ul style="list-style-type: none"> Minerals Council publishes <i>Facts and Figures Pocketbook 2023</i> Minerals Council notes the release of the medium term budget Board approves the revised Minerals Council strategy B4SA briefs Minerals Council on government and organised business partnerships to deliver meaningful economic growth 	<p>December</p> <ul style="list-style-type: none"> Minerals Council mourns the loss of life in tragic accident at Impala Platinum Minerals Council mobilises its members to contribute funds towards the NLCC to pay for expertise to assist Transnet with critical reforms and operational improvement

Our external environment in 2023

South Africa's mining industry, and, in some respects, the mining industry internationally, is required to deal with a range of complex issues. The Minerals Council, as the representative of the industry in South Africa, addresses these issues proactively and constructively with due consideration for growth in the industry and the expectations of our stakeholders. We maintain an awareness of those issues where it is beyond our power to influence them in order to assist the industry to adapt to them as best as possible.

The four primary elements of our external environment that we identified and reported on in our 2022 report remain valid, but with a further intensification of their impact during 2023.

The four primary elements of our external environment



1. Transition to a lower carbon economy, and the influence of ESG investors



2. South Africa's political and economic environment



3. Geopolitical crises



4. Digitalisation and the modernisation of work



1. Transition to a lower carbon economy, and the influence of ESG investors

Our industry, particularly its deep level mining operations and its minerals processing plants – most notably smelters and refineries, is energy intensive, consuming an estimated 30% of the power generated in South Africa. Until recently, Eskom was the country's sole power producer and much of the power it generates is coal-fired, the exception being the Koeberg nuclear power plant which accounts for about 4% of Eskom's power generation. Our coal mining operations produce 250 million tonnes of coal annually, which contribute substantially to power generation and the country's extensive petrochemical sector. The coal mining sector employs more than 90,000 people and is a prominent export industry, generating foreign exchange for the economy.

Much of our work is based on achieving a just transition that will mitigate the negative impacts of the energy transition for the economy and on people and communities, particularly those who are dependent on the coal and energy sector.

Moreover, the Minerals Council continues to support South Africa's actions to implement its commitments to long-term goals and actions set through the Paris Agreement and the Glasgow Climate Pact under the UN Framework Convention on Climate Change. As responsible producers, member companies are rising to the challenge of decarbonising their operations and adapting to the impacts of climate change. We are highly cognisant of both the expectations of the investors and customers of the adoption of a lower carbon pathway, and the need to support the communities in which we operate to adapt to the potential physical impacts of climate change.

Our awareness of the climate crisis means that we can be pleased with our industry's contribution to the transition. We mine many of the minerals that are crucial to the transition - PGMs, vanadium, copper and manganese, among others. Equally importantly, we have been in the forefront of investing in renewable energy generation. South African mining companies are developing a combined 16,000MW of renewable power including coal mining companies, who now describe themselves as energy companies

as they increasingly pursue solar and wind power production.

The Minerals Council and several member companies are at the forefront of developing the building blocks for the South African green hydrogen economy.

While investors and other stakeholders have significant expectations in respect of our industry and companies' responses to the climate crisis, we have seen a sharp increase in ESG regulation and expectations. There has been greater focus on water and nature/biodiversity, but also human capital and human rights. The South African mining industry has long been at the forefront of ESG reporting, supported in part by the Mining Charter requirements of the JSE and voluntary bodies and associations, such as the ICMM, the World Gold Council, the Extractable Industries Transparency Initiative (EITI), the UN Global Compact and the Voluntary Principles on Security and Human Rights. As a member of the ICMM, the Minerals Council encourages clear and transparent reporting on ESG matters.



2. South Africa's political and economic environment

For the first time since 1994, the May 2024 election has the capability to deliver real and significant political change that stands to reshape South Africa's political landscape.

This raises the possibility of electoral alliances possibly having to be formed subsequent to the election, both nationally and in some provinces. The experience of alliances in local government has been mixed, often characterised by instability given the number of smaller parties that have had to be accommodated. In addition, many new parties have been established in recent times. However, the Minerals Council will be ready to continue our government engagement with the new administration.

Two particular issues remain a priority: public infrastructure and SOEs, and crime and security.

Public infrastructure and SOEs

It remains the case that the decade of corruption and poor governance between 2008 and 2018 has taken longer to repair than many imagined.

In 2023, there were apparent improvements made to governance structures of the two SOEs of importance to the economy – Eskom and Transnet. However, the impact of their poor performance over many years has affected both business and ordinary citizens, and improvements will, at best, be gradual.

The Minerals Council has played a critical leadership role in pushing for structural reforms in respect of both these SOEs.

Engagements with the Presidency and Eskom led to the significant reform measures announced by the President on 27 July 2022, the elimination of licence requirements on self-generation, the halving of grid connection times, the reduction in registration times and a focus on the critical issues holding back self-generation. We engaged extensively with the new Minister of Electricity, appointed on 6 March 2023, and continued to work with Eskom on improving the electricity availability factor.

We are also playing a critical leadership role in initially attempting to resolve the Transnet crisis. The Minerals Council, member CEOs and Transnet established an Oversight Panel and a Recovery Steering Committee and continue with the work being done through Channel Optimisation Teams for coal, manganese, iron ore and chrome. The mining CEOs experienced greater transparency from Transnet executives and positive collaboration with them on assisting the industry. The NLCC was established, and by July 2023 we were able to welcome the appointment of a new board, chaired by former Minerals Council President, Andile Sangqu, who has significant experience and appreciation of the role and impact of the industry on South African society.

Crime, corruption and security

High levels of crime, corruption and a lack of security impose serious constraints on the industry. The so-called "procurement mafia", which seek ways to extort unlawful "commissions" from mining company procurement spending, continue to be a major challenge. High levels of illegal mining, theft of copper cables and diesel, and attacks on precious metals facilities by large armed groups of insurgents are other challenges to our operations.

Our external environment in 2023 continued

We have engaged the Government leadership on all these issues, including continuing to call for the establishment of a dedicated police task force focused on the mining sector. At our request, the South African Police Service (SAPS) deployed a significant number of specialised police resources in various areas which resulted in significant crime combatting successes. In December 2023, the Crime Combating Illegal Mining Task Team was established. This is a collaborative initiative between multi-disciplinary law enforcement agencies (including, but not limited to SAPS, the Department of Home Affairs (DHA), the DMRE, the National Prosecuting Authority (NPA), the Asset Forfeiture Unit and Border Management Authority), and the South African National Defence Force (SANDF) to target and apprehend suspected illegal miners and also those higher up in the value chain who benefit from illegal mining activities.



3. Geopolitical crises

The World Economic Forum's latest Global Risks Report notes that in 2023: "Vulnerable populations grappled with lethal conflicts, from Sudan to Gaza and Israel, alongside record-breaking heat conditions, drought, wildfires and flooding. Societal discontent was palpable in many countries, with news cycles dominated by polarisation, violent protests, riots and strikes. Although globally destabilising consequences – such as those seen at the initial outbreak of the Russia-Ukraine war or the COVID-19 pandemic – were largely avoided, the longer-term outlook for these developments could bring further global shocks".

The consequent disruptions to supply chains and commodity price volatility continue to affect the sector.



4. Digitalisation and the modernisation of work

Digital transformation serves as the seamless thread throughout the mining value chain processes. It enhances safety and health, security, production, and workforce and leadership capability and is, therefore, imperative for the industry. The Minerals Council, in collaboration with PwC and the Mandela Mining Precinct (MMP), concluded a second study into the [‘The state of digital transformation in the South African mining industry: Ten insights into 4IR’](#) in 2023 which had a focus on ESG issues.

A third study is planned for 2024 focusing on Artificial Intelligence (AI). Modern integration requires new approaches and ways of thinking, as what applied and worked 10 years ago no longer suffices to meet the goals of modern mining. The 2024 study will cover topics such as:

1. **Different AI applications:** AI tools and technologies currently employed in the mining sector for, among others, predictive maintenance, automated drilling and blasting, ore sorting and environmental monitoring systems.
2. **Policies on AI use:** existing regulations and frameworks guiding AI implementation in mining and gaps in the current policy environment.
3. **Case studies:** case studies from local and international mining operations where the use of AI has contributed to better EESG outcomes.
4. **Skills development and workforce transformation:** explore how AI is changing job roles within the mining industry and what this means for future skills requirements.



Our approach to managing risk

Our risk identification, assessment and management process involves not only our organisation but the mining industry that we represent.

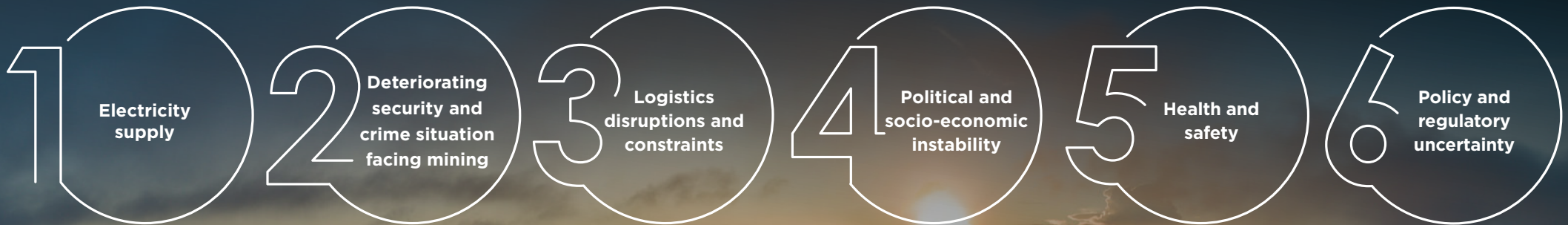
This process is aligned to our reviewed strategic plan, specifically speaking to Strategic Goal 4: Ensure continuous improvement of the effectiveness and service of the Minerals Council to members. This process is also aligned to the fourth of the ICMM's *10 Principles for sustainable development in the mining and metals industry* – to implement effective risk-management strategies and systems based on sound science, and which account for stakeholder perceptions of risks.

We manage risks by executing preventative or mitigating actions formulated by a detailed risk analysis and captured in a risk assessment (risk bowtie). The identified risks are ranked in terms of likelihood and consequences, which guide us in the allocation of financial and other resources. This risk rating also underpins the relative importance of management's key performance areas.

The significant risks are those that, based on our risk assessments, pose the greatest threats to the mining industry. Each key risk poses a threat to one of the key drivers of the mining industry's future success.

“This process is aligned to our reviewed strategic plan, specifically speaking to Strategic Goal 4: Ensure continuous improvement of our effectiveness and service to our members”

Principal risks identified in 2023



Our approach to managing risk continued

Principal risks identified in 2023

An overarching risk for South Africa and for the mining industry is the country level investment risk rating. Six further principal risks were identified in 2023.

Ranking in 2023	Risk title, description and impact	Ranking in 2022	Our response	Outcomes and outlook
OVERARCHING COUNTRY RISK				
Overarching risk	Country level investment risk is the overall risk to investment in the country. This risk is made up of several risk factors, including political and socio-economic instability risks, law and order risks, security and crime risks, infrastructure risks, policy and regulatory (red tape) risks.	Country risk	<p>We support and, in some cases, lead B4SA efforts in engaging government and working in partnership on practical solutions on all the relevant pillars affecting this overall risk rating. Given the uncertainty of the 2024 national elections, we have stepped up engagement with political parties to build a framework for understanding an emergent political landscape of coalition.</p> <p>We are also engaging all relevant trade union partners, think tanks and other relevant institutions on positive structural and institutional reforms.</p>	<p>The outlook on country level risks remains high due to structural challenges and increased political uncertainty ahead of the 2024 national election. South African miners are lagging behind global competitors who are not dealing with the same hurdles resulting in local mining companies offloading their South African assets.</p> <p>Positive results from the B4SA partnership with government is expected in the medium to long term.</p>
Sector risks				
1	<p>Electricity supply:</p> <p>Unreliable electricity supply, risks of a blackout and unsustainable tariff escalation. These electricity supply risks not only threaten the sustainability of existing mines but also dampen any prospect of new investment.</p>	2	<p>Key stakeholders engaged were Eskom, the Energy Council and government through NECOM. We continued to lobby the Presidency and Minister of Electricity through the B4SA process (with our President, Nolitha Fakude, as our champion) and directly through NECOM on further implementation of the agreed reforms to unlock private sector generation and links to the transmission network. Focus was on encouraging government to unlock private sector investment in self-generation, the restructuring of the electricity supply industry in terms of “freewheeling”, improving Eskom’s plant reliability and ensuring a more realistic price path. Legislation related to electricity trading is imminent.</p> <ul style="list-style-type: none"> • The just energy transition as the country moves towards a lower carbon intensity economy. Other future energy sources, such as green hydrogen, are being researched. • Continued to pressure Eskom to reduce costs, improve reliability, reduce unplanned capacity load factors and reduce the use of open cycle gas turbines. • Encouraged government to unlock private sector investment in self-generation, the restructuring of the electricity supply industry, improving Eskom’s plant reliability and ensuring a more realistic price path. • Participated in and contributed to the Energy Council with positive results – should momentum continue in this trajectory, the electricity supply risk could reduce significantly. • Lobbying the DMRE and National Energy Regulator of South Africa (NERSA) for a fit-for-purpose, multi-year price determination methodology to enable greater predictability for future tariffs. This also has medium- and long-term implications. • Continued to explore and promote least cost self-generation methods, across all technologies, that can be adopted by the mining sector. • Participated in the Integrated Resource Plan (IRP) reviews to ensure energy sufficiency for the country, including the baseload requirements of the mining sector. • Engaged other leading companies and government on practical steps to adopt a green hydrogen, PGM, fuel-based strategy for the country for both baseload supply and large vehicle mobility (trucks, rail, ships, cranes). 	<p>The risk remains high.</p> <p>The immediate objective of reducing load shedding remains in focus and, according to the Minister of Electricity, is planned to be overcome by the end of the year.</p> <ul style="list-style-type: none"> • Energy availability factor (EAF) 2023: 54.71% (2022: 58.11%) • In the first few months of 2024, the EAF has averaged 51.91%, almost identical to the same period in 2023 when it was 51.87%. The lack of improvement in the EAF is at least partly because Eskom has increased planned maintenance in the first quarter of 2024. This bodes well for the EAF in future if it results in less unplanned breakdowns. While the EAF remains low, there has been a 66% year-on-year reduction in the intensity and duration of load shedding. This suggests less demand for Eskom-generated power and is most likely a function of the significant increase in private sector renewable energy investment during the last 18 months. Renewable energy projects totalling more than 4,300MW were registered with NERSA in 2023. This follows the removal of the licensing cap for embedded generation in mid-2022. • Key milestones in the B4SA process include Treasury’s R254 billion Eskom debt relief package over three years, the establishment of the National Transmission Company, and the appointment of Dan Marokane on 1 March 2024 as the new Eskom CEO.

Our approach to managing risk continued

Ranking in 2023	Risk title, description and impact	Ranking in 2022	Our response	Outcomes and outlook
Sector risks				
2	<p>Deteriorating security and crime situation facing mining:</p> <p>The deteriorating security and crime situation facing the mining sector (as a consequence of the lack of capacity in the government security cluster, the lack of prosecution of criminals, the increase in criminal syndicate activity and the country's social crisis) is a significant risk for mining. Copper and precious metals theft, attacks on precious metals facilities and the activities of the procurement and coal mafias are among the factors undermining production and investment.</p>	3	<p>We engaged with government, working through the B4SA (BUSA) structure to address the crime and security crisis. In partnership with the Presidency, Neal Froneman is the key CEO leading the JICC to drive reforms in the policing and justice clusters. There will be a specific focus on the allocation of dedicated policing and prosecutorial capability to the mining sector.</p> <ul style="list-style-type: none"> Relationships between the SAPS and mining houses were strengthened resulting in the deployment of specialist resources to deal with illegal mining, community unrest and coal swapping issues in certain provinces. 	<p>This risk remains high given the diversity of criminal activity, increasing sophistication of criminals, inadequate policing and law enforcement.</p> <ul style="list-style-type: none"> Progress was made with the establishment of the Crime Combating Illegal Mining Task Team in December 2023, which is a collaborative initiative between multi-disciplinary law enforcement agencies (including, but not limited to SAPS, the DHA, the DMRE, the NPA, the Asset Forfeiture Unit, Border Management Authority) and the SANDF to target and apprehend suspected illegal miners and also those higher up in the value chain who benefit from illegal mining activities. The Department of Justice and Constitutional Development made available more than R1.7 billion from the Criminal Asset Recovery Account to counter illegal mining activities. The National Priority Committee on Extortion and Violence was established at economic sites (including mining) to tackle extortion by procurement mafia. This committee is replicated across the provinces where mining houses can directly engage on their extortion-related matters. Essential Infrastructure Task Teams were established to tackle copper cable and other non-ferrous metals related crimes.
3	<p>Logistics disruptions and constraints:</p> <p>This relates to the collapse in Transnet's rail performance. The risk is the continued cost to the industry of not achieving contracted and targeted export volumes.</p>	4	<ul style="list-style-type: none"> Further to the close out of the Transnet-Minerals Council Recovery Steering Committee process and folding it into the NLCC process, constructive engagements continued with the Chair of the Transnet board and acting (now permanent) CEO. Engagements with the respective CEOs continued at the channel recovery teams for each of the four bulk commodity lines to implement practical short-term solutions to stabilise performance. Full-time executive leadership was announced at both Transnet and Transnet Freight Rail, providing stability and confidence to employees, customers and the financial markets. Policy reforms (including conditional government funding) continue to evolve towards private sector participation and members continue to invest, where required, directly into Transnet Freight Rail in security and strategic equipment. The Minerals Council is actively working with members on private concession arrangements in the ports. Through the NLCC, business expertise has been mobilised to support the turnaround. The key areas identified to improve operational performance in the short term include accelerating capital spending on operational equipment such as port cranes, marine vessels and rail rolling stock. The rail recovery focuses on allocating capital for the rehabilitation of rail infrastructure and returning older locomotives to service. Cabinet approved the <i>Freight Logistics Roadmap</i> in December 2023, paving the way for greater private sector participation on the rail network. New Transnet CEO, CFO and Transnet Freight Rail CEO were appointed. 	<p>This risk remains high. Recent positive and cooperative responses from Transnet are encouraging. Policy reform is underway.</p> <ul style="list-style-type: none"> Transnet announced an 18-month operational recovery plan, which aims to lift total rail volumes from a desperately low 149 million tonnes in 2022/23 (in 2017/18 they were at 226 million tonnes) to 170 million tonnes in 2023/24. Treasury provided a R47 billion loan guarantee to Transnet to support the turnaround. However, Transnet was only allowed to utilise R14 billion of this between December 2023 and March 2024 to pay off maturing debt. The staggered terms of the guarantee are to ensure Transnet implements the short-term initiatives in its 18-month recovery plan and aligns it with the Cabinet-approved roadmap for freight logistics. Transnet is required to divest from non-core assets, reduce its current cost structure and explore alternative funding models for infrastructure and maintenance, including project finance, third-party access, concessions and joint ventures. Transnet published a draft network statement, with industry pushing back on the proposed tariff structure.

Our approach to managing risk continued

Ranking in 2023	Risk title, description and impact	Ranking in 2022	Our response	Outcomes and outlook
Sector risks				
4	<p>Political and socio-economic instability:</p> <p>Political instability impacts negatively on the business climate, limiting investment and resulting in low growth, with the outcome of persistent high unemployment and poverty, growing inequality, political opportunism and increasing social discontent, and the associated risks of crime, strikes, unrest and looting.</p>	1	<ul style="list-style-type: none"> • We engaged government on the need for a pragmatic approach to South Africa's foreign policy given the country's economic, trade and investment linkages to the West. • To narrow the abstruseness and intricacies of the complex South African election-year political landscape, we initiated our 'Election Insights Series' (EIS) to engage key political parties on their election manifestos, their visions for the future and key policy outlines. The EIS is based on a non-partisan approach and engagement with the willing. It will hopefully serve as a catalyst for a more representational and less siloed approach to government engagement in the future. The EIS is not limited solely to political parties as it remains crucial to obtain multifaceted perspectives when dealing with phenomena that invoke predilection. It is in this spirit that the EIS has included discussions with independent political consultants and the Independent Electoral Commission. • We coordinated the work of our members in different communities to ensure a maximum and broad-based impact. We also engaged with traditional leaders, faith-based organisations and other community organisations (including business forums) that have a presence in areas where our members have operations. These engagements will continue to include the various spheres of local, district and provincial governments as the elected representatives of the communities. • While the mining industry has limited direct political influence, it has continued to not only encourage government to act on various matters (for example, electricity, logistics and security), but it has also provided resources to realise those transformative objectives. 	<p>This risk remains high in the short term, given uncertainty regarding the outcome of the national election and the implications for political structures and government.</p> <ul style="list-style-type: none"> • The prevailing economic environment that is characterised by stagnant growth and high unemployment levels has placed additional pressure on mining companies. • The deteriorating social fabric in mine host communities continues unabated.
5	<p>Health and safety:</p> <p>This risk relates to the industry not achieving the 2024 Occupational Health and Safety Summit Milestones.</p>	6	<ul style="list-style-type: none"> • The Board, supported by the CEO ZHF, along with our internal structures, continued to implement the Khumbul'ekhaya strategy by strengthening CEO-ship through monthly hours of learning, and promoting health and safety leading practices through the MOSH Learning Hub. The focus was on striving to improve safety and health performance in mining, with a core emphasis on the elimination of fatalities, reduction of exposures and reduction in health-related impacts. • Monthly Board and CEO safety shares and implementation of CEO Zero Harm recommendations: implementing the Culture Transformation Framework. Just Culture Accountability Framework – transforming from blame culture to a just learning culture. The Learning from Incidents (LFI) Working Group, in partnership with the MOSH Transport and Machinery Team, implemented various days of learning. • Implemented various MOSH leading practices (FOGAP and reduction in FOG fatalities, underground workplace illumination for improved visibility leading practice, scraper winch leading practice). • We continued to drive industry alignment on TMM Regulations towards ecosystem readiness at the operational, technology and skills readiness phases, enabling members to apply for exemptions. • Key stakeholders engaged were the Masoyise stakeholders (including the DoH, the DMRE, organised labour, and UN organisations), the MHSC and the Medical Bureau of Occupational Diseases (MBOD) and the Compensation Commissioner for Occupational Diseases (CCOD). • The Masoyise Health Programme strategy 2023-2024 was implemented with learning from best practices on control of diseases (mental health, TB, HIV, non-communicable diseases (NCDs)) encouraged. 	<p>This risk is taking a downward trajectory, which is attributable to meaningful responses from the industry and our members to safety and health risks, which remains a core priority for sustainable mining operations and businesses. Recent progress and achievements are encouraging and the high-level commitment to maintain excellent safety and health performance prevails.</p>

Our approach to managing risk continued

Ranking in 2023	Risk title, description and impact	Ranking in 2022	Our response	Outcomes and outlook
Sector risks				
6	<p>Policy and regulatory uncertainty:</p> <p>The South African investment, and specifically the mining investment environment, is not globally competitive for exploration and mining.</p>	5	<ul style="list-style-type: none"> • We urged the Government to urgently implement structural and institutional reforms that significantly improve the country’s competitiveness, investment attractiveness and ease of doing business. • We focused on extracting more medium- to long-term and structural benefits from the engagements in December 2023 between the DMRE and the industry on job losses and various other industry challenges. While the DMRE’s focus was on minimising immediate job losses, we demonstrated that the industry had taken measures to mitigate immediate job losses. • We initiated a minerals policy review project with MD360° and GGA to produce a stakeholder informed critique of the MPRDA from a competitiveness perspective. • Pressure relating to the imperative of implementing a globally competitive minerals cadastre system continues with the announcement by the DMRE of the chosen consortium to implement such as system. We continued engagements to ensure that the system is fit for purpose. • We lobbied National Treasury for tax and investment incentives to promote exploration (such as the adoption of a flow-through shares scheme). • We engaged development finance institutions, the National Treasury and the private financial sector on potential public-private partnerships for junior venture capital funding. • We continued to support and highlight to member companies and government the impact of market development on the demand and end use for mineral commodities, with specific emphasis on critical minerals and benefits for the country and the continent. • We lobbied the Department of Forestry, Fisheries and the Environment (DFFE), the DWS and the DMRE for a conducive policy and regulatory framework on water and environmental sustainability matters. 	<p>The risk remains high. Policy reforms to boost exploration and mining investment continue to lag behind. Key concerns remain, <i>inter alia</i>, land use conflicts, incoherence and lack of coordination among government departments in terms of legislation that impacts mining.</p> <p>South Africa’s ranking in the Fraser Institute annual survey of mining companies has been a major concern for years as investors continue to view the country’s policy and regulatory environment as hostile. South Africa has continued its decline in this survey in relation to policy perceptions.</p>


These material risks are regularly dealt with at management meetings, discussed at our Board meetings and are covered in our reviewed strategic plan.

Our business model

To create value over time for our stakeholders, deliver on our strategy and fulfil our strategic aims, we employ inputs to generate the required outputs and outcomes. We act as the principal advocate for the South African mining industry on behalf of our members, our primary stakeholder.

What we do

(Our business activities)

<p>Our business activities</p>	 <p>Identify and understand main issues of concern to members and other stakeholders.</p> <p>We examine policy issues and matters of mutual concern to the industry</p>	 <p>Collaborate, engage and partner with stakeholders to address concerns identified, and devise strategies to address them effectively. We promote consultation and collaboration, and facilitate interaction among members</p>	 <p>Guide industry on leading practice in areas of safety, transformation, industrial relations, skills development, occupational health and environmental management</p>	 <p>Communicate and advocate on behalf of the industry to ensure an enabling policy, legislative, regulatory and operating environment</p>
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<p>Capitals employed in the conduct of our business activities to enable delivery on our strategic goals</p>	<p>Human</p> <p>Employees with the skills, knowledge and expertise required to enable us to conduct our business</p>	<p>Intellectual</p> <p>Inbuilt institutional knowledge of the South African mining industry and the national and global economy</p>	<p>Social and relationship</p> <p>Those relationships and partnerships with our many and varied stakeholders that are core to our business</p>	<p>Financial</p> <p>Funds to enable us to conduct our business</p>	<p>Manufactured</p> <p>Offices, ICT and security systems</p>	<p>Natural*</p> <p>The natural resources – energy, water – necessary in the conduct of our business</p>
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* Not a significant capital for us – for our members this is a vital capital

Our business activities are guided by our four strategic goals. To read more about these and their accompanying objectives, see the section, [Delivering on our strategy](#) on page 40.

Our business model continued

What we used

(Our inputs 2023)

 <h3>Human capital</h3> <ul style="list-style-type: none"> • Employed 81 people with the necessary knowledge and skills – 48 permanent and 33 fixed-term (2022: 85, 53 and 32 respectively) • R650,000 spent on employee training (2022: R650,000) • Further education: R422k (2022: R69k): <ul style="list-style-type: none"> ◦ One employee studying for a law degree (LLB), one for a Doctor of Philosophy (PhD) in Chemical Engineering and another for a Master of Business Administration (MBA). Three others completed the Management Development Programme 	 <h3>Intellectual capital</h3> <ul style="list-style-type: none"> • Institutional knowledge of the South African mining industry and economics • Policies in place to guide governance and actions include: <i>Employment Equity, Code of Ethics, Business Integrity, Conflict of Interest, Competition Compliance Guidelines, Human Resource Development, Sexual Harassment, Talent Management, Education</i> 	 <h3>Social and relationship capital</h3> <ul style="list-style-type: none"> • Primary stakeholders: our 73 members (2022: 77) • Actively engaged and collaborated with key stakeholders: our members; all levels of government, including cabinet ministers and regional provincial departments; labour unions; NGOs; mining-related communities; and mining industry investors and analysts, among others • Required engagement structures and systems are in place
 <h3>Financial capital</h3> <ul style="list-style-type: none"> • R262m received in member fees (2022: R241m) • R175m spent in operating costs (2022: R107m) • R60m spent on special projects (2022: R68m) including: <ul style="list-style-type: none"> ◦ Advocacy for occupational health ◦ Advance people-centred modernisation ◦ Promoting women in mining ◦ Promoting transformation in the mining industry ◦ TMM collision avoidance 	 <h3>Manufactured capital</h3> <ul style="list-style-type: none"> • Maintained and updated ICT and security systems to enable effective and efficient operations • Leased and maintained office space • Offices are managed in line with the Green Building Council of South Africa guidelines (including water resource and waste management), the Building Research Establishment Environmental Assessment Method (BREEAM) requirements and Code for a Sustainable Built Environment 	 <h3>Natural capital*</h3> <ul style="list-style-type: none"> • A focus on energy management and efficiency initiatives contributes to ongoing improvements in increased renewable energy generation and reduced grid-supplied energy consumption • Head office consumed an average of: <ul style="list-style-type: none"> ◦ 197kWh of electricity daily (2022: 197kWh) ◦ 1.4kl of water daily (2022: 1.4kl) • Negligible amounts of paper used, in line with aim to be as paperless as practically possible

* Not a significant capital for us – for our members this is a vital capital

Our business model continued

What we delivered

(Outputs 2023)

We aim to reposition the South African mining industry to maximise its potential and optimise its contribution to the national economy. Much of the value we create is indirect and cannot be measured strictly in financial terms.

Issues identified and prioritised

Safety and health

Energy, transport and logistics, crime and corruption

Policy and legislative uncertainties and constraints

Diversity and inclusion

RD&I

Community challenges

Stakeholders – who we collaborated and/or worked with and why

- Logistics stakeholders on the establishment of the Transnet-Minerals Council Oversight Panel, Steering Committee and four Channel Optimisation Teams (coal, chrome, iron ore and manganese)
- NECOM, the Energy Council and the Electricity Minister - engaged to identify key constraints to grid connections and Eskom’s tariff increases
- BUSA and alliance – pressing government on key structural and institutional reforms
- Government and members – ensuring water supplies from the Northern Cape Vaal Gamagara bulk water supply scheme continued
- Provincial and local governments as part of the regional presence special project in Mpumalanga and the Northern Cape
- Business and government – engaged with the President, cabinet ministers, the National Joint Operations Centre and the National Coordination and Strategic Management Team on addressing crime and corruption
- MOSH Learning Hub and the Masoyise Health Programme on health and safety matters
- Department of Science and Technology on mining innovation



Guidance and communication provided

- Published annual *Facts and Figures* – pocketbook and full version) as well as *Integrated Annual Review 2022*
- Maintained and updated website from which there were more than 52,200 downloads of media statements, fact sheets and presentations
- Participated in and presented at the annual Investing in African Mining Indaba and the five Resources 4 Africa conferences
- Maintained regular communication with members during the year with 73 communication executives and practitioners from member companies
- Promoted awareness of issues facing the South African mining industry by means of columns and op-eds published in online, daily and specialist publications
- Welcomed Mzila Mthenjane’s appointment as the new CEO of the Minerals Council and gradually raised his profile with external stakeholders

Economic value distributed in 2023:

R151m paid in salaries (2022: R134m)

R5m spent on corporate social investment (CSI) (2022: R3m)

Procurement spend of R34m (2022: R32m)

Our business model continued

What impact we had

(Outcomes 2023)

What we delivered on issues identified and prioritised



Mine safety and health performance

- Continuous sharing of learnings from safety- and health-related incidents aimed at preventing similar incidents
- Member companies are actively driving the visible felt leadership safety programme
- Mine champions nominated to enable the swift adoption of leading practices at their respective mines

Energy, transport and logistics, crime and corruption

- Relevant crisis committees established, namely, NECOM, NLCC, JICC
- Although load shedding was at an all-time high in 2023, significant green energy investment was unlocked following inclusion of the private sector as a key partner in resolving the energy crisis
- NECOM continued to promote the separation of Eskom into different business units as well as the conditions necessary for increased investment in Eskom's transmission infrastructure.
- Continued to promote maintenance as a priority in improving Eskom's coal plant performance
- Regarding logistics, worked to secure funding from members to improve the operational performance of Transnet Freight Rail - they provided funding for the coal line and the sourcing of locomotive spares and other equipment from original equipment manufacturers (OEMs)
- Worked to establish cordial engagements with new Transnet board

Policy and legislative uncertainties and constraints

- Significance progress attained in providing policy certainty and addressing constraints on environmental sustainability regulatory requirements through the extensive engagements and lobbying held with the DFFE and the DWS
- Initiated a minerals policy review project to produce a stakeholder-informed critique of the MPRDA to identify the policy and legislative reform required to achieve a globally competitive minerals, mining and exploration policy and legislative framework - submission, including recommendations, will be made to the DMRE early in 2024
- Investigated challenges faced by the industry that were leading to substantive job losses and what measures could be taken to mitigate these losses and their impact on employees

Diversity and inclusion

- Engaged the Department of Employment and Labour (DEL) on the mining and quarrying sector diversity targets to advance transformation in the industry
- Developed a Transformation Beyond Compliance Framework together with a comprehensive matrix aligned with the UN SDGs to further drive transformation in the sector
- Engaged the DMRE and various civil society organisations on the proposed framework to understand any challenges and establish viable solutions

RD&I

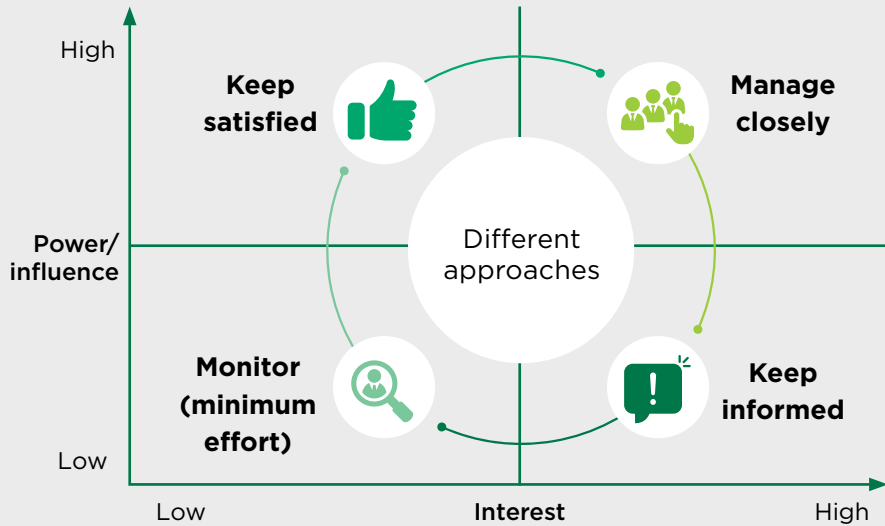
- Working to embed a RD&I culture to modernise the sector and improve its competitiveness
- Established by the Minerals Council, the MMP celebrated its five-year anniversary in 2023 and received recognition of its public-private partnership with the Department of Science and Innovation (DSI) at the Presidential Plenary on Innovation
- Established the Hydrogen Expert Team that adopted an action-driven approach focused on policy development, research, funding, skills development, supply chain to strengthen ecosystems and identify quick-win projects
- Supported the DMRE in development of a National Critical Minerals Framework to inform development of a National Critical Minerals Strategy

Community challenges

- In the Northern Cape, we:**
- Ensured potable water continued to flow to communities along the pipeline
 - Facilitated the completion of several prefeasibility and feasibility studies as well as the school broadband connectivity pilot project
- In Mpumalanga:**
- CLF raised emergency funding of approximately R14 million to procure a much-needed transformer for the Emalahleni Municipality
 - After more than five years of planning, the R110 million replacement of the aging steel bridge in Steelpoort is nearing completion - this project was funded by members

Our stakeholders

The figure below explains the different approaches the Minerals Council adopts when engaging our selected stakeholders.



1.

High power, high interest (manage closely):

These stakeholders have both the ability and the motivation to exert considerable influence on the Mineral Council's projects. It is essential to actively engage with them, keep them informed and address their concerns.

2.

High power, low interest (keep satisfied):

While these stakeholders have the power to impact the Minerals Council's projects, they may not be directly interested in project outcomes. While it remains vital to meet their needs and to keep them satisfied, it is important to refrain from overwhelming them with project details.

3.

Low power, high interest (keep informed):

These stakeholders have a keen interest in the Minerals Council's projects but have limited influence. It is important for the Minerals Council to keep them informed about project developments to manage their expectations and ensure transparency.

4.

Low power, low interest (monitor):



Stakeholders in this category have minimal influence and interest. The Minerals Council monitors their influence and interest in case their situation changes.









Our stakeholders *continued*

As a member-led organisation, the Minerals Council plays a dual role in engaging with a broad range of stakeholders as the representative of the sector, and with member companies. The table below encapsulates some of the stakeholders that were instrumental to our work during the period under review, illustrates how we engage them and highlights the key issues that we dealt with.

Issue-based, impact-driven and inclusivity-oriented, the Minerals Council's stakeholder mapping is determined by material risk factors faced by the organisation.

Stakeholder	This includes:	How we engage/frequency of engagement	Key issues	Relationship objectives
Member companies	Minerals Council members	Quarterly	Policy advocacy; transparency; disclosure; leading practices in health and safety; innovation and modernisation; transformation; skills development and retention; junior mining and exploration; safety and security; engagement with government, SOEs and other industries; climate change response (mitigation and adaptation); environmental performance; rehabilitation and mine closure planning; tailings management; sharing best practices on community engagement and managing social unrest; collaboration on socio-economic development; provision of technical and financial support for government-led infrastructure development projects.	 Manage closely
Industry associations – including international associations	Associations: ICMM, MIASA, the SAIMM, the Mine Ventilation Society, the Association of Mine Surveyors and Coaltech	Annually/bi-annually	Leading practices in health and safety; innovation and modernisation; transformation; skills development and retention; junior mining and exploration; safety and security; engagement with government, SOEs and other industries; climate change response (mitigation and adaptation); environmental performance; rehabilitation and mine closure planning; tailings management; sharing best practices on community engagement and managing social unrest; collaboration on socio-economic development; provision of technical and financial support for government-led infrastructure development projects.	 Keep satisfied
Government (including foreign governments and international structures)	The Presidency, the DMRE, the Department of Police and other security-related ministries, the DSI, the DEL, the DFFE, the DWS, the Department of Human Settlements, the DHA, the National Treasury, provincial and local government, law enforcement structures, the Southern African Development Community (SADC) and the International Labour Organization and the DoH	As required, but at least bi-annually	Development and amendment of legislation (i.e., MHSA, Occupational Diseases in Mines and Works Act (ODMWA), Amendment to National Environmental Management Act, Financial Provision Regulations, Development of Climate Change Bill, Amendment to Carbon Tax, Implementation of National Environmental Management Act), regulation, policies, health and safety, social licence to operate, transformation and employment equity, broad-based black economic empowerment (B-BBEE), development and maintenance of infrastructure and an enabling environment, safety and security (illegal mining and trafficking of precious metals and diamonds), extortion and violence at mining sites and crime affecting the mining industry.	 Manage closely
The National Legislature	Parliament of the Republic of South Africa	As required, but at least bi-annually	Development and amendment of legislation, regulation, policies, health and safety, social licence to operate, transformation and employment equity, B-BBEE, development and maintenance of infrastructure and an enabling environment, safety and security (illegal mining and trafficking of precious metals and diamonds), extortion and violence at mining sites and crime affecting the mining industry.	 Manage closely
Government bodies, regulators and SOEs	The South African Local Government Association (SALGA), Eskom, Transnet, the MHSC, the Council for Geoscience (CGS), Mintek, the South African National AIDS Council, the MQA, the National Skills Authority, the Water Research Commission, the South African Bureau of Standards	As required, but at least bi-annually	Engagement with local government structures on mining community issues, national energy and logistics crises, mining health statistics, mining exploration, sector-specific skills development, water reticulation, RD&I, and standardisation and quality assurance.	 Manage closely

Our stakeholders *continued*

Stakeholder	This includes:	How we engage/frequency of engagement	Key issues	Relationship objectives
Organised labour	The Association of Mineworkers and Construction Union (AMCU), the National Union of Mineworkers (NUM), Solidarity, UASA, the National Union of Metalworkers of South Africa (NUMSA), the Congress of South African Trade Unions, the Federation of Unions of South Africa and the Southern Africa Trade Union Coordination Council	At least quarterly, or as required	Labour migration, wage negotiations, protests, health and safety, housing and living conditions, labour policies and legislation, employment and labour issues.	 Manage closely
Business groupings and national associations	Nedlac, BUSA, BLSA, Black Business Council, the Energy Council, the South African Business Coalition on Health and AIDS, the Water Institute of Southern Africa, the Land Rehabilitation Society of Southern Africa, and host community-based business forums	Quarterly, bi-annually and annually, as required	Issues of national and mutual interest, social policy issues including amendments to legislation affecting business in general and the labour market.	 Keep informed
Academic and research institutions	The Council for Scientific and Industrial Research (CSIR), the Water Research Commission, the University of the Witwatersrand, the University of Pretoria, the University of Johannesburg, Stellenbosch University, the University of the Free State and the University of Cape Town	Quarterly to bi-annually	Knowledge transfer and information sharing, industry-wide collective initiatives, training, inform the research agenda, grow RD&I capabilities and capacity.	 Keep informed
Media	Local, regional, national and international media	Ongoing	Key issues confronting the mining industry in South Africa – including logistics, energy, crime and security, communities, social transformation, regulatory environment and exploration.	 Keep informed
OEMs and suppliers	Mining Equipment Manufacturers of South Africa, the South African Mineral Processing Equipment Cluster, the OEM Forum and CSR Europe	At least quarterly	RD&I collaboration, lobbying for policies supporting use of locally manufactured equipment, product testing and development, occupational health and safety policy and regulatory changes.	 Monitor
NGOs and civil society, communities and small-, medium- and micro-enterprises within them, and business forums	The Centre for Applied Legal Studies, Benchmarks Foundation, ActionAid, the Federation for a Sustainable Environment, the Centre for Environmental Rights, Mining Affected Communities United in Action, Women Affected by Mining United in Action, the Mining and Environmental Justice Community Network of South Africa, Lawyers for Human Rights and the Foundation for Sustainable Development	Bi-annually to annually as required	Open innovation challenges, innovation showcases, community outreach programmes, educational campaigns, transparent reporting, creation of economic opportunities through effective enterprise and supplier development programmes, effective implementation SLPs, engagement on industry performance on environmental sustainability issues and mine water management.	 Keep informed

Assessing materiality and our material issues

The Minerals Council’s integrated annual review is unique in that we report on the positioning and performance of the industry, and account to our members for our own work.

The double materiality assessment we undertook this year, therefore, considers the principal issues that are most material to the industry we serve, and to the role and work of the Minerals Council.

We use the definition of double materiality recommended under the IFRS Foundation’s SASB as the combination of impact materiality and financial materiality, where:

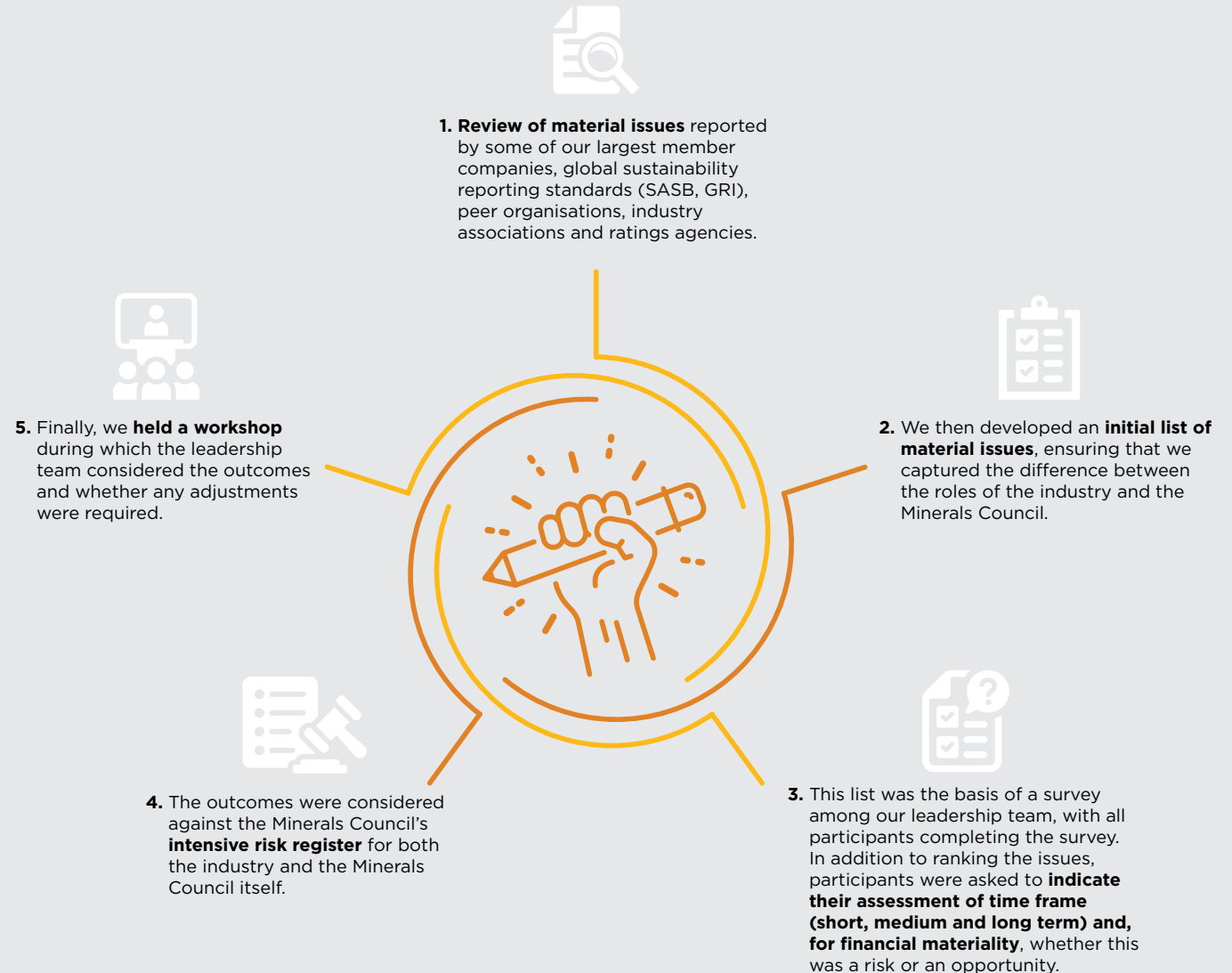
- **Impact materiality** defines how a company’s activities, operations and value chain impact a broad range of internal and external stakeholders and the environment.
- **Financial materiality** defines how sustainability impacts related to the external environment and stakeholders have an impact on the financial performance, cashflows and prospects of the sector (Part 1) and the Minerals Council (Part 2).



The outcome of this assessment:

- Has been used to inform the structure and content of this report
- Will be taken into account in the Minerals Council’s own strategic planning processes

We adopted a five-stage process:



Assessing materiality and our material issues *continued*

Part 1: industry perspective

In the first part of the materiality assessment, we delved into the broader landscape of our industry, conducting a comprehensive analysis that encompassed the collective voices and concerns of stakeholders within the sector. From environmental sustainability to social responsibility, this section offers insights into the material topics that resonate across the industry and our various stakeholders.

Top 16 material sustainability issues

Environment



- Access to water and water stewardship: the industry's ability to access water, and responsible stewardship of this shared resource
- Environmental performance: the industry's environmental performance (including impacts, emissions, engagement, provisions and compliance)
- Climate action: the industry's ability to mitigate the impacts of climate change, through a responsible transition to renewables and reducing greenhouse gas (GHG) emissions
- Responsible tailings management: responsibly managing tailings storage facilities (TSFs) to mitigate risks to people and the environment
- Rehabilitation and closure: planning and providing for, and ensuring effective rehabilitation and closure of, mining operations and supporting a transition to alternative land uses

Social



- Zero harm: continuously improving safety performance and safeguarding the health and well-being of employees through the adoption of leading practices
- Transformation and diversity: ensuring the transformation of the industry, and eliminating racism, sexism and sexual harassment
- Community development: supporting the socio-economic welfare of communities, today and in the future
- Skilled, engaged workforce: attracting and retaining talent, and developing a skilled and engaged workforce

Governance



- Crime and corruption: preventing any acts of corruption and working collaboratively to address crime
- Illegal mining and ASM: preventing illegal mining, while seeking to regulate and support small-scale mining activities
- Regulatory and political risk: navigating regulatory and political risk through appropriate risk management and engagement
- Community engagement: active engagement with communities to understand their needs, and to gain and maintain our social licence to operate
- Business ethics, governance and transparency: promoting and ensuring sound business ethics and the highest levels of corporate governance, and engaging with and reporting transparently to stakeholders

Economic



- Infrastructure and services: safeguarding, securing and improving access to infrastructure and services through collaboration and investment (including electricity, transport and water)
- Exploration and development: undertaking greenfield and brownfield exploration, developing new mining projects and extending the productive lives of existing mines

Part 2: Minerals Council focus

In the second part of the materiality assessment, we looked at the unique challenges and opportunities facing the Minerals Council. With a tailored approach, we explored the specific issues that were significant to our organisation, reflecting the diverse interests and priorities of our stakeholders. Through targeted surveys and consultations, we aimed to capture the nuances of our operating environment, facilitating a deeper understanding of the issues that drive value creation and sustainable development within the Minerals Council.

Top 16 material sustainability issues

Environment



- Water stewardship and licensing: supporting the development of an enabling environment for effective water resource management and stewardship and providing guidance to members on their approach
- Environmental management: supporting the development of an enabling environment for effective water resource management and stewardship, and providing guidance to members on their approach

Social



- Zero harm: developing strategies for improving employee health and safety, encouraging the sharing of learning between members, and adopting leading practice
- Transformation and diversity: promoting efforts to achieve diversity, inclusion and transformation. This includes specific efforts supporting women in mining and the elimination of GBVF
- Community development: supporting members in developing structures and strategies to improve the socio-economic welfare of communities, today and in the future
- Skilled, engaged workforce: supporting the industry in attracting and retaining talent, and developing a skilled and engaged workforce
- Constructive labour relations: supporting the industry in respect of relations with organised labour, and fair and enabling labour legislation

Governance



- Crime and corruption: addressing and eradicating all forms of corruption, including through enhanced security, and eliminating organised crime
- Illegal mining and ASM: Supporting efforts to address illegal mining and supporting small-scale mining
- Regulatory and political risk: navigating regulatory and political risk in the interests of the industry, our members and society
- Community engagement: encouraging and facilitating practices for community engagement and support - social licence to operate
- Reputation: preserving and enhancing the reputation of the industry. Improving the understanding of the critical contribution mining makes to society and the economy
- Regulation and compliance: anticipating and influencing new regulation and supporting members in achieving compliance

Economic



- Infrastructure and services: supporting processes to improve access to efficient, reliable, affordable infrastructural services - water, logistics (road and rail) and electricity (especially renewables)
- Exploration and development: supporting strategies to promote greenfield and brownfield exploration, new mining projects and extending the productive lives of existing mines, including through enabling legislation and regulation
- Competitive, enabling environment: creating and maintaining a competitive, enabling, and conducive environment for mining

Mining and the SDGs

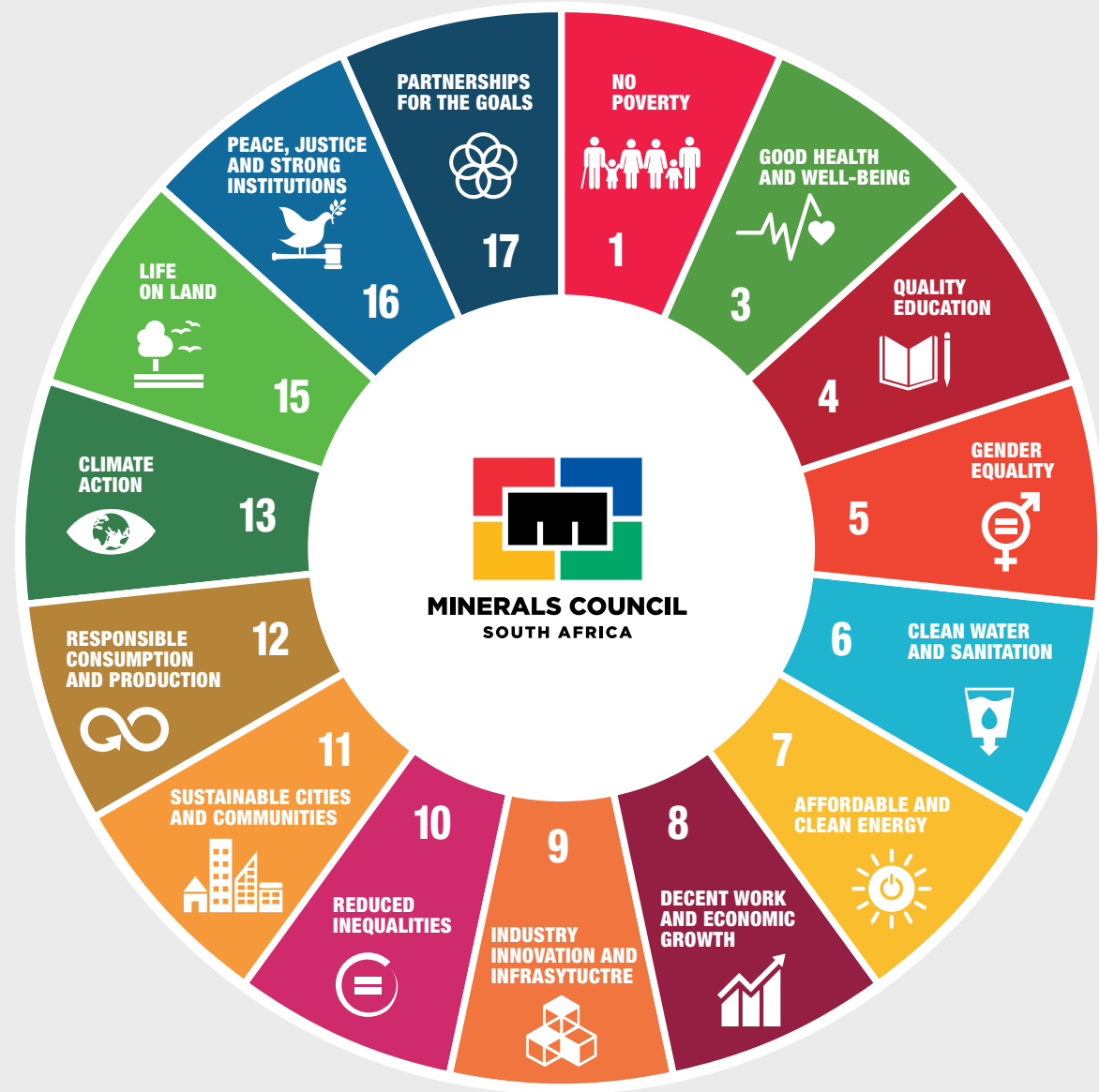


The 17 SDGs are at the heart of the 2030 Agenda for Sustainable Development which was adopted by all UN Member States in 2015.

The 2030 Agenda provides a shared blueprint for peace and prosperity for people and the planet. The SDGs, also known as the Global Goals, recognise that ending poverty and other deprivations needs to go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth, all while tackling climate change and restoring our natural environment.

We endorse the SDGs and encourage our members to consider and meaningfully contribute to them, while reporting their progress on an ongoing basis. [Our business model](#), [Delivering on our strategy](#) and [Assessing our material issues](#) illustrate our alignment with the SDGs. The Global Goals are also supported by South Africa's NDP.








Some of the SDGs are not within the remit of the private sector to influence or achieve. However, there are many that the mining sector can directly contribute to, and a number that are best served through public and private partnerships.



Mining and the SDGs *continued*

Priority SDGs:

These are SDGs to which the Minerals Council and our members can make a direct contribution.

 <p>Targets: 3.3, 3.8</p> <ul style="list-style-type: none"> Preventative healthcare (employees and communities) Focus on mental health HIV/AIDS and TB prevention and treatment Safety initiatives 	 <p>Targets: 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4a, 4b</p> <ul style="list-style-type: none"> Investment in school infrastructure, and learner and educator support Provision of bursaries and scholarships Support to tertiary institutions (funding and infrastructure) Skills development and training (employees and communities) 	 <p>Targets: 5.1, 5.2, 5.5, 5b, 5c</p> <ul style="list-style-type: none"> Advancing the role of women in mining 	 <p>Targets: 6.1, 6.3, 6.4, 6.6, 6b</p> <ul style="list-style-type: none"> Investment in water infrastructure and shared resources (with communities and municipalities) Pollution prevention, reuse and recycling Mainstreaming of water conservation and water demand management 	 <p>Targets: 7.2, 7.3</p> <ul style="list-style-type: none"> Reduction and optimisation of energy usage Transition to and investing in renewables
 <p>Targets: 8.1.1, 8.2, 8.3, 8.5, 8.6, 8.8</p> <ul style="list-style-type: none"> Promoting responsible sustainable growth Direct and indirect job creation Direct and indirect investment Enterprise development and local procurement 	 <p>Targets: 9.2, 9.5</p> <ul style="list-style-type: none"> Investment in private and public infrastructure RD&I 	 <p>Targets: 12.2, 12.4, 12.6, 12.7</p> <ul style="list-style-type: none"> Materials stewardship and integration in the circular economy Waste minimisation, reuse and recycling 	 <p>Targets: 13.1, 13.3</p> <ul style="list-style-type: none"> Decarbonisation of operations Support for mitigation, adaptation and impact reduction in respect of climate change Commitment to just energy transition 	 <p>Targets: 17.16, 17.17</p> <ul style="list-style-type: none"> Support for national and regional initiatives against crime and corruption Promoting transparency in reporting

Important SDGs:

These are SDGs to which we can make an indirect contribution, often through partnerships with the public and private sector.

 <ul style="list-style-type: none"> Direct and indirect job creation Payment of taxes and royalties Supporting basic services and infrastructure 	 <ul style="list-style-type: none"> Promoting inclusive economic growth and transformation 	 <ul style="list-style-type: none"> Investment in accommodation and infrastructure for employees and communities Respect for and protection of heritage sites 	 <ul style="list-style-type: none"> Support for ecosystem services Sustainable rehabilitation options. Promoting and protecting biodiversity, including through offsets
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Mining and the SDGs continued

Strategic partnership for the SDGs

The Minerals Council has signed a memorandum of understanding (MoU) and became a strategic partner to the UN Global Compact Network South Africa in 2023.

A task team within the Minerals Council has been set up to support the Voluntary National Review (VNR) Process that was established by the UN as an accountability mechanism. Through the VNR Process, UN member states assess and present their national progress on the 2030 Agenda, including their performance on the 17 SDGs.

The Minerals Council task team has participated in VNR Process dialogues (as voluntary keynote speakers and leading voices for specific roundtable topics) and has also contributed to the VNR report through the submission of information, particularly case studies. The case studies submitted are based on initiatives within the Minerals Council that are aligned to the SDGs which include:

“We endorse the SDGs and encourage our members to consider and meaningfully contribute to them, while reporting their progress on an ongoing basis”



- **The WiM initiative**, which focuses on leading by example in transforming the mining sector by breaking down barriers to entry, promoting equal opportunities for career advancement and fostering a supportive and empowering work environment for all. For more information on the WiM initiative, please visit: www.mineralscouncil.org.za/womeninmining/



- **The Masoyise Health Programme** is a multi-stakeholder programme that leads the South African mining industry's commitment to fight TB, HIV and AIDS, occupational lung diseases (OLDs), NCDs and mental illnesses. The focus is on disease reduction, management and support. For more information on the Masoyise Health Programme, please visit: www.mineralscouncil.org.za/work/masoyise



- **The Water Conservation and Water Demand Management (WC/WDM)** self-assessment reporting tool (WSART) supports government regulatory requirements for water use efficiency in mining. Facing water supply insecurity, the mining sector integrates WC/WDM practices to ensure sustainable water management. We spearhead the development of a user-friendly tool, addressing challenges in the allocation, development and protection of water resources. Mainstreaming WC/WDM ensures water use efficiency and pollution mitigation through systematic steps: avoidance, minimisation, mitigation and correction. Our ambition is to lead in developing tools for mining to implement WC/WDM principles, promoting sustainable mineral resource development and ensuring clean water and sanitation for all. For more information on the WC/WDM reporting tool, please visit: <https://www.mineralscouncil.org.za/work/environment/environmental-resources>