



SAIMM
THE SOUTHERN AFRICAN INSTITUTE
OF MINING AND METALLURGY



Reimagining Social License to Operate in South Africa's Mining Sector: Empowering Communities through Governance, Sustainability, and Digital Inclusion

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www.thekvest.co.za



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Thekvest is a Gold Winner
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South Africa | 2022

Economic Inclusion Catalysts

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**1 IN 3
UNEMPLOYED**



**3 IN 5
YOUTH
UNEMPLOYED**



**73% GOV
DEBT/GDP**



**1 IN 4
EXTREME
POVERTY**



**85%
OF WEALTH**



**1994-2019
JOBLESS
GROWTH**

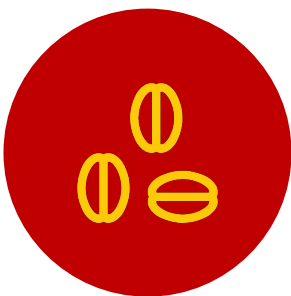
Defining Social License to Operate (SLO)



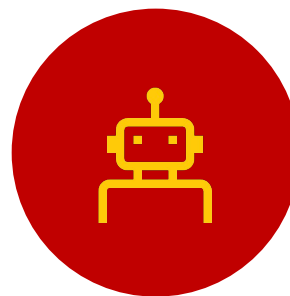
Social License to Operate (SLO) refers to the ongoing approval and acceptance of mining activities by local communities.



It is an informal, intangible, and non-legally binding agreement that complements formal regulatory and legal permissions.



For a mining company, having an SLO means that its activities are viewed as socially responsible, environmentally sustainable, and beneficial to the surrounding communities.



Without this social legitimacy, mining companies often face opposition, protests, or operational disruptions.

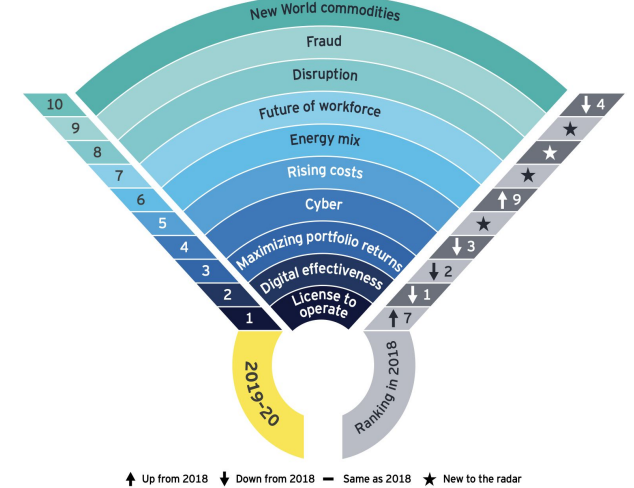
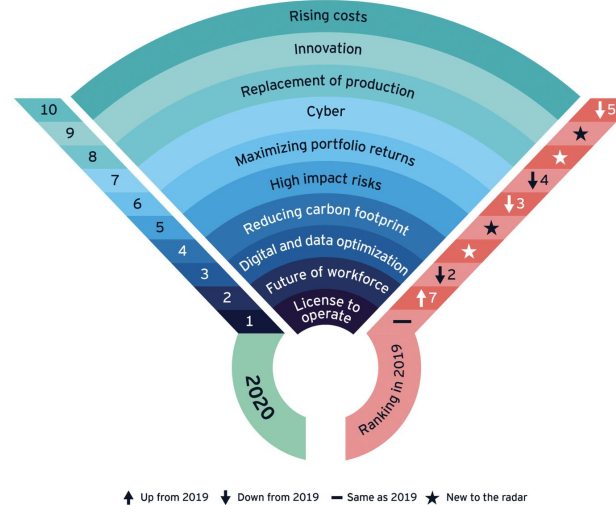
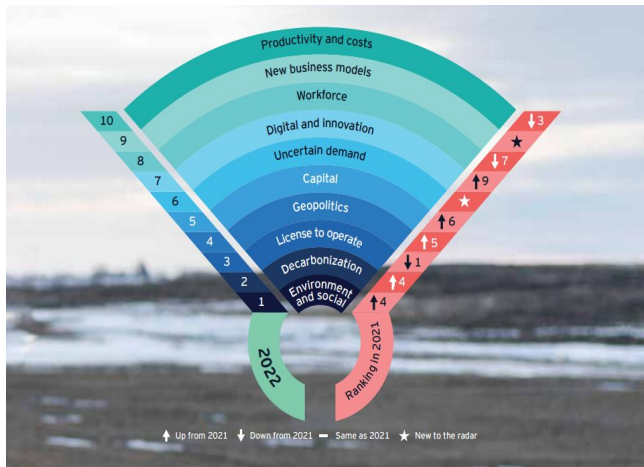
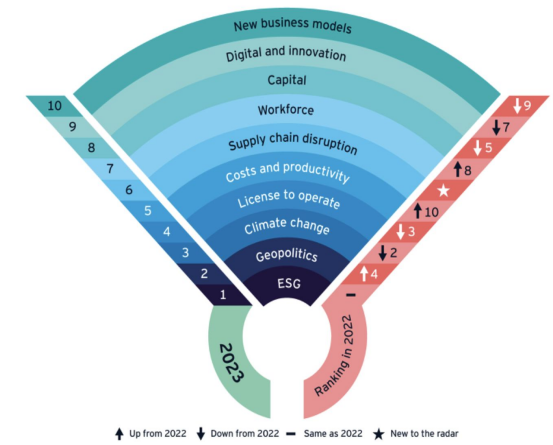
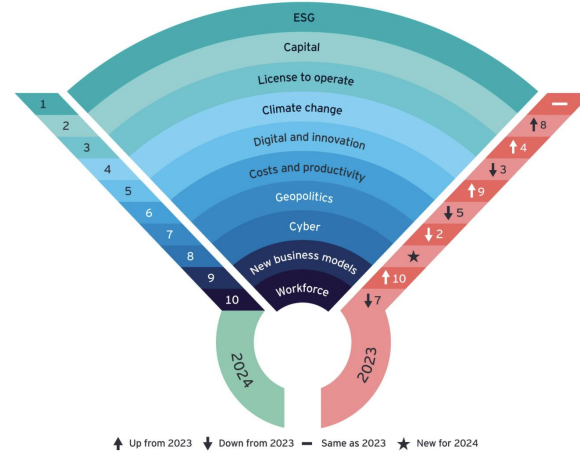
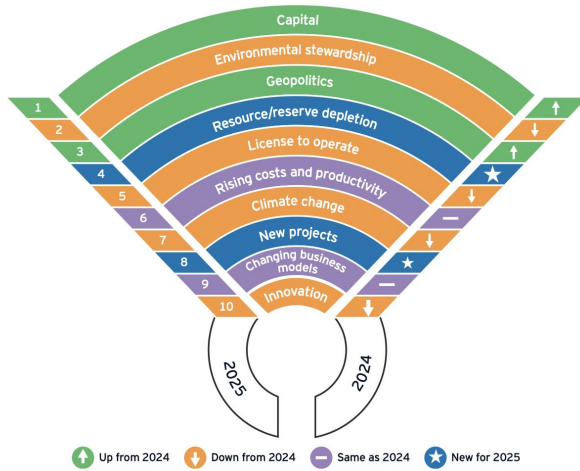
Why do we need to reimagine Social License to Operate in South Africa's Mining Sector?

The concept of SLO has evolved, communities have become less patient, intolerant, and militant, there is a greater spotlight and legal risks through the support of advocacy groups and legal activists. The impact of host communities has real-time economical and commercial consequences to the mining companies, the sector and the economy at large

Ernst & Young's (EY) annual Mining and Metals Business Risks and Opportunities survey



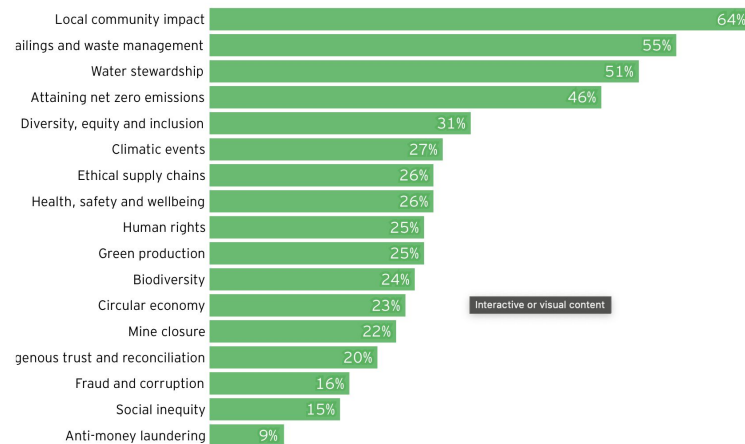
EY Mining and Metals Risk Survey since 2018...



ESG related issues and concerns

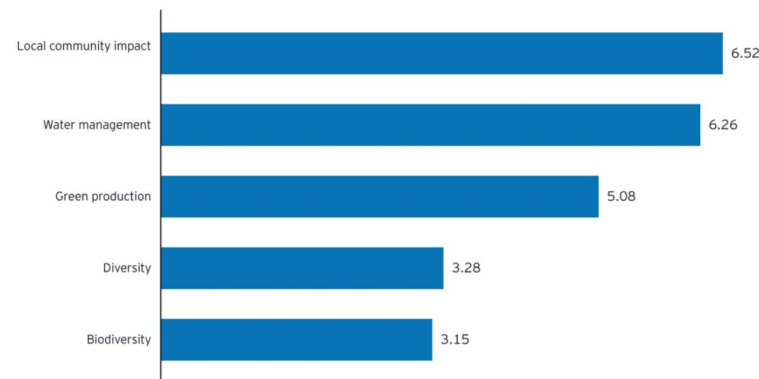
ESG factors facing the most scrutiny from investors in 2024

Respondents could select multiple options



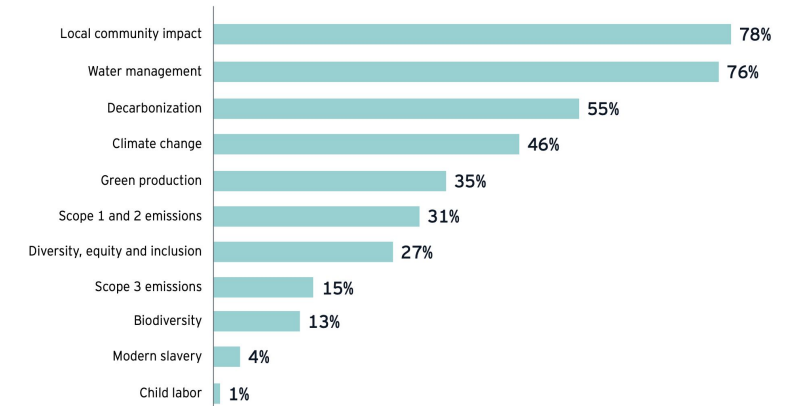
Source: EY mining and metals business risks and opportunities survey data 2024.

Which are the top environment and social issues in which the mining and metals sector will face the most scrutiny from investors?



Source: Top 10 business risks and opportunities in mining and metals for 2022 survey respondents.

Which are the top ESG issues that the metals and mining sector will face the most scrutiny on from investors? Respondents could choose more than one option.



Source: EY Knowledge analysis of the business risks and opportunities survey 2023.

How confident are you that your organization has control over the following aspects of the mine closure process?

■ Don't know ■ Not at all confident ■ Slightly confident ■ Moderately confident ■ Very confident ■ Extremely confident

Environmental (e.g., rehabilitation, repurposing)



Community (e.g., resilience and independence)



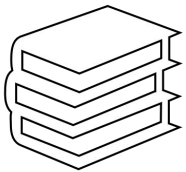
Financial (e.g., provisions)



Source: EY Business Risks and Opportunities Study 2025.

SLO in South Africa's Mining Industry

Before-Democracy



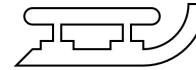
Historical Context

The Early 2000s



Formalizing Community

Mid-2000s



Growing Recognition of SLO

SLO in Today's Context



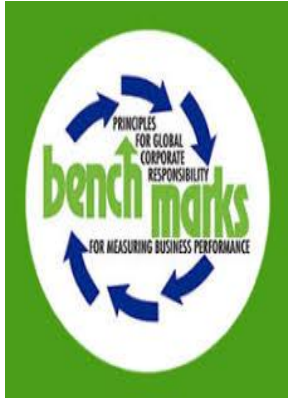
A Necessity for Sustainable Operations

Prominent mining community protests that have made headlines in South Africa over the years and still present real social license to operate threat:

- Xolobeni Anti-Mining Protest (2016 - 2018)
- Kathu and Hotazel (2018 - 2020)
- Postmasburg Community Protests (2018 - 2020)
- Sekhukhune Protests (2019 - 2021)
- Mogalakwena Mine Protests (2020 - 2021)
- Richards Bay Minerals (RBM) Protests (2019 - 2021)
- Mining Protests in Emalahleni (Witbank)
- North West Platinum Belt Protests (2017 - 2020)



Development of Host Mining Communities and Advocacy Groups in South Africa Over the the years



Host mining communities :

- *Increased Awareness and Activism*
- *Growing Frustration with Elitism and Corruption*
- *Environmental Degradation and Health Concern*
- *The Rise of ESG and Social License to Operate (SLO)*

Advocacy efforts have focused on key areas such as land rights, environmental justice, economic participation, and community empowerment.

While many mining companies often meet legal requirements, they face increasing pressure to address broader social issues fuelled by some of the following:

<i>Equitable access to economic opportunities</i>	<i>Environmental damage and sustainability concerns</i>	<i>Community welfare</i>	<i>Frustration over unfulfilled promises</i>
<i>Poor governance</i>	<i>Lack of transparency and inclusive processes</i>	<i>Opportunism</i>	<i>Thuggery</i>
<i>Politicization of mining contracts, i.e. perception that political elites benefit at the expense of ordinary community members</i>			

Social License to Operate is complex



.... each context must be understood to secure SLO in substance

Impact of local community dynamics on social license to operate

- Community Leadership Structure
- Rural vs. Semi-Rural vs. Township
- Political Leadership
- Access to Resources (Accessible vs. Inaccessible)
- Household Structure
- Employment Profile
- Mindset (Entitlement vs. Self-Determination)
- Relationship and Sentiments with the Mines
- Heritage – Resettlement Baggage
- Migration into the Area (None vs. Significant)

**Impact of
Mining
Company's
context on its
Social License
to Operate**

Size of Mining
Company and
Operations

Mining
Method and
Cost of Mining

Commodity
Prices

Type of
Commodity

History with
Host
Communities

Impact of
Mining on
Communities

Leadership:
Level of
Commitment
to
Communities

Past
Commitments
made to
Communities

Company's History of
Compliance / Non-Compliance
on Social Projects

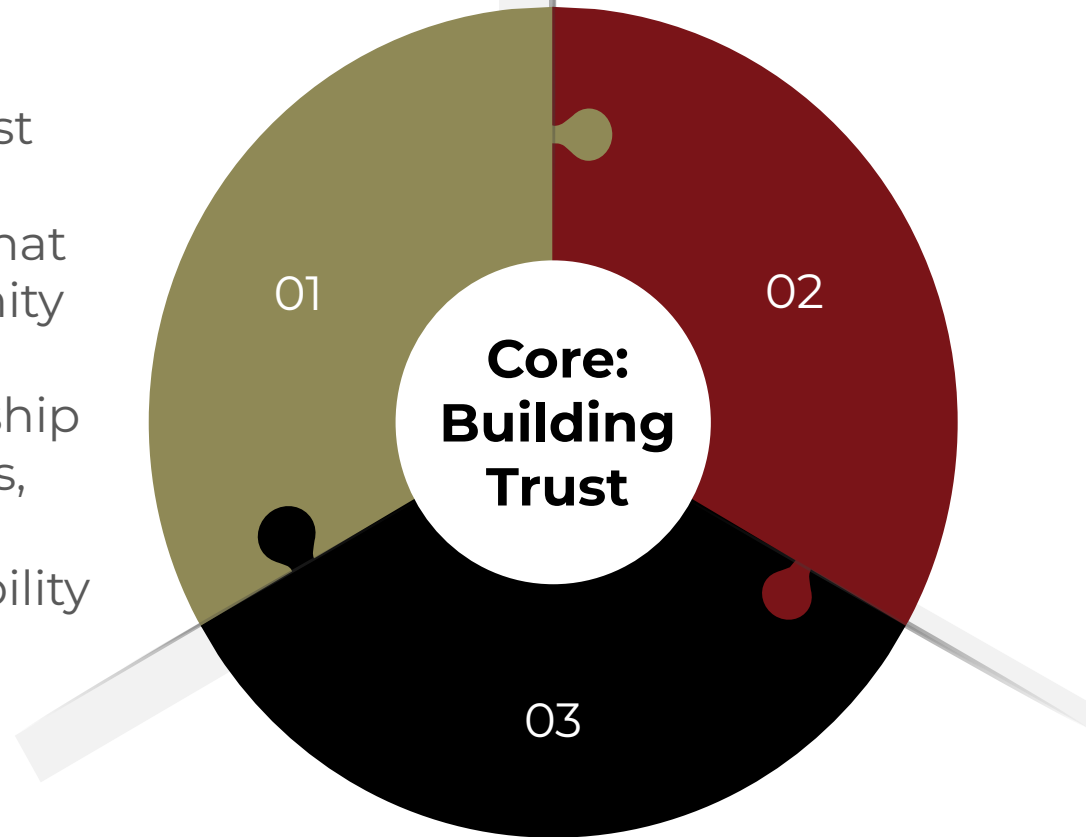
Perceived Fairness and
Transparency in the Dispensing
of Economic Opportunities

What is framework or lens that mines should consider in reimagining Social License to Operate in South Africa's Mining Sector?

Trust Building must be at the forefront of Reimagining Social License to Operate in South Africa's Mining Sector

Governance

Mining companies must build transparent governance structures that are inclusive of community voices which includes establishing local leadership engagement platforms, open communication channels and accountability frameworks



Sustainability

Mining companies must demonstrate their commitment to sustainability with tangible impact over the life of mine. It must not just in terms of environmental protection but also social and economic development. Communities must see that the company is focused on long-term, mutually beneficial outcomes.

Digital Inclusion

Easy to use, fit for purpose and context digital engagement platforms can serve as a powerful mechanism for transparency, engagement, grievance management, and empowerment in mining communities in a seamless manner

Building trust to secure real SLO requires that parties to be as follows in substance and not only in form...



Ethical



Collaborative



Transparent

In conclusion...

*Trust is at the heart of reimagining the **Social License to Operate (SLO)** in South Africa's mining sector. Through **transparent governance, sustainable development practices**, and user-friendly **digital inclusion** platforms, mining companies can rebuild and strengthen trust with their host communities.*

When in doubt, ask companies must ask themselves the following question

Will this act or omission **build or impair** our trust relationship with our host communities?

Contacts



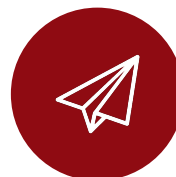
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