NOTES OF THE SAMESG COMMITTEE MEETING

HELD ON 25 FEBRUARY AT 11:30

VIA ZOOM

Present:	**T Steele-Schober (Chairperson)** **A Botha** **K Davies** **C Dixon** **N Fisher** **R Garner** **R Horn** **A Johnstone** **J Lake** **Dr T Marshall** **L Soulsby**
Apologies:	**B Williamson**
In Attendance:	**G Charlie (SAIMM)**

1. WELCOME

The Chairperson welcomed everyone to the meeting and noted that an apology had been received from Mr Williamson.

2. WELCOME TO NEW MEMBERS

Mr Seef Vermaak was welcomed to the meeting. Mr Vermaak has a long history of Competent Person Reporting and had a number of Squirrel Awards to his name. Ms Steele-Schober shared some of his background and noted that she looked forwarding to learning from his experience.

3. ACCEPTANCE OF PREVIOUS MINUTES AND KEY ACTION ITEMS

The minutes of that meeting held on 26 November 2020 were confirmed and the action items from the minutes were discussed as follows:

Ms Steele-Schober advised that she had send an e-mail to Ms Stefina Mudau from the Minerals Council regarding her involvement with SAMESG, but had not received a response. It was agreed that Ms Dixon would send Ms Mudau's telephone contact details to Ms Steele-Schober.

ACTION: Carol Dixon and Teresa Steele-Schober

In terms of the SAMESG Guideline review, Ms Botha and Ms Steele-Schober are working together a draft which will be discussed once it is more complete.

Regarding the Squirrel Awards, Ms Steele-Schober has not prepared the criteria as her energy had been put into updating SAMESG as the two went together. The update of the SAMESG remains the priority currently.

ACTION: Teresa Steele-Schober

It was agreed that the ESG Day would be held on 17 August 2021 and it was envisaged that this would be a hybrid event. The agenda for this day would be discussed later in the meeting.

It was confirmed that a copy of the ESG presentation given at the CRIRSCO AGM had been circulated to committee members.

4. MATTERS ARISING

4.1 Amendments to SAMESG Guideline

Ms Steele-Schober had circulated for comment a draft figure which will inform the structure of the updated SAMESG Guideline. In updating SAMESG, she believed that more focus should be included in the document on giving correct guidance. Using the current reporting phases of SAMREC, she went through these phases to consider what the focus of ESG should be under each individual phase. That would then govern what was expected from Competent Persons in reports and give guidance to them on what questions they should be asking.

The four phases were as follows:

a) Explorative target (desktop)
b) Explorative results (prospecting results)
c) Mineral resources
d) Mineral reserves

The ESG focus for the four phases was as follows:

a) Explorative target:
   - Understanding context (biophysical, social, legal and governance)
   - Identify red flags/fatal flaws and adjust exploration programme
   - Identify future potential requirements for ESG performance, e.g. lender requirements

b) Explorative results:
   - Understanding context (biophysical, social, legal and governance)
   - Identify red flags/fatal flaws and adjust exploration programme
   - Identify future potential requirements for ESG performance, e.g. lender requirements

c) Mineral resources
   - Analyse all ESG factors that could influence realistic prospects of eventual economic extraction (RPEEE)
   - Clearly articulate all ESG assumptions that influence RPEEE
   - Exclude any portion of the Mineral Resources that does not demonstrate RPEEE

d) Mineral reserves
   - Assign costs to address ESG risks and associated mitigation measures
   - Determine whether or not the prospect will be economically mineable on this basis
   - Downgrade any mineral reserves which are not economically mineable

Each of the four points was discussed in detail:

a) Exploration Target

Mr Davies was wary of giving input on something that might never be mined. He believed that the first bullet point under mineral resources should be mentioned far earlier in the report if, for example, the target area is located within a a world heritage site. Ms Steele-Schober advised that extensive discussions had been held on this and that PERC had, under exploration target, talked about RPEEE and the need to determine that. She would give a clear explanation why RPEEE as a term could not be used in the exploration target stage. The plan was to unpack the applicable components or RPEEE as well as Modifying Factors at the exploration target level and provide guidance on how these should be considered early in as these things would ultimately influence RPEEE and early identification would help to identify what would be considered red flags. She agreed that it had to be identified upfront. The challenge was that the thinking had to be global, and factors differed from country to country. It also depended on the policies of the lenders. This point needed to be unpacked in more detail. At a desk top level, ESG information should already be available, e.g., geographical co-ordinates and information about the land in terms of the potential exploration programme. The link had to be made at the early stage.

Dr Marshall added that possibly some of the uncertainty might be alleviated if one considered the words that had been used under Mineral Resources, i.e., 'analyse all ESG factors that could influence RPEEE'. What SAMREC said was that, at resource level, one needed to demonstrate RPEEE. All these factors should have been analysed long before that, because once a project is reporting at the resource stage, it will need to be able to demonstrate that it does have RPEEE. Whilst one might not use the words RPEEE in the early stages; identifying red flags and fatal flaws indicated at this early stage that the person was looking at what could prevent RPEEE later down the line. Dr Marshall believed that the term 'analyse' might indicate that these factors should only be looked now, whereas it should already have been analysed. By the time one got to reserve, you were only looking at demonstrating that it does have RPEEE; you were not looking at the things that would prevent RPEEE. This was agreed. It was suggested that the programme could or should be terminated if there were fatal flaws.

It was suggested that a reminder should be put into the guideline on how the process worked.

b) Exploration Results

Explorative results refined things further once site visits, etc. had been carried out.

c) Mineral Resources

This had been discussed earlier. Ms Steele-Schober stressed the importance of articulation. Dr Marshall advised that another discussion that needed to be included under that point was that what SAMREC had said was that to declare a reserve, you needed to have reasonable expectations of permit being issued. This needed to be considered e.g., when looking at moving communities, i.e., was there a reasonable expectation of it happening, or did you have to wait until it happened? If that same logic had to be applied to permits, very few mines would have reserves, because a lot of them actually did not have permits and might only get these in six or seven years' time; when they had a reasonable expectation that that permit would be issued. That was a conversation that needed to be held.

Ms Steele-Schober added that the reason why it was important for the author and technical experts to describe those assumptions was that different people would have different perspectives about what was considered reasonable. The assumptions had to be clearly articulated to assist the investors and readers of Public Reports. These expectations may change from time to time.

Documented proof of interaction with communities was also necessary, especially in terms of expectations. It was important to show that engagement had taken place with all stakeholders.

d) Mineral reserves

Mr Vermaak advised that, in terms of the wording, i.e., 'address ESG risks', he suggested that the worlds should be expanded to ESG factors so that it was not just limited risks. Ms Steele-Schober responded that "risks" includes anything that could impact the organisation's objectives, whether positive or negative. There could be opportunities or risks, i.e., threats and opportunities and the associated costs.

Under the second point, Mr Vermaak asked whether there should be more wording. Ms Steele-Schober responded that, especially with a mineral reserve, it had to be shown that it was economically viable to be declared as a mineral reserve. She added that perhaps this should be made clearer. Dr Marshall advised that the definition of reserves indicates that it was economically viable, so it was fine as a high level bullet point, but this would require further description.

Regarding downgrading of any mineral reserve, this could be misinterpreted. Ms Steele-Schober suggested that this could be changed to 'reclassified as a mineral reserve' to ensure better understanding.

On mineral reserves, Ms Dixon asked whether the costs would influence the determination. Ms Steele-Schober agreed to make this clearer.

A conversation would also need to be held with SAMVAL in this regard.

5. GSSA ESG DAY – 17 AUGUST 2021

Ms Steele-Schober shared the agenda that had been used for the previous ESG Day. Dr Marshall had challenged SAMESG to make this a full-day event (as a hybrid event). Steele-Schober asked whether anything should be changed for the 2021 ESG Day.

Dr Marshall advised that she like to see more presentations on how companies were applying ESG, both large and small companies. This would also help companies who might be uncertain as to why to improve their ESG performance and such examples might assist them.

Ms Steele-Schober added that this could be used as an opportunity to showcase ESG.

A suggestion was also made to get more buy-in from mining companies to attend this event, rather than it just being consultants. It was agreed to try and get some of the clients involved. Mr Davies was uncertain as to who the target market was, but one of the things from an accounting side was trying to get people to realise that closure costs commence immediately when you start drilling a hole. He asked how that could be built into a process, as this seemed to be a relatively high weakness from the accounting side. Ms Steele-Schober responded that as SAMESG was part of the SAIMM/GSSA patrons, the call would go out to both organisations to take it further from there. She believed that would be a useful item to have on the agenda and she thanked Mr Davies for offering to present.

She stressed that there were other people who needed to attend these days and such topics would encourage people to do so. Mr Davies added that it might be useful to speak to Ms de Bruyn from the JSE to get another presentation on the role of the Readers' Panel and how ESG had become more important from that point. If it was marketed through the JSE, it might encourage the accounting and auditing firms to send delegates.

It was also suggested going through some case studies. Ms Steele-Schober believed that, as a committee, SAMESG should be reviewing some of the reports. She asked whether there were any volunteers to do this.

Mr Davies also suggested doing a presentation on the ESG trends from the Readers' Panel without mentioning any names. Ms Steele-Schober would follow up on this with Mr Ingram.

ACTION: Teresa Steele-Schober

6. PROFESSIONAL COMPETENCE OF ESG CONTRIBUTORS TO PUBLIC REPORTS

A document had been circulated some time ago about the possibility of having potential competency requirements for ESG contributors to public reports. At the time, Ms Steele-Schober had asked whether South Africa could do this the same way that AusIMM had done. SAMESG was a guideline and was not able to mandate any qualifications for technical professionals who provided input to reports. In addition, SAMESG was unable to mandate any qualifications, but could provide/recommend qualifications and experience and provide guidance on what would be considered appropriate.

Ms Steele-Schober went through the definition of a technical specialist and compared it to what was shown in the AusIMM system. She asked the following questions:

- Does the current technical specialist definition need to be updated and, if so, what would be added/removed?

- Does SAMESG want to investigate options for technical specialists who contribute to CPRs to be members of a separate division of the GSSA? This would be a self-governing division (e.g., as hydrogeologists have done) under the GSSA banner. Members would not have to be GSSA members in addition to 'ESG division' members. Flexibility could accommodate social and governance practitioners.

- Does SAMESG want to investigate the possibility of an ESG membership under SAIMM?

Some discussion followed and it was noted that an attempt had been made to get hydrogeologists registered under SACNASP, which was possible. It was suggested that there were methods where specific categories could be registered under SACNASP. Ms Steele-Schober advised that, in the early days, conversations had been held with SACNASP and no conclusions had been reached. She suggested that the conversation could be revived with SACNASP. There was quite a nice link with the GSSA, as many authors of CPRs sat within that organisation. It did not need to be one specific home and it was suggested that SACNASP could be included. Ms Botha advised that it was the right time to reopen the conversations with SACNASP. Dr Marshall added that people should bear in mind that SACNASP was a statutory body, whereas SAIMM/GSSA were professional organisations. The difference came in in that not every stock exchange jurisdiction accepted professional bodies to sign off, whereas they did all accept statutory body sign off. Ms Steele-Schober believed a conversation with SACNASP should be reopened.

ACTION: Teresa Steele-Schober

A question was asked whether it would add value in the SAMESG guideline to included that an environmental specialist could not act as a technical specialist if they did not have the relative experience in human rights, etc. to make the technical specialist very focused on their area of expertise. Ms Steele-Schober reported that the peer review comment in the definitions was a very good guideline as to where people should be commenting and providing input. Dr Marshall suggested that most of the professional associations and all the statutory bodies had, as part of their code of professional conduct, that one of the things that people had to accept was that they did not act in any capacity in which they were not qualified. That would be part of the code of ethics. The other thing that had been discussed in SAMREC was that if every single person who wrote one paragraph for the CPR had to be registered, the cost of the CPR would be way over what was realistic, and no-one would be able to afford to mine. It should not be made too onerous for people going forward.

In 43.101 there was a document had had to be completed by the Competent Person. Mr Johnstone would send out a copy of this document, which was quite specific on the requirements.

ACTION: Andrew Johnstone

7. SAMESG CHAIR AND VICE-CHAIR

Ms Steele-Schober advised that her term as Chair of the SAMESG Committee would lapse later this year. It was agreed that, because of the update of the SAMESG Guide, it did not make sense to change Chairs at this time. She had therefore agreed to stay on as Chair for another term.

However, Ms Botha believed it was time to elect a new Vice-Chair and Ms Steele-Schober asked members to think about this for discussion at the May meeting.

8. GENERAL

There were no items to discuss under General.

9. CLOSING

There being no further business to discuss, the meeting closed at 12:30.

KEY ACTION ITEMS
1. CAROL DIXON AND TERESA STEELE-SCHOBER
Ms Dixon to send contact details of Ms Mudau to Ms Steele-Schober, who would follow up with Ms Mudau from the Minerals Council regarding her involvement with SAMESG.
2. TERESA STEELE-SCHOBER
Prepare the updated version of the SAMESG Guideline for review as soon as possible.
3. TERESA STEELE-SCHOBER
Prepare criteria for the SAMESG Squirrel Awards for review at the February meeting.
4. TERESA STEELE-SCHOBER
Follow up with Mr Rob Ingram regarding presentation on ESG trends from Readers' Panel for ESG Day.
5. TERESA STEELE-SCHOBER
Re-open conversation with SACNASP re professional registration.
6. ANDREW JOHNSTONE
Send out copy of 43.101 document on the issue of competent persons to committee members.