



GOLD

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ESG highlighted in company's operations



GREEN VALUES

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Environmental, social and governance (ESG) considerations have evolved beyond the business-as-usual approach to shape its operational ethos, highlights Rand Refinery CEO Praveen Baijnath.

Rand Refinery – one of the world's leading gold and silver refiners and an operator of one of Africa's largest low-grade gold recovery smelters – notes that the integration of ESG principles has been vital to its success for over a century, helping to shape its commitment to “nurturing people, protecting the planet, and refining globally acceptable products”.

One of the most significant steps Rand Refinery has taken is its shift towards solar energy.

Baijnath asserts that this move is both pragmatic and emblematic of a broader shift in the mining and refining industry towards renew-

able energy, with the company mitigating its impact on the environment through solar power, reducing Scope 1 and 2 emissions.

With notable shareholders including Gold Fields, Harmony Gold, DRDGOLD and Sibanye-Stillwater, leading similar efforts, the cumulative impact is exponential.

“According to [law firm] Bird & Bird, the mining industry accounts for 6.2% of the world's energy consumption, with 32% consumed as electricity. This scenario highlights the critical need for the mining sector to transition towards more sustainable energy sources – a shift that is already happening.”

Rand Refinery aims to exclusively use

renewable-energy sources for its refining operations by 2027, except for the smelter, which will remain grid-operated.

Based on the 2020 financial year baseline, the company aims to reduce carbon emissions by 9 000 t to 11 000 t. Further, Rand Refinery's plans include growing its solar photovoltaic plant to produce at least 5.4 MW.

The company places equal focus on water conservation.

Baijnath notes that initiatives to reduce water use and enhance recycling processes demonstrates a commitment to preserving vital water resources in an industry that consumes large quantities of water.

He adds that these efforts are crucial in South Africa, a country that has faced severe water scarcity issues.

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“We aim to reduce our water usage by 30% by 2027, freeing it up for local households,” he proclaims.

Further, recycling is a key business practice that shapes Rand Refinery's approach, emphasising the importance of every milligram in boosting sustainability. The company has set a target to reduce waste by 50%, decreasing yearly waste from 60 t to 30 t by enhancing the repurposing of recyclable materials.

Social Efforts

“Our approach to ESG also shares a robust focus on social elements. As we navigate the demands of our professional responsibilities, it is crucial to prioritise our wellbeing and that of our colleagues. Such a holistic approach boosts morale and attracts and retains talent, enhancing productivity and innovation,” asserts Baijnath.

Between 2021 and 2023, Rand Refinery invested over R7.8-million in educational enhancements as one of its core pillars in aiding the realisation of the United Nations' Sustainable Developmental Goals (SDGs). The donations are part of a series of planned con-

tributions focusing on academic support and community development projects.

Baijnath says that the company is deeply committed to the community where it operates. The Gold Zone, located on its premises, functions as a dynamic hub for training the youth in jewellery design, manufacturing and skills development.

Rand Refinery's Silver and Gold Mentorship Programmes, established in partnership with the Ekurhuleni Jewellery Project, NQ Jewellers, and the South African Diamond and Precious Metals Regulator, have seen significant successes since inception in 2021. The programmes have since celebrated the graduation of 42 small, medium-sized and microenterprises.

Further, the company partnered with Intsika Beneficiation Projects to bolster skills development efforts for people with disabilities through a Jewellery Design and Manufacturing learnership programme. Launched in 2020, the programme continues to make significant inroads in this specialist space.

Baijnath highlights the company fully funds the learnership and to date, 109 disabled learners have been trained and have progressed

from national qualifications framework (NQF) Level 2 to NQF Level 4, enabling marginalised groups to move into the mainstream.

In pursuit of SDG 4, which focuses on ensuring inclusive and equitable quality education and promoting lifelong learning for all, Rand Refinery's year-to-date investment has surpassed R40-million.

Governance Endeavours

Rand Refinery outlines that it has a responsibility towards the gold that is deposited from its refinery and also to maintain the integrity of the gold value chain.

“The global market derives comfort and confidence in knowing that Rand Refinery has all the processes and due diligence capabilities trusted by mines, central banks, bullion centres and other end-users. No ounce of gold we bring in is worth the reputational risk that can arise from one misjudged source,” stresses Baijnath.

“In an era when sustainability is no longer a buzzword but a business imperative, our ESG programme shines as brightly as the gold we refine.”

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As such, Lunsche says, full-year guidance for 2024 for Salares Norte has been revised down, from the previously indicated gold-equivalent ounces range of between 220 000 oz and 240 000 oz, to between 90 000 oz and 180 000 oz.

Owing to the revision, Gold Fields' group production profile will be affected, with its 2024 production estimates having been revised down from between 2.33-million ounces and 2.43-million ounces, to now reflect between 2.2-million ounces and 2.3-million ounces. All-inclusive costs for the group in 2024 are revised up, from a previously guided \$1 600/oz to \$1 650/oz range, to a range of between \$1 675/oz and \$1 740/oz.

Meanwhile, some operations at Salares Norte were affected by a notice from Chile's Superintendencia of Environment to temporarily suspend the dismantling of Rocky Area No 3 on May 17 as part of Gold Fields' approved Chinchilla rescue and relocation plan.

“Mining operations and project activities are continuing, and the focus remains on the ramp-up of the project, respecting the buffer zones established to avoid any potential disturbance to this [Chinchilla] species, and complying with all other regulatory requirements established by the authority.

“In accordance with the approved capture and rescue plan, Gold Fields is not planning to undertake any capture or relocation activities during the winter months at Salares Norte, which is from May to August.”



PRUDENT ENDEAVOURS

Mining operations and project activities are continuing at Gold Fields' Salares Norte (pictured), with the focus remaining on the ramp-up of the project

Lunsche adds that the project remains a high-quality asset that will contribute materially to Gold Fields' cashflows in future.

Reflecting on the sizable economic impact of Salares Norte, he indicates that this project will increase Chile's gold production by 40%, and position it as one of the main gold-producing regions in South America.

Meanwhile, in South Africa, the company notes that, after four years of progressive production and financial improvement at the South Deep mine, production remained stable in 2023 at about 352 000 oz.

Since the beginning of last year, production growth has slowed owing to unfavourable ground conditions and skills shortages in

key categories, such as artisans and longhole rig operators, which impacted fleet availability and use during 2023, but these challenges have largely been addressed.

“Encouragingly, South Deep still generated adjusted free cash flow of R3.8-billion [\$204-million] in 2023 – a 78% increase from the R2.1-billion [\$129-million] recorded in 2022. This is the fifth consecutive year of positive cash flow,” states Lunsche.

The current focus for South Deep is to continue the upward production trend by setting the mine up for improved longevity, quality ounce production and sustainable production increases, he concludes.

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