

Noel Pillay – South32 Chief Operating Officer
Speech for the Aluminium Federation of South Africa (AFSA)
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Thank you for the opportunity to join you today. It's a privilege for us to be part of this important gathering of industry leaders and many thanks to AFSA for convening this conference. It is especially pleasing to see so many visitors from the USA, UK, Australia and many other countries who represent the global aluminium community.

I want to tell you a story, which so many of us in this room are part of.

It starts with how important aluminium is going to be in our future world and the role that aluminium can play to support a low carbon future for the planet.

The story of how advantageous it is for South Africa to have an upstream smelter in a country which sustains downstream beneficiation and jobs, supported by a government which understands our collective contribution to their priorities.

The story of our customers, many of whom are here today – Hulamin, Bingelela, Wispeco, Surtec, Autocast, Borbet, Zimaco and many others – these are world class companies helping to grow the economy and they are a key part of our industry's success.

And the big plans we have for Hillside to remain a competitive, world-class supplier, working with Eskom and other players to help 'green' its electricity supply so that the smelter can provide low carbon aluminium to its downstream customers and remain internationally competitive.

Also part of our story is the contribution Hillside makes to local industries, SMME development, and social investment.

But the story doesn't end there and I want to share with you the plans we are rolling out to facilitate more downstream beneficiation and keep South Africa on the map as a competitive centre for aluminium production and conversion. And finally it's a story of our people who work hard every day to create a safe environment to produce the aluminium that sustains our industry and supports modern ways of life.

Aluminium is often called the 'green' metal of the future. It is lightweight and strong, durable and infinitely recyclable, and energy saving. It is widely recognised as being a sustainable material of choice. It provides innovative solutions and competitive advantages for businesses and consumers. It remains one of the world's most critical industrial metals, foundational to transport, construction, packaging, consumer goods, and increasingly, to the global energy transition.

We are fortunate in having a supportive and engaging government and an electricity utility that understands our business and is working with us to help the transition to a lower carbon future.

The Department of Trade, Industry and Competition (DTIC) declared the aluminium industry to be a strategic industry which enabled Hillside to qualify for a special electricity tariff from Eskom in 2021, when our power contract was extended to 2031. We also had strong support from the Department of Energy and Electricity (DEE) in putting in place policy which recognises that aluminium smelters require internationally competitive tariffs to remain sustainable.

I was impressed with the knowledge and experience of the government teams that we engaged with, their understanding of our business, and the recognition of our industry's contribution to the economy. They are ably led by Minister Ramokgopa who is working tirelessly to save our smelting industry in South Africa [PAUSE]

At South32, we view sustainability as supporting the needs of the present without compromising the ability of future generations to meet their own needs. Sustainability is at the heart of South32's purpose and underpins

the delivery of our strategy. South32 aims to halve operational emissions by FY35 and achieve net zero operational emissions by 2050.

Hillside accounts for just under 60% of South32's total operational emissions worldwide, mostly from the use of coal-fired electricity supplied by Eskom, so you can see how important it is to get this right.

Decarbonising aluminium smelters is a challenging job because there are technological constraints in the process and the electricity source forms a very large part of the overall operational emissions profile.

I am pleased to say that we have a very good and supportive relationship with our electricity supplier, Eskom. We should take a moment to recognise the impressive turn-around which Eskom has achieved, led by its CEO Mr Dan Marokane. This is no small relief to our industry which is dependent on a reliable supply of electricity. Mr Marokane is also at the forefront of driving Eskom's change to a lower carbon utility, and his plans neatly align with ours.

We are working with Eskom on how it can support Hillside's low carbon ambition. I have been impressed with the calibre of the Eskom team, their expertise and their willingness to find solutions to help us.

At the heart of our work is the belief that Hillside can help to anchor Eskom's renewable energy business.

We are working closely with Eskom to identify mechanisms that will bring affordable, renewable energy onto the grid—energy that can support Hillside as well as other customers. To meet Hillside's security-of-supply needs, we will continue to rely on affordable firming power from the grid. Together with Eskom, we will keep shaping a sustainable and reliable solution, ready for implementation when the current contract concludes in 2031.

I must recognise the support and guidance provided to the process by Mr Marokane personally and from Ms Agnes Mlambo, Head of Eskom Distribution.

We are doing our part as we aim to transition Hillside to a low carbon smelter, which will benefit our customers' businesses and help them achieve their decarbonisation objectives.

I am pleased to see that we have Dr Fiona Solomon from the Aluminium Stewardship Initiative (ASI) with us today and I look forward to hearing her address. But my message Dr Solomon is that we are coming for you as we would like to see Hillside joining ASI in due course when it can take its place among the world's low carbon smelters.

A big part of our story is the role which South32 and Hillside have played in enabling downstream beneficiation in South Africa. And I want to share with you some of our plans to facilitate even more of this.

When we took the decision to close the Bayside smelter in Richards Bay some years ago, we were very mindful of how we could continue to support South African industry. The decision we took to facilitate a BEE transaction over the Bayside Casthouse, and transfer liquid metal across the road from Hillside has been a game changer. Today we are delivering 110 kt annually to Hulamin and Bingelela Alloys, and helping to grow those businesses and keep them sustainable. We plan to increase this to 240 kt annually. We designed a competitive tariff which recognises the cost savings on our side. Not having to remelt the aluminium saves on electricity costs so it has been a win-win for all of us.

Hillside has provided substantial support to Bingelela Alloys – a majority Black women owned rim alloy producer supplying global automotive manufacturers – in 2022, we supported its expansion with R60 million through our Enterprise Development Program, and re-enforced our support of the domestic industry by a further R110 million in 2025 for the procurement of two new furnaces and relocation of the rim casting line within the casthouse.

Currently we are working hard on options to enable a local business to manufacture aluminium rod at the Bayside facility. We are aiming to provide total funding of R200 million as support for this project. This is an

essential product to help the country in addressing the electrical grid growth in line with Eskom's plan for 14,000km grid expansion, a project with significant national value. This will enable Eskom to procure the aluminium rod nationally and not have to import it from China or elsewhere. This is a priority for us and we hope to provide an update on that work soon.

In addition, we are working with local partners to develop a dross plant and a billet alloy plant, which we are seeking to also support financially. These projects are in line with DTIC's priorities and will benefit the economy and provide jobs.

Part of our story is the contribution Hillside makes beyond the smelter gate. Hillside partners with around 1,000 South African suppliers. Over 10 years, we've spent R23 billion on local procurement (excluding electricity), including R8.9 billion with black owned suppliers and direct support to SMMEs through loans and grants. Our social investment programmes have reached 5.1 million people over the past five years. And we've invested R415 million in social programmes over a decade, focusing on education, economic participation, and health.

In closing, I want to thank you all for being part of the story. As we begin this year's conference, the shared purpose in the room is clear. The conversations we have over the next two days will be key in shaping the future of our industry, strengthening collaboration, advancing sustainability, creating new jobs and unlocking new opportunities for South Africa.

I look forward to participating in the discussions as we progress the story and wish you well in your deliberations as you enjoy our great South African hospitality. Thank you.