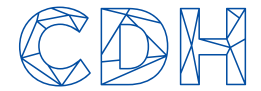


Environmental Law



ALERT | 31 October 2024

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SOUTH AFRICA

The impact of the Climate Change Act on the mining sector



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The impact of the Climate Change Act on the mining sector

The Climate Change Act 22 of 2024 (Act) was signed into law on 23 July 2024, which represents a key development in the country's ongoing commitment to tackling environmental consequences from climate change. Although its date of commencement still awaits proclamation in the *Government Gazette*, industry stakeholders must take note of the Act's intended objectives and implications once it becomes effective. Staying informed now will help ensure compliance and alignment with broader climate objectives.

The main purpose of the Act is to support South Africa's transition to a low-carbon, climate-resilient economy in the context of sustainable development. To do so, the Act introduces sectoral emission targets (SETs) as one of several regulatory mechanisms to ensure that South Africa's climate change response is enacted at sectoral level. This will help to achieve long-term climate action, particularly for industries like mining, which are highly vulnerable to the impacts of climate change, such as extreme weather and water scarcity.

The mining sector will also play a crucial role in the country's broader transition to a low-carbon economy, as there is a significant interconnection between mining and the sustainable development of various industries. This is evidenced in the realm of emerging technologies, where essential minerals are required throughout the value chain, such as platinum group metals in electronic vehicles and silicon in solar panels, to name a few.

Decarbonising the mining sector

Mining operations, which are heavily reliant on water and energy, are facing significant challenges due to climate change, leading to operational disruptions and rising costs. These difficulties are compounded by the growing pressure to decarbonise in line with international climate commitments, the necessity to adapt mining practices to changing environmental conditions, and the need to restore investor confidence and trust in a manner that also aligns with the principles of a "just transition" as contemplated in the Act. This is to ensure that socio-economic priorities, such as the eradication of poverty and social inclusion, are not compromised in the process of transitioning to more sustainable mining practices.

Although the commencement date of the Act is yet to be proclaimed, it is viewed as a crucial tool for addressing these challenges faced by the mining industry and for helping South Africa meet its 2030 nationally determined contribution targets under the Paris Agreement, which signals a growing regulatory shift toward sustainable mining practices.

Draft sectoral emissions targets

The draft Sector Emission Targets Report (Report) published in April identifies the mining sector as one of the seven focus sectors for which a SET needs to be developed. According to the Report, the main sources of greenhouse gas emissions stem from fuel use, coal mining fugitive emissions and impacts on the land sector greenhouse gas emissions. The Report also identifies

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that the Department of Mineral and Petroleum Resources as well as the Department of Forestry, Fisheries and the Environment will be responsible for achieving the prescribed mining sector SETs through the development and implementation of PAMs.

There are currently no specific PAMs in place to directly facilitate the mining sector's transition to a low-carbon framework. The only existing measure affecting greenhouse gas emissions is the Post-2015 National Energy Efficiency Strategy, which focuses on improving energy efficiency. The Report emphasises that achieving a low-carbon transition in mining will require more comprehensive actions, including the implementation of this strategy, management of fugitive emissions from coal mines, and enhanced oversight of carbon sinks both during and after mining operations.

Additionally, further policies are necessary to effectively monitor and control these emissions and ensure sustainable practices across the sector, and South Africa could draw on international best practices to shape its PAMs for reducing emissions.

Conclusion

The Report highlights several strategies for reducing emissions in the mining sector. These include lowering fuel consumption, implementing technologies that rely on non-greenhouse gas emitting energy sources, and reducing fugitive emissions from coal mines. It also emphasises the importance of minimising disruptions to carbon sinks during mining operations and enhancing these sinks during and after the rehabilitation process.

Collectively, these measures can play a significant role in achieving substantial emissions reductions. As the world shifts away from high-emission resources, South Africa's mining industry, which primarily uses deep-level mining for gold, platinum, coal, and diamonds, will need to adapt to the changing landscape to ensure environmental compliance and sustainable development, as contemplated in the Act.

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BBBEE STATUS: LEVEL ONE CONTRIBUTOR

Our BBBEE verification is one of several components of our transformation strategy and we continue to seek ways of improving it in a meaningful manner.

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