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By Vincent Obisie-Orlu

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## Executive Summary

The Climate Change Act establishes a regulatory framework for decarbonisation in South Africa's extractives sector, aligning with Paris Agreement commitments. Key provisions include sector-specific emissions reduction targets, carbon budgets, and mandatory monitoring and reporting. While enforcement issues and resource limitations exist, companies must prioritise emissions tracking and internal carbon pricing. Environmental, social and governance (ESG) imperatives already incentivise companies in this direction. Investors increasingly direct capital towards companies that demonstrate effective emissions management. Successful adaptation strategies and alignment with national goals are essential for companies to enhance sustainability and attract investment. Collaboration among stakeholders is critical for effectively implementing the Climate Change Act.


## Recommendations

- Mining companies, civil society, and the government need to foster partnerships to ensure the effective implementation of the Climate Change Act and address social and economic risks.
- Policymakers should continue refining the carbon budget framework and offer clear guidance on regulatory requirements to encourage industry compliance and facilitate the transition to a low-carbon economy.
- Mining companies should partner with private investors and the government to co-finance infrastructure upgrades, such as electrified rail systems, to reduce logistical inefficiencies and carbon emissions.
- Mining companies should implement an internal carbon pricing mechanism and regularly evaluate carbon budgets through stress tests to prepare for rising carbon tax rates and drive emission reductions.

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## Introduction

The mining industry is vital to South Africa's economy, contributing 6.3% to its nominal GDP, amounting to R440.8 billion, employing approximately 479,111 people, and generating mineral exports valued at R781.6 billion (South Africa continues to export raw minerals primarily).<sup>1</sup>

However, it is also a significant contributor to greenhouse gas (GHG) emissions, and almost 85% of South Africa's GHG emissions are attributable to the coal value chain.<sup>2</sup>

South Africa has enacted the Climate Change and Carbon Tax Act in response to international commitments, particularly those under the Paris Agreement. As part of the Paris Agreement, countries negotiated and decided on their Nationally Determined Contributions (NDCs). These NDCs represent each country's commitments to reduce greenhouse gas emissions and are integral to the Paris Agreement framework.

South Africa's updated NDCs, approved in September 2021, set ambitious targets for reducing greenhouse gas emissions. The targets are limiting emissions to between 398 and 510 Mt CO<sub>2</sub>-eq by 2025 and between 398 and 440 Mt CO<sub>2</sub>-eq by 2030.<sup>3</sup> These targets reflect South Africa's commitment to global efforts to combat climate change. This way, South Africa's legislative actions align with its NDCs and broader international climate commitments.

This report evaluates the implications of these legislative measures for the private sector, focusing on the impact of required emissions reduction, compliance and their connection to the Green Transport Strategy (2017-2050). A case study on Anglo American exemplifies effective adaptation, while stakeholder mapping highlights the dynamics influencing the Act's implementation in the extractives sector.

## The Climate Change Act

The Act<sup>4</sup> establishes a regulatory framework for decarbonisation, aligning South Africa's commitments under the legally binding Paris Agreement GHG emissions reduction targets. Key features include:

- **Emission Reduction Targets:** The Act mandates sector-specific GHG reductions, pressuring companies to adopt cleaner practices and technologies.<sup>5</sup>
- **Carbon Budgets:** Companies face sector-specific GHG caps, with penalties for non-compliance. Compliance will require significant investments in emissions-reducing technologies and efficient resource management.<sup>6</sup>
- **Emissions Monitoring and Reporting:** Annual monitoring and reporting to the National GHG Inventory are mandatory, with potential sanctions for inaccurate data. Compliance will require companies to have reliable tracking systems and compliance frameworks.<sup>7</sup>
- **Sectoral Action Plans and Climate Adaptation:** The Act requires tailored climate response strategies for each sector, emphasising the need for companies to assess climate risks and implement resilience measures. These strategies must align with emissions reduction targets and prioritise energy efficiency, renewable energy, and decarbonisation.<sup>8</sup>
- **Carbon Tax Implications:** Though separate, the Act's carbon budgets are linked to the Carbon Tax Act, increasing tax liabilities for non-compliance.<sup>9</sup>

These provisions not only pressure the private sector to invest in technologies for accurate emissions reporting and to develop internal carbon pricing models but also present an opportunity. Companies that effectively manage emissions could see increased investor interest, as investors may begin prioritising such companies, thereby limiting profitability impacts. In response to the expected

1 Minerals Council South Africa. "Annual Report 2023." 2023. <https://www.mineralscouncil.org.za/reports/2023/>

2 Kalaba, Mmatlou. "South Africa's Carbon Tax: Balancing Climate Action and Economic Development." South African Institute of International Affairs. March 2020. <https://saiia.org.za/research/south-africas-carbon-tax-balancing-climate-action-and-economic-development/>.

3 South Africa. "Updated First Nationally Determined Contribution." United Nations Framework Convention on Climate Change, September 2021. Accessed November 18, 2024. <https://unfccc.int/sites/default/files/NDC/2022-06/South%20Africa%20updated%20first%20NDC%20September%202021.pdf>.

4 Government of the Republic of South Africa. 2024. "The Climate Change Act, Act No. 22 of 2024; Government Gazette No. 50966." Climate Change Act 22 of 2024. Government of South Africa. [https://www.gov.za/sites/default/files/gcis\\_document/202407/50966climatechangeact222024.pdf](https://www.gov.za/sites/default/files/gcis_document/202407/50966climatechangeact222024.pdf).

5 Ibid.

6 Ibid.

7 Ibid.

8 Ibid.

9 Ibid.

requirements for access to the European Union market through CBAM compliance will place further pressure on mining companies to reduce emissions.<sup>10</sup>

## Gaps and Challenges

The effectiveness of the Act hinges on accurate emissions reporting.<sup>11</sup> Challenges include:

- **Enforcement Issues:** Inconsistent enforcement may arise in regions lacking skilled regulators or resources, leading to compliance gaps.
- **Resource Limitations:** The Act does not address the need for capital investment in infrastructure and technology for effective emissions monitoring, which could result in under-reporting.
- **Shifting Operations:** Companies might relocate some of their heavily emitting processes to countries with less stringent environmental laws.
- **Compliance-Profitability Balance:** Companies must manage compliance costs while remaining competitive without excessively passing these costs to consumers. Such actions could undermine investor confidence in emissions reduction efforts.

Compliance with the Act is not just a legal obligation; it is a strategic necessity for the survival and growth of businesses in the extractives sector, especially those that want to maintain access to lucrative export markets.

Companies must prioritise:

- **Emissions tracking and reporting:** Invest in real-time GHG monitoring systems to ensure accurate reporting and avoid regulatory penalties.
- **Carbon budgeting:** Establish internal carbon pricing models to stay within carbon budgets and minimise exposure to rising carbon tax rates.

## Carbon Tax Act and Carbon Budgets Framework

On the one hand, the Carbon Tax Act<sup>12</sup> taxes companies that exceed their carbon budgets. The law penalises excessive emissions and encourages companies to reduce them. The Act effectively penalises companies that do not reduce their carbon emissions over time.

The Carbon Budgets Framework<sup>13</sup> complements the Carbon Tax, setting clear limits on the allowable emissions per company. Companies that exceed their budgets face financial penalties, while those that remain within their limits can benefit from incentives such as reduced tax burdens or access to green finance.

## Business and Investor Considerations

Investors should assess how well companies handle their carbon budgets and emissions reduction strategies. Exceeding these caps increases operational costs and financial risks, especially as carbon tax rates increase. Carbon budgets add financial and operational risk layers, highlighting the importance of internal monitoring.<sup>14</sup> Effective and transparent monitoring reduces these risks, enhances transparency, and attracts ESG-linked investment, supporting emissions reporting. Effective carbon management aligns with the Paris Agreement, strengthening financial stability and investor appeal.

The National GHG Inventory is crucial for tracking South Africa's progress in reducing emissions under its Paris Agreement commitments and the country's NDCs.<sup>15</sup> It also helps the government enforce compliance with sector-specific carbon budgets.<sup>16</sup>

10 Bour, Alexis, Lucas Chaumontet, Peter Clearkin, Hans Kuipers, Tycho Möncks, and Dawie Scholtz. "How South African Mining Can Address Climate Change Challenges." Boston Consulting Group, June 9, 2022. <https://www.bcg.com/publications/2022/how-south-african-mining-can-address-climate-change-challenges>. Raise this point in their recommendations, but is further elaborated by this report from Africa Practice Africa Practice. "The Carbon Conundrum: Africa's Challenge and Opportunity under CBAM." Africa Practice, November 22, 2023. Accessed November 18, 2024. <https://africappractice.com/the-carbon-conundrum-africas-challenge-and-opportunity-under-cbam/>.

11 Presidential Climate Commission. 2024. "Presidential Climate Commission." Presidential Climate Commission. 2024. <https://www.climatecommission.org.za/news-and-insights/media-statement-a-new-era-in-coordinated-climate-action-dawns-as-president-ramaphosa-assents-the-climate-change-bill>.

12 Government of the Republic of South Africa. 2019. "The Carbon Tax Act, 15 of 2019; Government Gazette No. 42483." Carbon Tax Act 15 of 2019. [https://www.gov.za/sites/default/files/gcis\\_document/201905/4248323-5act15of2019carbontaxact.pdf](https://www.gov.za/sites/default/files/gcis_document/201905/4248323-5act15of2019carbontaxact.pdf).

13 Department of Forestry and Fisheries. 2021. "Carbon Budget Methodology Document a Guideline to Implementing the Tiered Methodological Approach." <https://www.dffe.gov.za/sites/default/files/docs/strategy.framework/caq/carbonbudgetmethodologydocument.pdf>.

14 Qu, Haonan, Suphachol Suphachalasai, Sneha D Thube, and Sébastien Walker. 2023. "South Africa Carbon Pricing and Climate Mitigation Policy." IMF. June 26, 2023. <https://www.imf.org/en/Publications/selected-issues-papers/Issues/2023/06/26/South-Africa-Carbon-Pricing-and-Climate-Mitigation-Policy-South-Africa-535220>.

15 South African Government. 2023. "Minister Barbara Creecy Publishes South Africa's 8th National Greenhouse Gas Inventory Report | South African Government." Government of South Africa. April 26, 2023. <https://www.gov.za/news/media-statements/minister-barbara-creecy-publishes-south-africa%E2%80%99s-8th-national-greenhouse-gas>.

16 Department of Forestry Fisheries and the Environment. 2022. "National GHG Inventory Report South Africa 2000 - 2020." Department of Forestry Fisheries and the Environment. December 2022. <https://www.dffe.gov.za/sites/default/files/reports/8nationalgreenhousegasreport2022.pdf>.

Accurate GHG reporting is essential to the Act's success, as it helps to ensure accountability. Investors increasingly look to allocate capital towards companies that manage emissions effectively, as they understand that penalties for non-compliance risk operational and financial stability. Continued funding from many investors, including the likes of international development finance institutions (DFIs), will increasingly depend on companies' reporting credibility over time.

## The Mining Industry and Climate Adaptation Strategies

The Act pressures mining industry companies to implement effective climate adaptation strategies.

South Africa's mining industry is vulnerable to climate risks due to environmental changes and fluctuating demand for minerals and metals. Risks include<sup>17</sup>:

- Infrastructure damage from erratic weather.
- Water scarcity limiting operations in water-intensive mines.
- Reduced efficiency in extreme heat, impacting worker health and safety.
- Stranded assets in high-emission sectors.<sup>18</sup>

To mitigate these risks, companies must enhance water treatment and recovery while securing new water resources, invest in energy efficiency and emissions reduction technologies, and minimise the risk of stranded assets.

## ESG considerations

Climate adaptation is increasingly critical to a company's

ESG performance. Companies with strong adaptation strategies are more attractive to ESG-conscious investors, while those lacking adaptation may face reduced access to capital and heightened operational risks.<sup>19,20</sup> To align with the Act's sectoral emissions targets, industry bodies and stakeholders should develop strategies that consider direct and indirect emissions, prioritising critical climate-related risks. Companies should customise these strategies to their specific operations.

## Implementation challenges

A significant challenge for implementing the Act in the mining industry is the rapid deployment of necessary investments to reduce emissions within short timelines. Mining companies may argue that allocated carbon budgets do not align with the operational realities of long-term capital investments required for emissions reductions. Given the capital-intensive nature of mining, increased funding for emissions monitoring may complicate accurate reporting.<sup>21</sup> As such, industry standards should be established, and investment incentives should be created to support the adoption of new technologies.

Coal, in particular, presents unique challenges. Despite its controversial role in South Africa's energy landscape, coal remains a significant part of the country's energy mix.<sup>22</sup> The need for substantial capital investments and the long-term nature of these projects compounds the complexities of reducing emissions in the coal sector. Therefore, it is crucial to develop specific strategies and incentives tailored to the coal industry to ensure compliance with the Act while addressing its unique challenges.<sup>23</sup>

17 Sectoral Risk Briefings: Insights for Financial Institutions. 2024. "May 2024 Sectoral Risk Briefings: Insights for Financial Institutions Climate Risks in the Metals and Mining Sector." United Nations Environmental Programme Finance Initiative. <https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Metals-and-Mining-Sector-1.pdf>.

18 Siyobi, Busisipho. "Stranded Assets: The Nexus between Extractives, Climate, & the Circular Economy within the African Extractives Sectors." Policy Insights 112 June 2021. SAI, June 2021. <https://saiia.org.za/wp-content/uploads/2021/07/Policy-Insights-112-siyobi.pdf>.

19 Gelb, Jay, Rob McCarthy, Werner Rehm, and Andrey Voronin. "Investors Want to Hear from Companies about the Value of Sustainability | McKinsey." McKinsey & Company, September 15, 2023. <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/investors-want-to-hear-from-companies-about-the-value-of-sustainability>.

20 Xu, Weidong, Wenxuan Huang, and Donghui Li. "Climate Risk and Investment Efficiency." Journal of International Financial Markets, Institutions & Money 92 (April 1, 2024): 101965–65. <https://doi.org/10.1016/j.intfin.2024.101965>.

21 Southern African Resource Trust. 2023. "The Extractives Sector & the Transition to a Low Carbon Economy in Africa." Southern African Trust. [https://knowledgehub.southernafricatrust.org/site/assets/files/2392/the\\_extractives\\_sector\\_report\\_digital\\_version.pdf](https://knowledgehub.southernafricatrust.org/site/assets/files/2392/the_extractives_sector_report_digital_version.pdf).

22 According to the Draft IRP 2024, coal is expected to play a significant role in the country's energy mix in the future - The government of South Africa. "Government Gazette, Vol. 49974, No. 4238." January 2024. [https://www.gov.za/sites/default/files/gcis\\_document/202401/49974gon4238.pdf](https://www.gov.za/sites/default/files/gcis_document/202401/49974gon4238.pdf).

23 Bour, Alexis, Lucas Chaumontet, Peter Clearkin, Hans Kuipers, Tycho Möncks, and Dawie Scholtz. "How South African Mining Can Address Climate Change Challenges." Boston Consulting Group, June 9, 2022. <https://www.bcg.com/publications/2022/how-south-african-mining-can-address-climate-change-challenges>. Highlights the opportunities and ways for South Africa's mining industry to address challenges facing it, and make some specific recommendations related to coal. Counterbalancing this, Claassen, Jill. "The Impact of Coal Mining on the Environment and Community Quality of Life: A Case Study Investigation of the Impacts and Conflicts Associated with Coal Mining in the Mpumalanga Province, South Africa." Master's thesis, University of Cape Town, 2018. <https://open.uct.ac.za/items/172399ae-3689-4135-944a-2d8ec23b56a7>. Presents some of the challenges associated with addressing the environmental impacts of the coal mining industry for communities (a critical stakeholder), and highlights some of the conflicts and challenges that emerge. This connects closely to the considerations and recommendations of the Presidential Climate Change Commission on the importance of creating key focused interventions for the coal mining sector that enable a gradual transition with sufficient investment for coal communities to support life after coal as found here - Presidential Climate Commission. Stakeholder Engagement for a Just Transition. March 28, 2024. [https://pcccommissionflo.imgix.net/uploads/images/Stakeholder-Engagement-for-a-Just-Transition\\_28032024\\_FINAL.pdf](https://pcccommissionflo.imgix.net/uploads/images/Stakeholder-Engagement-for-a-Just-Transition_28032024_FINAL.pdf).

## Role of Nationally Determined Contributions (NDCs) in the Green Transport Strategy 2017-2050

South Africa's NDCs under the Paris Agreement set ambitious targets for reducing GHG emissions, particularly in the transport sector, which accounts for approximately 10% of the country's emissions.<sup>24</sup> The Green Transport Strategy 2017-2050 aligns with these NDCs. It outlines a roadmap for transforming transport and presents challenges and opportunities for the extractives industry to comply with the Act.

## Challenges Facing South Africa's Transport Sector

South Africa's transport sector faces critical challenges that hinder efforts to reduce GHG emissions, particularly for the mining industry. Underinvestment and mismanagement have led to disruptions, forcing companies to rely on carbon-intensive road transport, raising operational costs and complicating<sup>25</sup> compliance with NDC targets.<sup>26</sup>

## Green Transport Strategy

The Green Transport Strategy aims to significantly reduce GHG emissions from South Africa's transport sector by enhancing energy efficiency and promoting low-emission modes of transportation.<sup>27</sup> Key components include setting specific decarbonisation targets, upgrading infrastructure—such as electrified rail systems—and facilitating a shift from road to rail and public transport.<sup>28</sup> The strategy supports the adoption of EVs, alternative fuels,

and necessary charging infrastructure while establishing a collaborative policy framework to promote greener transport options.<sup>29</sup> It emphasises regular monitoring and evaluation to assess progress towards decarbonisation goals, ensuring alignment with South Africa's NDCs.

## Implications for the Mining Industry

Under the Act and its aligned regulatory framework, it will be crucial for mining companies to align their transport and logistics strategies with their carbon budgets and emissions reduction strategies to avoid penalties. Logistics-related emissions need to be closely monitored and reported transparently.

## CASE STUDY: Anglo American

Anglo American plc (Anglo) is a global leader in mining. It focuses on copper, platinum group metals, and iron ore. The company is committed to sustainability, with its operational commitments aligning with South Africa's Climate Change Act.

Anglo American aims for carbon neutrality by 2040<sup>30</sup> through efforts including:

- The conversion of its c.400 diesel-powered trucks to green hydrogen by 2040, reducing diesel emissions in its open pit mines by 80%.<sup>31</sup>
- A commitment to reduce emissions in its logistics and supply chain as part of its net-zero efforts.<sup>32</sup>

24 Boston Consulting Group. 2022. "Just Transition and Climate Pathways Study for South Africa: Decarbonising the South African Transport Sector." Boston Consulting Group. 2022. <https://web-assets.bcg.com/b8/23/ac0b3f0b46ab809a6421598fd0c4/decarbonising-the-south-african-transport-sector.pdf>.

25 Over a distance of 1,000 km, rail transport is significantly more environmentally friendly than road transport by trucks. Trucks emit about 154.1 metric tons of CO2 per million ton-miles, while rail emits only 21.2 metric tons. Rail is also over seven times more energy-efficient. Additionally, trucks cause more wear and tear on roads, leading to more frequent resurfacing and associated emissions from road work. This makes rail transport not only lower in emissions but also less impactful on infrastructure and climate due to reduced road maintenance needs. For more information, refer to Forman, John. "Emissions From Rail vs. Trucking." Stanford University, 2022. <http://large.stanford.edu/courses/2022/ph240/forman2/>.

26 The Economist. 2023. "South Africa's Disintegrating Freight Railway Is Crippling Firms." The Economist. January 17, 2023. <https://www.economist.com/middle-east-and-africa/2023/01/17/south-africas-disintegrating-freight-railway-is-crippling-firms>.

27 Government of South Africa. 2022. "Green Transport Strategy for South Africa: (2018-2050)." Bundtland. Pretoria: Government of South Africa. [https://www.bundtland.co.za/wp-content/uploads/2022/11/Green\\_Transport\\_Strategy\\_2018\\_2050\\_onlineversion.pdf](https://www.bundtland.co.za/wp-content/uploads/2022/11/Green_Transport_Strategy_2018_2050_onlineversion.pdf).

28 Ibid

29 Ibid

30 Anglo American. 2024. "Greenhouse Gas Emissions Fact Sheet." Anglo American. <https://www.angloamerican.com/-/media/Files/A/Anglo-American-Group-v5/PLC/investors/esg-summary-factsheets/anglo-american-esg-factsheet-greenhouse-gas-emissions.pdf>.

31 Anglo American. 2022. "Hydrogen Here for the Long Haul." Anglo American. October 7, 2022. <https://www.angloamerican.com/our-stories/innovation-and-technology/hydrogen-here-for-the-long-haul>.

32 Anglo American. 2021. "Anglo American Sets Ambition to Halve Scope 3 Emissions by 2040." Anglo American. October 29, 2021. <https://www.angloamerican.com/media/press-releases/2021/29-10-2021>.

## Emissions Reporting and Reduction Strategy

Anglo maintains a comprehensive emissions reporting framework:<sup>33</sup>

1. Anglo provides transparent annual emissions reports to stakeholders and regulatory bodies, enhancing accountability. In 2023, the company achieved a 6% reduction in Scope 1 and 2 emissions compared to 2022, amounting to a significant decrease in CO<sub>2</sub> equivalent tonnage (12.5 million tonnes of CO<sub>2</sub> equivalent). Compared to the company's 2019 peak, the 2023 figure shows a 26% reduction, suggesting sustained improvements to emissions reduction.<sup>34</sup> While the consistent, sustained rate in the reduction suggests consistent improvement, the sustainability of such reductions year-on-year will depend on continued investment in cleaner technologies and stringent environmental practices.<sup>35</sup>
2. Anglo conducts internal carbon pricing in its investment strategies, asset allocation, and research and development in carbon abatement technologies and renewable energy.<sup>36</sup>
3. Anglo has committed to reducing its Scope 1 and Scope 2 emissions by 2030, using 2016 as the reference year. The company consistently reports its progress towards this target in its annual reports.<sup>37</sup>

Anglo demonstrates how mining companies can navigate the challenges posed by climate regulations while enhancing operational sustainability. Its robust emissions reporting, investments in cleaner technologies, and commitment to sustainable transport solutions, position it as a leader in the transition towards a low-carbon mining industry.

From Anglo's reporting, the company seems to be integrating sustainability into the core of its operations and attempting to mitigate regulatory compliance risks and reputational risks.<sup>38</sup> However, it will be critical for Anglo to closely engage with communities and civil society organisations that are raising concerns over the

company's environmental practices to check the accuracy of the statements made and the means for independent assessments of its environmental sustainability performance. Independent third-party audits and assessments, in addition to compliance and alignment with international norms and standards, strengthen the reliability of Anglo's reporting.

## Stakeholder Analysis: Linkages, challenges, and areas for cooperation

Successful implementation of the Act in the mining industry is contingent on cooperation of various stakeholders, each with distinct interests and challenges. This section examines key players, their interconnections, and how their interests may align or diverge within the context of the Act's implementation in the mining industry.

### Key Stakeholders

#### Key government actors

Department of Forestry, Fisheries and the Environment (DFFE), Department of Mineral & Petroleum Resources (DMPR), and National Treasury:

- **Role:** As regulators, the government departments are responsible for enforcing the Climate Change Act, monitoring emissions, and managing revenue from the Carbon Tax Act.
- **Challenges:**
  - Balancing economic growth, job creation, and environmental sustainability.
  - Potential lack of skills to effectively regulate and monitor emissions.
- **Cooperation:** Streamlining interdepartmental coordination is essential to manage carbon budgets and oversee industry compliance effectively.
- **Divergence:** While the DFFE may prioritise emissions reductions, the DMPR may focus on sustaining economic output, creating potential tensions between environmental and economic goals.<sup>39</sup>

<sup>33</sup> It is important to note that Anglo's reporting is largely based on self-reporting, but follows the Science Based Target Initiative Absolute Contraction, however Anglo is unable to be part of the SBTi due to the requirement of the SBTi not verifying companies producing > 5% of their profits from fossil fuels, including coal and steelmaking. While this is a significant positive, it has limitations in the area of accurate and effective verification by SBTi.

<sup>34</sup> Anglo American. 2024 "Climate Change Report 2023." Anglo American. <https://www.angloamerican.com/-/media/Files/A/Anglo-American-Group-v5/PLC/investors/annual-reporting/2023/climate-change-report-2023.pdf>.

<sup>35</sup> Ibid

<sup>36</sup> Ibid

<sup>37</sup> Ibid

<sup>38</sup> <https://www.angloamerican.com/-/media/Files/A/Anglo-American-Group-v5/PLC/investors/annual-reporting/2023/sustainability-report-plc-2023.pdf>

<sup>39</sup> Good Governance Africa. Mineral Policy Review: Findings and Recommendations Report 2024. 2024. Accessed November 18, 2024. <https://gga.org/mineral-policy-review-findings-and-recommendations-report-2024/>.

### Mining Companies

- **Role:** The industry must comply with carbon budgets, report emissions accurately and consistently as well as implement adaptation strategies.
- **Challenges:**
  - Transitioning to low-carbon operations involves significant capital investment and operational shifts.
  - Managing the social impact of mine closures or job losses in the coal sector will be difficult.
- **Cooperation:** Companies can work with government to access green financing for transitioning to renewable energy and cleaner technologies.
- **Divergence:**
  - Some companies may resist stricter regulations due to the high costs of transitioning to greener operations.
  - Others may see it as an opportunity for innovation and leadership in sustainability.

### Investors


- **Role:** Investors are key in driving compliance and accountability by directing capital towards companies that prioritise sustainability.
- **Challenges:**
  - Balancing short-term financial returns with the long-term risks of climate change.
  - Assessing the credibility and effectiveness of companies' sustainability claims and emissions reduction strategies.
- **Cooperation:** ESG-focused investors can push for stronger compliance, emissions reductions, and adaptation strategies.
- **Divergence:** Traditional investors may focus on profitability and do not internalise the negative externalities of business activity on potential profitability, while ESG funds emphasise sustainability.

### Local Communities and Civil Society

- **Role:** Local communities affected by mining operations and civil society organisations advocating for social and environmental justice.
- **Challenges:**
  - Communities face health and environmental risks from mining activities.
  - Vulnerable to social impacts from mine closures.
  - Vulnerability to climate change impacts.
- **Cooperation:** Civil society can collaborate with the industry to meet environmental and social safeguards while pushing for a just energy transition.
- **Divergence:** Due to its environmental impact, communities may oppose mining altogether, creating tensions with industry objectives.

### Conclusion

As uncovered, there are significant enforcement issues and resource limitations. However, it remains critical for companies to prioritise emissions tracking and internal carbon pricing. As such, investors appear to be increasingly looking to allocate capital towards companies that effectively manage their emissions. Successful adaptation strategies and alignment with national goals are important for companies to enhance sustainability and attract investment. Lastly, enhanced collaboration among stakeholders will be necessary in driving successful implementation of the Act.

<b>Signature:</b>	
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<b>Date:</b>	19 November 2024







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