SAMESG Committee Meeting Minutes

Date of Meeting	25 August 2022	**Time**	11:30
Chaired by:	Teresa Steele-Schober Chair	**Location**	Zoom
Minutes prepared by:	Nazli Mamdoo		

Present:

Teresa Steele-Schober
Maria Antoniades
Kevin Davies
Carol Dixon
Richard Horn
Sunday Mabaso
Tania Marshall
Tim Rowland
Seef Vermaak
Bruce Williamson
Charlene Wrigley

SAIMM Secretariat:

Nazli Mamdoo

Apologies:

James Lake

Topic	Discussion
1.Welcome and Introduction of New Members	Teresa Steele-Schober welcomed everybody to the meeting and an apology was noted from James Lake.
2. Minutes of the previous meeting	The minutes of the meeting held on 26 May 2022 as previously circulated were accepted as a correct record, subject to the following amendments: – On Page 5, Item 1 – Kevin Davies noted that there was only one 'C' in SAICA – On Page 6, Item 9 – Kevin noted that it should read 'ISSB' and not 'ISP' – On the Action List – Kevin noted the incorrect spelling of SAICA
3. Action items from previous meeting	It was confirmed that an e-mail had been sent to the committee, asking if there were any POPI objections to their e-mail address being made available to other committee members. Ms Jardine to draw up a table with each person's name and e-mail address. **Action**: Camielah Jardine

	It was confirmed that a .pdf version of the PowerPoint presentation on work done by SSC ESG work stream had been prepared. Regarding the report on results of Survey Monkey, this would be discussed as an agenda item during the meeting. James Lake continued to assist with resources for the website document. Teresa had sent an e-mail to all members regarding dates for SAICA consultations.
4. Welcome to new members	Tim Rowland was welcomed as a new member. He introduced himself, provided details of his career history and the activities that he was involved in since retirement.
5. Amendments to SAMESG Guidelines	Teresa noted that she would like to remind all attendees of the purpose of the Committee and that the Terms of Reference were available from herself, Camielah or Nazli if needed. The purpose of the SAMESG Committee was to develop, maintain and promote compliance with the South African guidelines for the reporting of Environment, Social and Governance parameters within the mining, oil and gas industries (SAMESG Guideline). The Guideline was to be aligned with and support the reporting requirements of the South African Mineral Codes (SAMCODES). The SAMESG Committee operates as a committee sanctioned by and reporting to the SAMCODES Standards Committee (SSC). The purpose of the SAMESG Committee is to develop, maintain, administer, ensure compliance with and promote the South African Mineral Codes, collectively known as SAMCODES. The SSC's purpose is to ensure that all reports prepared in accordance with the SAMCODES apply with the requirements of SAMCODES. The SSC aims to ensure the highest ideal of ethics in the professional fields of practice associated with the purpose of the SAMCODES relied upon by the public to provide expert opinion and advice, in the public interest. The SSC operates under the joint auspices of the Southern African Institute of Mining and Metallurgy (SAIMM) and the Geological Society of South Africa (GSSA). In terms of the SAMCODES ESG working group; at the previous meeting a conversation had been held around the consultation document that was submitted and there was a Survey Monkey attached to that. In total, 41 responses had been received and Teresa wanted to take the Committee through some of the results. A fair number of questions required detailed comments and she had almost completed consolidating those, but the meeting would be able to have a good enough discussion in this meeting on the summary results presented. In terms of the roles of people who had submitted responses, there were only a handful of ESG specialists either working for the mineral company concerned or from a consultancy who had responded. The

	largest percentage of respondents were CPs and it was good to get views from that perspective. The following questions were discussed: ***Should updated ESG guidance for inclusion in CPR/MMR reports be prescriptive (strict minimum requirements) or guided (process driven)?*** People favoured having an idea of what the minimum requirements were and then some help on how to get there. SAMESG did not have much guidance at the moment, so there was a need for this. ***Should the Competent Person be able to proceed without an ESG subject matter expert contributing to the CPR/MMR?*** The strong response was that they should not be able to proceed (68,29%). In looking through some of these comments, the answers were recognise that ESG is a specialist discipline and that skill set was needed in order to contribute to getting the correct information into the CPR and that there was a role for subject matter experts to assist the CP. IT appears that those people who responded that the CP should be able to proceed with an ESG subject matter expert may think that not every CPR or MRR that was being updated required additional ESG information, so that should not preclude the CP from publishing the document. Other comments were that there should be guidance that the CP could use to provide at their discretion. ***Should the CP be expected to take responsibility for determining ESG materiality/salience/judgement when deciding on what must be included in CPR/MMRs***? Here, it was encouraging to see that the majority of people answered 'yes'. There was not a big divide between the 'yesses' and the 'nos', but even those who answered 'yes' in some of the comments were noting that the lead CP could take overall responsibility, but contributors to the report should equally be accountable for the quality of the contributions that they made. ***Would you like to see examples of leading practice of ESG disclosures being provided as part of the updated ESG Guidance*?** There was a very significant 'yes' here. Conversations had been held around the role that SAMCODES plays as providing minimum disclosure requirements, but providing examples of best practice would also give people an idea of what to aspire to. ***Which format of the guideline would you prefer for the updated ESG disclosure requirements and guidance?*** Here, most people said that some form of integration into Table 1 and updated guidelines were needed. There was strong support for a stand-alone ESG Guideline, but the majority wanted some form of direct reference within the SAMCODES, supported by guidance and

	amendments to Table 1. That was certainly what the ESG Working Group had been talking about. ***Should the SAMCODES definitions be updated to include an additional definition for ESG as it relates to mineral reporting?*** There was a strong 'yes', whether it was aimed at current Modifying Factor definitions or providing additional definition. There was a call for clarity. This breakdown was very similar to the responses that were given to the CRIRSCO survey, where the identical question was asked. The technical discussion later on the agenda would be related to this. ***Can you outline the overall capability your company has for incorporating consideration of ESG criteria into the MRR reporting process?*** It was encouraging to see that there were a lot of ESG subject matter experts providing input. There were some who use external advisers and very few who did not have access to any subject matter experts. In terms of these responses, it was not known what kind of companies had submitted each of the responses, i.e. majors or juniors. There certainly seemed to be reasonable chances of being able to access ESG practitioners, although some of the people working in this field may be overstretched. ***Do you perceive any significant risks arising from this initiative relevant to your company?*** Most people responded 'no', but there were strong concerns for the implications on the effort to produce these reports going forward, as well as the length of the reports. This needed to be borne in mind when updating the Guidance. Teresa invited comments from the Committee relating to the survey results. Tim asked why there would be anyone who did not want to see an example of industry leading practice in the ESG space. Teresa responded that they probably had their reasons and maybe it was a case of trying to understand the minimum requirements, although she was not entirely sure. Kevin commented that, as far as going to go down a leading practice route, it was important to take care not to avoid everyone following the one example, as it was starting to become duplicative. One of the things that was starting to worry him was that ESG was currently very fluid. For mining companies, the worrying part was that if you did not have operations in Europe; if you sell your product into Europe and if those exceed €100m, you have a legal disclosure requirement from 2028. The JSE had its voluntary disclosure, which it was hoping to include in integrated reporting; the ISSB had just gone through the comment process; and then the SEC one. All of these were different, with 70% similarity. His concern, going forward, was how to give the right advice in ESG Table 1 or the Guideline so that it was a tip off for the entity that was not South African, but still adopted SAMCODES. There were multiple jurisdiction disclosure requirements and it was trying to find the right wording or guidance to the CP as to how to adopt the right disclosure or guidelines because his concern was there

	would be lots of spin occurring as it was a hot topic. The CP would be rejecting stuff because it was spin and some bright lawyer would be picking up that the company was saying one thing in its spin documents but the CP was not including it in his MR and reporting calculations. It was probably something for another meeting, but it did worry him. Teresa responded that there was a lot of proliferation of standards and there were efforts to try and streamline, but it was a very busy landscape and would be for a while. It was important to remember to try and sift through this and be very clear on what this meant for our objectives of Mineral Reporting. Conversations were happening in the CRIRSCO Working Group and she did not think anyone had nailed it just yet as to how to take this and tailor it down to what it meant for Mineral Reporting. In terms of managing the spin, SAMESG had to be clear on the implication for its objectives and there would be cases of spin. It was hoped that, over time, the readers of the reports would be able to pick up the difference between the spin and the real, meaningful report. [Note added after meeting – this is further justification for ESG practitioners to be part of professional bodies governed by a Code of Ethics so that authors of / contributors to Public Reports can be held to account should they incorrectly represent information]. Tim believed that a mental placeholder should be made of the red flag that Kevin had raised. There would be different interpretations of what leading practice was across the reporting landscape. Care should be taken as to what the Committee put forward as leading practice; it may not be applicable across the whole board. Teresa responded that, in the sustainability reporting frameworks, most of them made use of a core set of reporting disclosures and then an expanded/extended list, in an attempt to try and make the distinction between what the minimum was that the people wanted to hear and what would be best practice. That existing model could be considered in this process as well. Bruce advised that something that he had raised at the start of this journey was how exactly the ESG practitioner was defined and were they qualified, where did they go to get qualified, etc. By definition, the CP sitting above had to have the same qualifications. All the rules and guidelines could be offered, but the question was whether they actually were qualified people. His second issue was around the legal aspect. Coming from the investment side, he believed the investment world had rushed way ahead of the engineering/scientific mining world in that they saw ESG as a new theme and a current new opportunity to make money, so they had launched a huge amount of products. As soon as they launch new products, before that goes out and the wording that goes with the new investment product, the lawyers are all over it. Already, some of the institutions that had launched products and then invested in underlying companies were in trouble, because the companies they invested in were not in line with the wording of that particular investment product. The lawyers would scrutinise every part of the wording that went into the CPR related reports.

	Kevin added that it was not part of the SAMESG mandate, but the industry should be encouraged to break down silos. His biggest concern was that the CP was preparing his documents and investor relations were doing theirs and 'never the twain shall meet'. That was where the lawyers were going to find the gap in order to go after the CPR, not the investor relations people. Teresa agreed. Integrated teams of people working together was the only way to minimise the spin, because if you had multiple disciplines who could provide different perspectives on the content of reports, then that added to the robustness of the outcome. Kevin mentioned the circulation that was going on in the US at the moment on the SEC disclosure documents. The SEC was anticipating that for advanced listings, e.g. Anglo-Gold, Sibanye, etc., it would cost them \$2m/annum to comply with the SEC disclosure requirements. As much as it was very important to have that in there, it might be better to tailor relative exposure rather than having 'shopping lists'.
6. Feedback from CRIRSCO ESG Sub-Committee	In terms of the CRIRSCO ESG Sub-Committee, they were preparing contributions to their Annual General Meeting, which was happening in Johannesburg in October. The objective was to present some conceptual definitions which have been proposed and issued to the ESG Working Group this week and which would now hopefully be debated and discussed at the various NROs, with feedback going back to the ESG Sub-Committee for an integrated meeting in September. Because of the different time zones, there were typically two meetings every time there was a meeting; one focussing on the eastern hemisphere and the other on the western hemisphere. The plan was to have an integrated, combined meeting in September.
7. GSSA ESG Interest Group/Division	Lynne Soulsby advised that the group had gained some traction in the last while. They had formalised the division so it was no longer an interest group. They were planning some talks on various aspects. She asked that if anyone wanted to join this division, the website was up and running. In terms of the joining process, there was a membership application form on the website and the committee would consider these and make decisions. There was currently no membership fee. She also invited any interested members to consider giving a talk/presentation.
8. List of Resources	James Lake was working on this and it was hoped to have this available at the next meeting.
9. Technical discussion – ESG Definitions	Teresa took the meeting through the proposed definitions for Environmental, Social and Governance. A selection of these would be taken to test the SAMESG Committee's views. **Environmental Factors** ***A.*** *Environmental Factors are identified through a process of analysing and evaluating the bio-physical context within which the project is/will be located, predicting potential project-induced inputs that may arise as a result of this context, and identifying risk (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource.*

	B. *Analysis of the Environmental Factors should include: An evaluation of the bio-physical context within which the project is/will be located and consideration of the potential inputs that may arise from the project. Bases on this analysis, the potential risks (threats and opportunities) that could influence the ability of the reporting entity to extract the resource should be identified.* ***C.*** *Environmental factors should be identified by the Competent/Qualified Person based on contributions from an appropriately experienced and knowledgeable specialist/contributor. The process should include analysing and evaluating the bio-physical context within which the project is/will be located, predicting potential project-induced impacts that may arise as a result of this context and identifying risks (threats and opportunities) that could influence the ability of the reporting identify to economically extract the resource.* Those were the three proposals and the concept would be that there would be a box that provided more information to support the definition. She asked the Committee to think about the option they preferred, and a survey would be run among the members. **Social Factors** ***A.*** *Social factors are identified through a process of analysing and evaluating the social, socio-economic and cultural heritage context within which the project is/will be located, predicting potential project-induced impacts that may arise as a result of this context and identifying risks (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource.* ***B.*** *Analysis of the social factors should include: an evaluation of the social, socio-economic and cultural heritage context within which the project is/will be located and consideration of the potential impacts that may arise from the project. Based on this analysis, the potential risks (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource should be identified.* ***C.*** *Social factors should be identified by the Competent/Qualified Person and Competent Specialist/Contributor. The process should include analysing and evaluating the social, socio-economic and cultural heritage context within which the project is/will be located, predicting potential project-induced impacts that may arise as a result of this context and identifying risk (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource.* A poll was taken on the above. **Governance** ***A.*** *Governance factors are identified through a process of analysing and evaluating the decision-making processes that exist at the project/operation level to ensure that the business is conducted ethically and with due appreciation for the environmental and social factors already identified. The analysis should identify risks (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource.*

	B. *Analysis of Governance factors should include and evaluation of the decision-making processes that exist at the project/operation level to ensure that the business is conducted ethically and with due appreciation for the environmental and social factors already identified. Based on this analysis, the potential risks (threats and opportunities) that could influence the ability to extract the resource should be identified.* ***C.*** *Governance factors should be identified by the Competent/Qualified Person in consultation with an appropriately qualified and competent specialist/contributor. The process should include analysing and evaluating the decision-making processes that exist at the project/operation level to ensure that the business is conducted ethically and with due appreciation for the environmental and social factors already identified and identifying risks (threats and opportunities) that could influence the ability of the reporting entity to economically extract the resource.* Another poll was run among the members. Tim pointed out that there should be a hierarchy of oversight and if you default to the decision-making at a project or operational level, those teams often had a vested interest in that project being successful. That was where you needed oversight from a hierarchy in the company; or perhaps even a sub-division of the Board of Directors to provide adequate governance. Maria Antoniades commented on the economic viability and the wording of that in the definition. She was uncomfortable with this, because if you said 'economically viable', in her mind that was a reserve already. In formulating the wording in these definitions, it was important to identify what SAMESG was trying to achieve with the definitions and incorporating SAMESG into the mineral reporting codes. Teresa asked whether the wording 'ability to extract the resource' would sit better. It seemed that a number of the NROs were moving away from the 'eventual' in terms of economic extraction, e.g. PERC. These definitions needed to personalise to the role of the mineral reporting process. Maria suggested that it would be better to remove the 'financial'. Whatever was done going forward, it needed to align with what the definitions were and it needed to incorporate everything that was included in the mineral reporting codes so that it was applicable throughout. In terms of the Social, Bruce had responded 'none of the above' on the poll. The responsibility went way beyond the mine locality. The same could be true for Environmental as well, e.g. water pollution. He believed the location vs project level of influence would have to be expanded. Nicole believed that, at any project level, some basic economic assessment needed to be completed, depending on the phase. In terms of the Modifying Factors applied, more detail could be applied from a resource to reserve. The risk assessment was the way that SAMESG should be leading. Kevin asked whether there was a deliberate intent to exclude the reporting of exploration results, as it seemed to be all geared to the person who was actually going to produce the mineral, as opposed to

	the multiplicity of companies whose sole intention was to explore. Teresa responded that the proposal that would go to CRIRSCO was to talk about the 'what' and not the 'how'. Some discussion followed. Teresa thanked everyone for the preliminary discussions and would keep the Committee abreast of what was happening in the CRIRSCO world.
10. GSSA ESG Day	Tania advised that she had received a note from Andy McDonald, asking to postpone this to 11 June 2023.
11. General	There were no topics to discuss.
12. Next meeting	The next meeting was scheduled to take place on 24 November 2022.

Matters arising/Action Items

Meeting Date	Action	Responsible	Due	Status	Comments
25/08/22	Draw up table with members' e-mail addresses and circulate	Camielah Jardine	November 2022		