

How 4IR technologies could enhance ESG performance among SA's mining companies

By  Sindy Peters

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PwC South Africa, in collaboration with the Minerals Council (MCSA), published [The state of digital transformation in the South African mining industry report](#) earlier this month. While the first survey, conducted in 2021, focused purely on digital transformation and 4IR readiness, the scope of this second edition was expanded to include environmental, social and governance (ESG) aspects.



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PwC smart mining partner, Harmeet Katari noted during the launch webinar that ESG is not new for mining companies and that many have focused on its aspects in some form or the other to varying degrees.

"However, what has changed is the scrutiny from investors, the scrutiny from the regulators, as well as society at large, which is now putting mining companies under a bit of pressure to actually perform and act from an ESG perspective," Katari said.

The survey's respondents were predominantly CEOs and/or nominated senior leaders from mining companies, but it also included input from organised labour representatives and mining engineering graduates as well.

In the study, 86% of the respondents confirmed that ESG is embedded in their organisational strategy; however, their systems, platforms and people are not geared enough to be able to respond to many of the challenges, he said, and this is compounded by an often siloed approach to ESG.

The report notes that, for now, regulations might be the best option to organise thinking and actions and provide some direction on how to achieve the best results from ESG efforts, and, in the interim, technology should play a bigger role in guiding the direction of practical ESG management and reporting.



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Current reporting frameworks are problematic

Chrisna Evans, PwC mining operation transformation associate director, noted that when asked which factors strongly influenced ESG commitments today, 50% of the mining executives indicated regulatory requirements as their first priority, while the other half selected it as their second highest priority.

However, the miners flagged the various ESG reporting frameworks as problematic as they are voluntary, and rather than being standardised, they can be adapted to meet an organisation's needs - including the weighting of criteria; and they do not service the mining industry as they are imported from other industries.

The report, Evans noted, calls for a uniform and consistent reporting framework that is developed by the mining industry for the mining industry.

Another key focus area for miners around reporting on ESG was automation, as manually capturing data slows progress and can result in errors. They are, therefore, focusing on eliminating data silos, outdated back-end systems and slow data-processing systems while automating data inputs where practical.



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People still at the core of mining

Ian Mackay, PwC smart mining senior manager, highlighted that when it comes to providing long-term value, under the environmental pillar of ESG, 100% of the mining executives surveyed selected new market opportunities as the top potential benefit to their organisation, with sectors such as green transport, green steel and renewable energy aligning well with many of the miners' products.

Under the social pillar, 75% of respondents selected job creation and upskilling in new and evolving markets as their number one priority, while 25% chose inclusive projects considering community interests and social minorities as their first choice in creating long-term value.

"The conclusion that we can draw here is that people are still at the core of the mining business," said Mackay. "Their

involvement and the roles they play are what is changing based on the various ESG requirements. And this is seen as a great opportunity by South African miners."



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Digital transformation, ESG practices paying off

He noted that from a functional perspective, 4IR technologies are enabling mines to achieve significant improvements in their ESG performance and some have started incorporating ESG as part of their risk management function.

"Digital transformation and ESG practices are paying off qualitatively and quantitatively. Digital is successfully competing for capital in mining as it is providing measurable benefits and delivering real change," Mackay said.

Read the full report, *The state of digital transformation in the South African mining industry: Ten insights into 4IR 2023*, [here](#).

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