

**THE SOUTH AFRICAN GUIDELINE FOR THE
REPORTING OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE PARAMETERS
WITHIN THE MINING AND OIL AND GAS INDUSTRIES
(THE SAMESG GUIDELINE)
2015 EDITION**

Prepared by:

The South African Environmental, Social and Governance Committee (SAMESG) Committee

FOREWORD

The South African guideline for the reporting of environmental, social and governance (ESG) parameters within the mining industry (the SAMESG, or the Guideline) defines the minimum standards, recommendations and guidelines for public reporting of ESG matters in the extractive industries (inclusive of mining and oil and gas).

The intention of this guideline is to ensure that reporting entities provide adequate information on ESG matters that relate to their influence on the reasonable and realistic prospects for eventual economic extraction of the specific commodity being reported.

The SAMESG has been written in alignment with the existing SAMREC, SAMVAL and SAMOG guidelines, and considers the appropriate detail of ESG studies required when declaring resources and reserves for the mining and oil and gas industries in Southern Africa.

The evolution of the SAMESG follows that of the SAMVAL, SAMREC and SAMOG guidelines. Concurrently, the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), initially a Committee of the Council of Mining and Metallurgical Institutions (CMMI), has, since 1994, been working to create a set of standard international definitions for reporting mineral and oil and gas resources and reserves.

As a result of the CRIRSCO/CMMI initiative, considerable progress has been made towards widespread adoption of globally consistent reporting standards. These are embodied in similar guidelines and standards published and adopted by the relevant professional bodies around the world.

The SAMESG has been drafted by the working group of the SAMESG, with input from the SAMREC, SAMVAL and SAMOG (SSC) committees, under the joint auspices of the Southern African Institute of Mining and Metallurgy (SAIMM) and the Geological Society of South Africa (GSSA).

The SSC consists of representatives of the:

- Southern African Institute for Mining and Metallurgy (SAIMM)
- Geological Society of South Africa (GSSA)
- South African Council for Natural Scientific Professions (SACNASP)
- Geostatistical Association of South Africa (GASA)
- South African Geomatics Council (SAGC)
- Institute for Mine Surveyors of South Africa (IMMSA)

- Association of Law Societies of South Africa
- General Council of the Bar of South Africa
- Department of Minerals and Resources (DMR)
- JSE Limited (JSE)
- Council for Geoscience
- South African Council of Banks
- Minerals Bureau
- Chamber of Mines of South Africa (COM)
- South African Institute of Chartered Accountants (SAICA)
- University of the Witwatersrand.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTEXT

Numerous organisations have moved towards greater transparency when disclosing Environmental, Social and Governance (ESG) information in recent years, and have contributed greatly through the development of industry – specific technical standards.

Many internationally recognised institutions have developed extensive guidance frameworks for the adoption of accepted best practice across industry. The movement towards achieving a better standard of practice arises from the Principles and Intentions of Agenda 21.

A key driver for organisations to adopt ESG reporting is that more investors are incorporating ESG criteria into their valuations and investment strategies. Many exchanges are also introducing different measures to encourage or require ESG reporting. Within the context of the South African reporting environment, the JSE Sustainability Reporting Index (SRI) is the recognised exchange body which regulates ESG reporting on the South African Securities Exchange.

Included within the internationally acknowledged ESG standards and frameworks are:

- The Global Reporting Initiative (GRI), a widely-used reporting framework that sets out principles and performance indicators for companies to report on ESG performance.
- The Carbon Disclosure Project, a reporting system through which companies disclose greenhouse gas emissions, water management and climate change strategies.
- The United Nations Global Compact, a sustainability initiative for companies to align their strategies and operations in the areas of human rights, labour, environment and anti-corruption.

Technical standards which this Guideline acknowledges and promotes include the International Standard for Organisation (ISO), the World Bank Group Equator Principles, the Principles for Responsible Investment, and the International Finance Corporation Sustainability Framework. These principles and technical standards include the internationally accepted industry – specific Environmental, Health and Safety Guidelines to which this Guideline refers.

There are also the OECD Guidelines for Multinational Enterprises, which is a set of recommendations to multinational enterprises in all the major areas of business ethics. The ISO 26000 Guidance on Social Responsibility addresses seven core subjects of social responsibility and includes proposals for integrated reporting, which link an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates.

The Code for Responsible Investing in SA (CRISA) provides in Principle 3 that "where appropriate, institutional investors should consider a collaborative approach to promote acceptance and implementation of the principles of this Code and other codes and standards applicable to institutional investors". This correlates with the UN-backed Principles for Responsible Investment (PRI) launched in March 2006.

These principles encourage collaborative engagement to better incorporate environmental, social and governance issues in decision making and ownership practices. There are similar recommendations for engagement, stakeholder consulting, working jointly, collective action, etc. in the King Report on Governance for South Africa, 2009; and the International Corporate Governance Network (ICGN) - Statement of Principles on Institutional Shareholder Responsibilities.

Under these circumstances, the SAMESG Working Group has prepared a set of rules and guidelines recognising the international standards for best ESG practice and guidelines. These rules inform reports prepared by a *reporting entity* which support the determination of significant ESG aspects in the extractive industries which have the potential to influence the reasonable and realistic prospects for eventual economic extraction.

PART I

GENERAL APPLICATION

The SAMESG Guideline provides the basis for minimum disclosure of information for public reporting of environmental, social and governance parameters when reporting on mining and oil and gas reserves and resources. Such reports must comply with this guideline and reported in the manner prescribed in this Guideline.

The definitions contained in Appendix 1 relate to the interpretation and application of this Guideline.

This Guideline recognises the following:

1. The level of detail required for each reporting requirement (or item) increases throughout the project development phases from pre-conceptual through to operational phase and ultimately closure.
2. Project evaluation phases can overlap with the exploration phase, especially when expansion projects take place immediately adjacent to operational mines / oil and gas operations.
3. Whilst the format of the SAMREC and SAMOG codes is adopted to ensure alignment with the resource classifications applied, some ESG data will overlap all areas of a possible project target and not align exclusively to the resource classifications as mapped geographically. In other words it is possible to complete detailed ESG baseline assessments over an entire project area even if the level of resource classification is quite low;
4. Costing information to address a material ESG may be considered commercially sensitive - for this reason high- level costs (for example, those to manage a subset of the ESG mitigation costs) may be included in the report if appropriate; and
5. Where a project has progressed to the implementation phase and beyond then the reporting requirements default to those for reserves for the entire project area.

PART II**COMPETENCIES AND RESPONSIBILITY**

Documentation detailing the material ESG reporting matters described in this Guideline must be prepared by, or under the supervision of a Technical Specialist and signed by a Competent Person referred to in SAMREC.

Where any specific documentation is referred to in a Public Report, the written consent of the author must be obtained as to the form, content and context in which that documentation is to be included in the Public Report.

Complaints made in respect of the Public Report of the Technical Specialist will be dealt with under the disciplinary procedures of SSC or under the relevant ROPO agreement.

PART III**SPECIFIC ITEMS REQUIRED FOR THE SAMESG GUIDELINE**

The SAMESG Guideline requires that the preparers of mining and oil and gas public reports comply with this Guideline.

PART IV**REQUIREMENTS APPLICABLE TO PUBLIC DISCLOSURE**

Application of Part IV - This Part applies to disclosure made by or on behalf of a *reporting entity*:

1. To the public; or
2. In other circumstances in which, at the time of making the disclosure, the reporting entity knows, or ought reasonably to know, that the disclosure is or will become available to the public.

PART V**REPORTING CRITERIA IN ACCORDANCE WITH THE EXISTING SAM CODES**

The SAMESG is intended to serve as a supplement to the description of Modifying Factors as defined in the SAMREC and SAMOG Codes.

GENERAL INSTRUCTIONS

1. To the extent that any Item or any component of an Item specified in this guideline does not apply to a reporting entity and its activities and operations, or is not material, reference must be made to why that Item or component is not applicable or not material.

2. This guideline sets out minimum reporting requirements. A reporting entity may provide additional information not required in this Guideline provided that it is not misleading and not inconsistent with the requirements of the SAMESG Guideline, and provided that material information required to be disclosed is not omitted.

PART 1

GENERAL REPORTING REQUIREMENTS

DATE OF STATEMENT

Item 1.1 Relevant Dates

1. Date of the statement.
2. Disclose the effective date of the information being provided.
3. Disclose the preparation date of the information being provided.
4. The frequency of reporting for matters arising in this Guideline should reflect the same dates of appraisal as the SAM Codes, include all new listings, and should consider information that, where relevant, is not older than 1 (one) year from the time of reporting. For the purposes of understanding significant and existing trends, information older than 1 (one) year must be included.

INSTRUCTIONS

1. The same effective date applies to each category reported.
2. The preparation date, in respect of written disclosure, means the most recent date to which information relating to the period ending on the effective date was considered in the preparation of the disclosure. The preparation date is a date subsequent to the effective date. This is because it takes time to assemble the report for the reporting period after the finalisation of information required for disclosure as at the effective date.
3. If the reporting entity provides information as at a date more recent than the effective date, in addition to the information required as at the effective date, also disclose the date at which that additional information is provided. The provision of such additional information does not relieve the reporting entity of the obligation to provide information as at the effective date

PART 2**REQUIREMENTS FOR THE DISCLOSURE OF ESG PARAMETERS WHEN REPORTING EXPLORATION RESULTS****Item 2.1 General**

1. Provide a description of organisational structure, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues.

Item 2.2 Key plans, maps and diagrams

1. Provide a map which identifies the locality of sensitive receptors within the prospecting right area and at least the zone of influence of the site. All surface water features to be included on maps.
2. Describe the location of any sensitive areas within and around the project area including within the prospecting right area and within the zone of influence of the site.

Item 2.3 Legal aspects

1. Outline the applicable ESG legal compliance requirements and any mandatory and/or voluntary standards or guidelines to which the project target subscribes.
2. Identify the ESG permits, authorisations and licences that have been issued to the project target as well as those permits, authorisations and licences that have been identified as required but not yet applied for or issued. Motivate whether there is a reasonable basis to believe that all ESG permits, authorisations and licences can be obtained.
3. Provide a description of any recognised claims received during the reporting period.
4. Provide a description of any penalties, fines and damages which are due and payable by the target in response to an order of court, decision by a mediator or a decision by an arbitrator whether or not subject to an appeal process.
5. Provide a description of any pending administrative enforcement action such as, but not limited to directives or compliance notices instituted against the project target, including a notice received by the project target of an authority's intention to issue a directive or compliance notice, by any authority concerned with the regulation of ESG issues whether or not such pre-compliance notice or compliance notice has been suspended pending corrective action.
6. Provide a description of any known future financial liabilities that arise by virtue of recognised claims, penalties, fines, damages and administrative enforcement action that will become due and payable in future including the due date for payment.

Item 2.4 Environmental parameters

1. Provide a high level analysis of the environmental context within which the project is located and give an appropriate analysis of the material aspects and impacts that may

need consideration. Include issues that are likely to remain material despite the implementation of proposed mitigation measures.

2. Describe, assess and prioritise the risks associated with any obvious environmental factors that could have a material modification to the planned exploration programme.

Item 2.5 External social and political parameters

1. Provide a high-level analysis of the external social and political context within which the project is located.
2. Describe and prioritise current social and political risks, and potential risks that take into account how exploration activities may exacerbate or mitigate existing risks.
3. Report on any social and political issues that may have a material effect on the planned exploration programme. Include issues that are likely to remain material despite the implementation of proposed mitigation measures.

Item 2.6 Internal social parameters

1. Describe and assess the risks associated with any obvious internal social factors and/or specific contextual details that could have a material effect on the planned exploration programme.

Item 2.7 Conformance and compliance audits

1. Provide a description of legal compliance audits undertaken during the period including a summary of material findings and management plans to address these findings.
2. Provide a description of ESG management system conformance audits undertaken during the reporting period including a summary of material findings and management plans to address these findings.

Item 2.8 ESG liability

1. Describe the project target's current closure, social obligations, rehabilitation activities, material remaining liability and compliance costs.
2. Provide a description of mechanisms in place to address unplanned closure

Item 2.9 Risk analysis process

1. Provide a description of the existence of a risk assessment process which has been undertaken to identify material ESG issues. Describe programmes in place to continuously update and monitor identified material ESG issues.
2. Describe how the risk assessment process is integrated with the overall risk management framework.

PART 3**REQUIREMENTS FOR THE DISCLOSURE OF ESG PARAMETERS WHEN REPORTING ON RESOURCES****Item 3.1 General**

1. Provide a description of organisational structure, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues.

Item 3.2 Key plans, maps and diagrams

1. Provide a map which identifies the locality of sensitive receptors within the prospecting right area and at least the zone of influence of the site. All surface water features to be included on maps.
2. Identify and describe the location of any sensitive areas within and around the project area including within the prospecting right area and within the zone of influence of the site.

Item 3.3 Legal aspects

1. Outline the applicable ESG legal compliance requirements and any mandatory and/or voluntary standards or guidelines to which the project target subscribes.
2. Identify the ESG permits, authorisations and licences that have been issued to the project target as well as those permits, authorisations and licences that have been identified as required but not yet applied for or issued. Motivate whether there is a reasonable basis to believe that all ESG permits, authorisations and licences can be obtained.
3. Provide a description of any recognised claims received during the reporting period.
4. Provide a description of any penalties, fines and damages which are due and payable by the target in response to an order of court, decision by a mediator or a decision by an arbitrator whether or not subject to an appeal process.
5. Provide a description of any pending administrative enforcement action such as, but not limited to directives or compliance notices instituted against the project target, including a notice received by the target of an authority's intention to issue a directive or compliance notice, by any authority concerned with the regulation of ESG issues whether or not such pre-compliance notice or compliance notice has been suspended pending corrective action.
6. Provide a description of any known future financial liabilities that arise by virtue of recognised claims, penalties, fines, damages and administrative enforcement action that will become due and payable in future including the due date for payment.

Item 3.4 Environmental parameters

1. Provide an appropriate analysis of the environmental context within which the project is located. Give an appropriate analysis of the material aspects and impacts that may need consideration including how existing activities may exacerbate or mitigate existing aspects and impacts.
2. Describe, assess and prioritise the risks associated with any obvious environmental factors that could have a material modification to the planned resources programme. Focus on issues that are likely to remain significant despite the implementation of proven and economically viable mitigation measures.

Item 3.5 External social and political parameters

1. Provide an appropriate analysis of the external social and political context within which the project is located.
2. Describe and prioritise current social and political risks, and potential risks that take into account how activities may exacerbate or mitigate existing risks.
3. Report on any social and political issues that may have a material effect on the planned resource programme. Include issues that are likely to remain material despite the implementation of proposed mitigation measures.

Item 3.6 Internal social parameters

1. Describe, assess and prioritise the risks associated with any obvious internal social factors and/or specific contextual details that could have a material effect on the planned resources programme.

Item 3.7 Conformance and compliance audits

1. Provide a description of legal compliance audits undertaken during the period including a summary of material findings and management plans to address these findings.
2. Provide a description of ESG management system conformance audits undertaken during the reporting period including a summary of material findings and management plans to address these findings.

Item 3.8 ESG liability

1. Describe the closure, social obligations, rehabilitation plan, activities, remaining liability and compliance costs.
2. Provide a description of mechanisms in place to address unplanned closure.

Item 3.9 Risk analysis process

1. Provide a description of the existence of a risk assessment process which has been undertaken to identify material ESG issues. Describe programmes in place to continuously update and monitor identified material ESG issues.
2. Describe how the risk assessment process is integrated with the overall risk management framework.

PART 4**REQUIREMENTS FOR THE DISCLOSURE OF ESG PARAMETERS WHEN REPORTING ON RESERVES****Item 4.1 General**

1. Provide a description of organisational structure, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues.

Item 4.2 Key plans, maps and diagrams

1. Provide a map which identifies the locality of sensitive receptors to be included on maps within prospecting right and at least the zone of influence of the site. All surface water features to be included on maps.
2. Identify and describe the location of any sensitive areas within and around the project area within prospecting right and within the zone of influence of the site.

Item 4.3 Legal aspects

1. Outline the applicable ESG legal compliance requirements and any mandatory and/or voluntary standards or guidelines to which the project target subscribes.
2. Identify the ESG permits, authorisations and licences that have been issued to the project target as well as those permits, authorisations and licences that have been identified as required but not yet applied for or issued. Motivate whether there is a reasonable basis to believe that all ESG permits, authorisations and licences can be obtained.
3. Provide a description of any recognised claims received during the reporting period.
4. Provide a description of any penalties, fines and damages which are due and payable by the target in response to an order of court, decision by a mediator or a decision by an arbitrator whether or not subject to an appeal process.
5. Provide a description of any pending administrative enforcement action such as but not limited to directives or compliance notices instituted against the project target, including a notice received by the target of an authority's intention to issue a directive or compliance notice, by any authority concerned with the regulation of ESG issues

whether or not such pre-compliance notice or compliance notice has been suspended pending corrective action.

6. Provide a description of any known future financial liabilities that arise by virtue of recognised claims, penalties, fines, damages and administrative enforcement action that will become due and payable in future.

Item 4.4 Environmental parameters

1. Provide an appropriate analysis of the environmental context within which the project is located. Give an appropriate analysis of the material aspects and impacts that may need consideration including how existing activities may exacerbate or mitigate existing aspects and impacts.
2. Describe, assess and prioritise the risks associated with any obvious environmental factors that could have a material modification to the planned resources programme. Focus on issues that are likely to remain significant despite the implementation of proven and economically viable mitigation measures.

Item 4.5 External social and political parameters

1. Provide an appropriate analysis of the external social and political context within which the project is located.
2. Describe and prioritise current social and political risks, and potential risks that take into account how activities may exacerbate or mitigate existing risks.
3. Report on any social and political issues that may have a material effect on the planned reserve programme. Include issues that are likely to remain material despite the implementation of proposed mitigation measures.

Item 4.6 Internal social parameters

1. Describe and assess the risks associated with any obvious internal social factors and/or specific contextual details that could have a material effect on the planned resources programme.

Item 4.7 Conformance and compliance audits

1. Provide a description of legal compliance audits undertaken during the period including a summary of material findings and management plans to address these findings.
2. Provide a description of ESG management system conformance audits undertaken during the reporting period including a summary of material findings and management plans to address these findings.

Item 4.8 ESG liability

1. Describe the closure, social obligations, rehabilitation plan, activities, remaining liability and compliance costs.
2. Provide a description of mechanisms in place to address unplanned closure.
3. Describe the bonding obligations in place to ensure that these liabilities can be funded on a qualitative and quantitative basis.

Item 4.9 Risk analysis

1. Provide a description of the existence of a risk assessment process which has been undertaken to identify material ESG issues. Describe programmes in place to monitor identified material ESG issues.
2. Describe how the risk assessment process is integrated with the overall risk management framework.