



SAMCODES

THE SOUTH AFRICAN MINERAL REPORTING CODES



The South African Guideline for the reporting of environmental,
social and associated governance within the mining and oil and gas
industries

- **SAMESG** -

Agenda

1. Existing ESG aspects in reporting frameworks
2. Development of the SAMESG
3. Components of the SAMESG
4. Reporting requirements
5. Q & A

The **South African Guideline** for the reporting of environmental, **social** and associated **governance** within the mining and oil and gas industries

Introduction to the SAMESG

- SAMESG -

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ESG aspects in reporting frameworks

Connection to existing international reporting codes



- CRIRSCO has endorsed reporting of environmental and social aspects for many years
- ESG matters are often included as modifying factors
- Vague descriptions
- Limited consideration across MII classes

Environmental • Social • Governance

ESG aspects in reporting frameworks

Problem statement

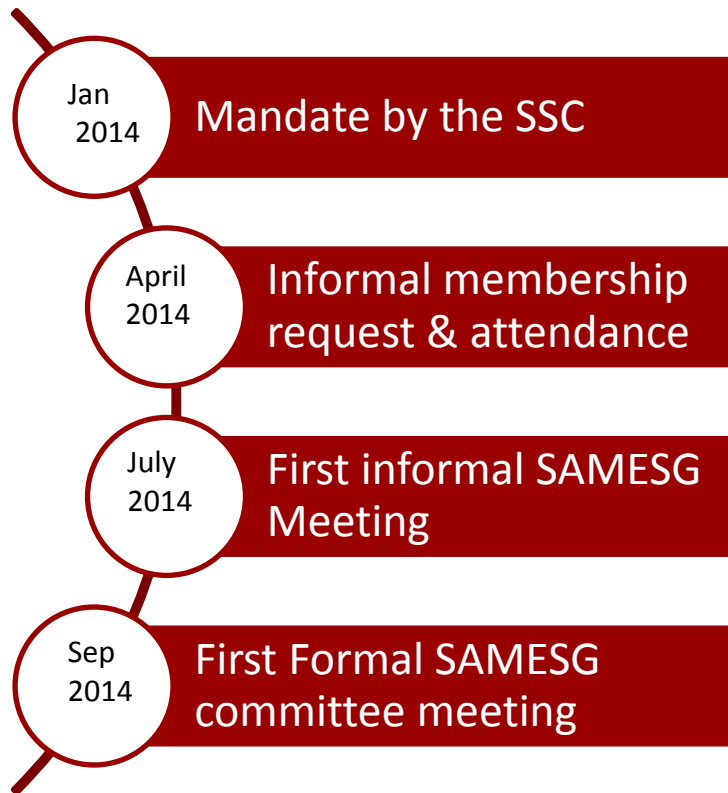
- There has been a global development of growing awareness that certain key ESG elements have the potential to materially influence a project *and the associated value therein*

*What ESG matters
will materially
influence the value
of a project?*

*Can ESG matters be
quantified or
standardised when
valuing a project?*

Development of the SAMESG

Development timeframe



- Establishment of the SAMESG Committee – under the joint auspices of the SSC and SAIMM
- Appointment of SAMESG Committee members
- Appointment of Chairman and VC
- Formal presentation to the SSC, SAMREC and SAMVAL Chairman

The South African guideline for the reporting of environmental, social and associated governance within the mining and oil and gas industries

- SAMESG -

Development of the SAMESG

Working concept

SAMESG

- Guideline
- Reporting of Environmental, Social and Governance (ESG) parameters
- Mining and Oil and Gas Industries
- Defines the minimum standards

Intention

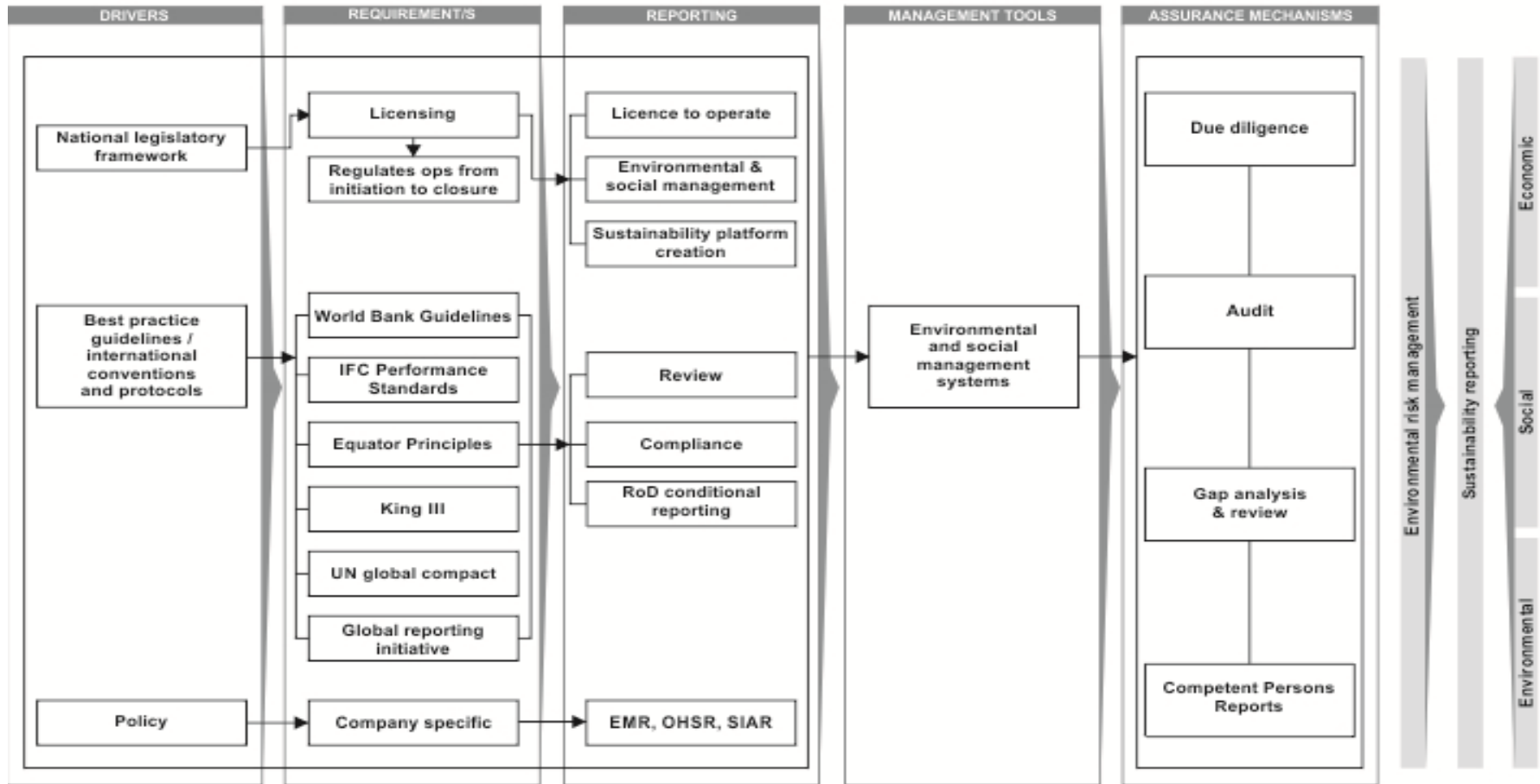
- standardised, systematic and orderly framework for ESG aspects
- Relative to their influence on the reasonable and realistic prospects for eventual economic extraction

Mining ● Oil ● Gas

Development of the SAMESG

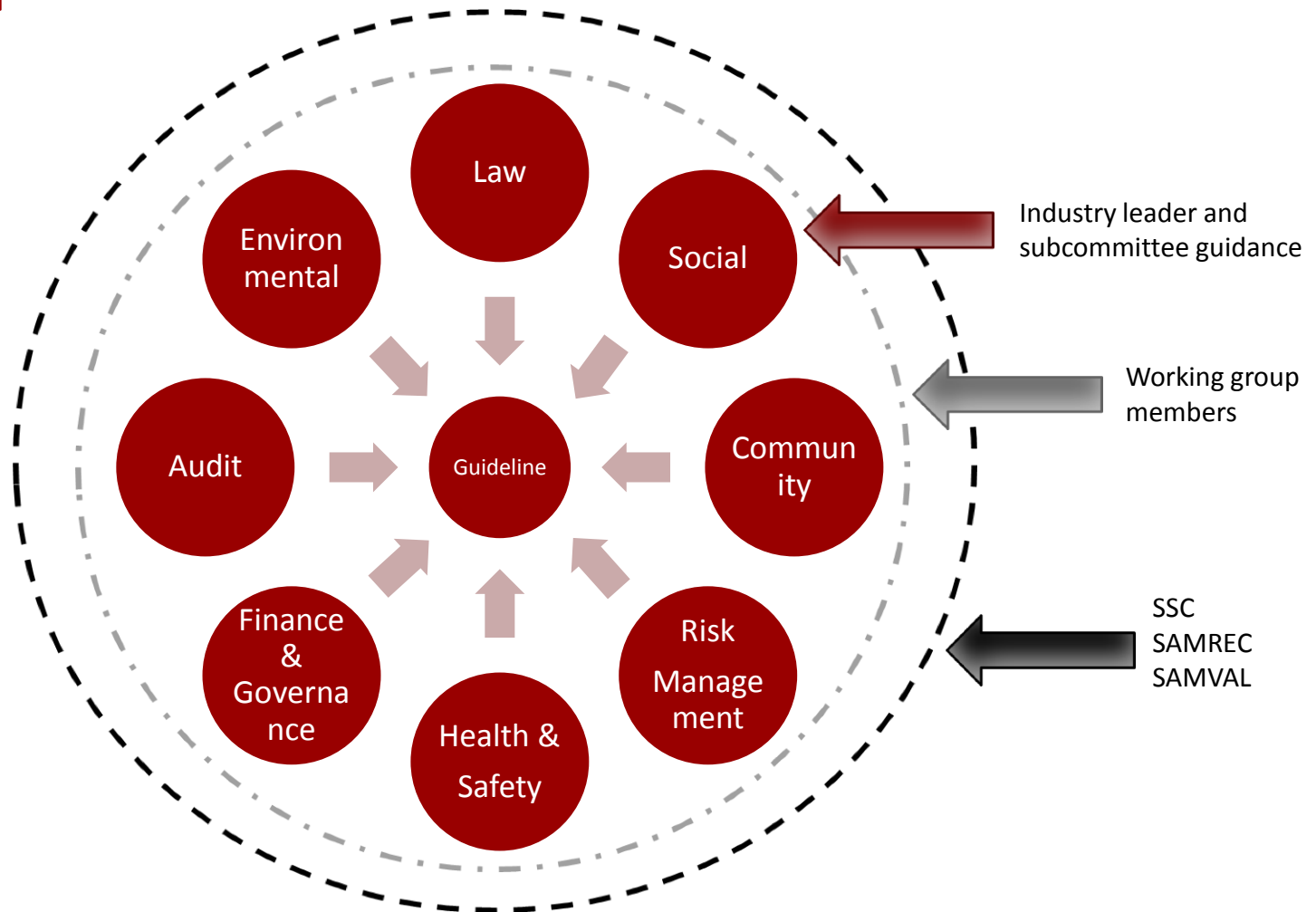
ESG aspects for consideration

Current ESG requirements, principles, standards and guidelines – an illustrative representation of the interrelationships between the current drivers, requirements, reporting types, management tools, and associated assurance mechanisms



Development of the SAMESG

Committee



Development of the SAMESG

Vision

- The creation of an international ESG Guideline which
 - provides a standardised, systematic and orderly framework for reporting, and which is understood by the numerous professions which participate within the mining, oil and gas industry
 - accurately defines and values material ESG aspects within the mining, oil and gas industry
 - considers, integrates, and simplifies the most widely used internationally accepted best practices in the ESG field
 - considers, integrates and applies the relevant International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) standards, enabling a methodological framework which is comprehended by numerous professions
 - Encompasses the ESG aspects which are addressed in existing securities reporting codes, and have global application (through CRISCO)

- NB application of existing ESG risk assessment tools which are recognised by investors and report audience

Development of the SAMESG

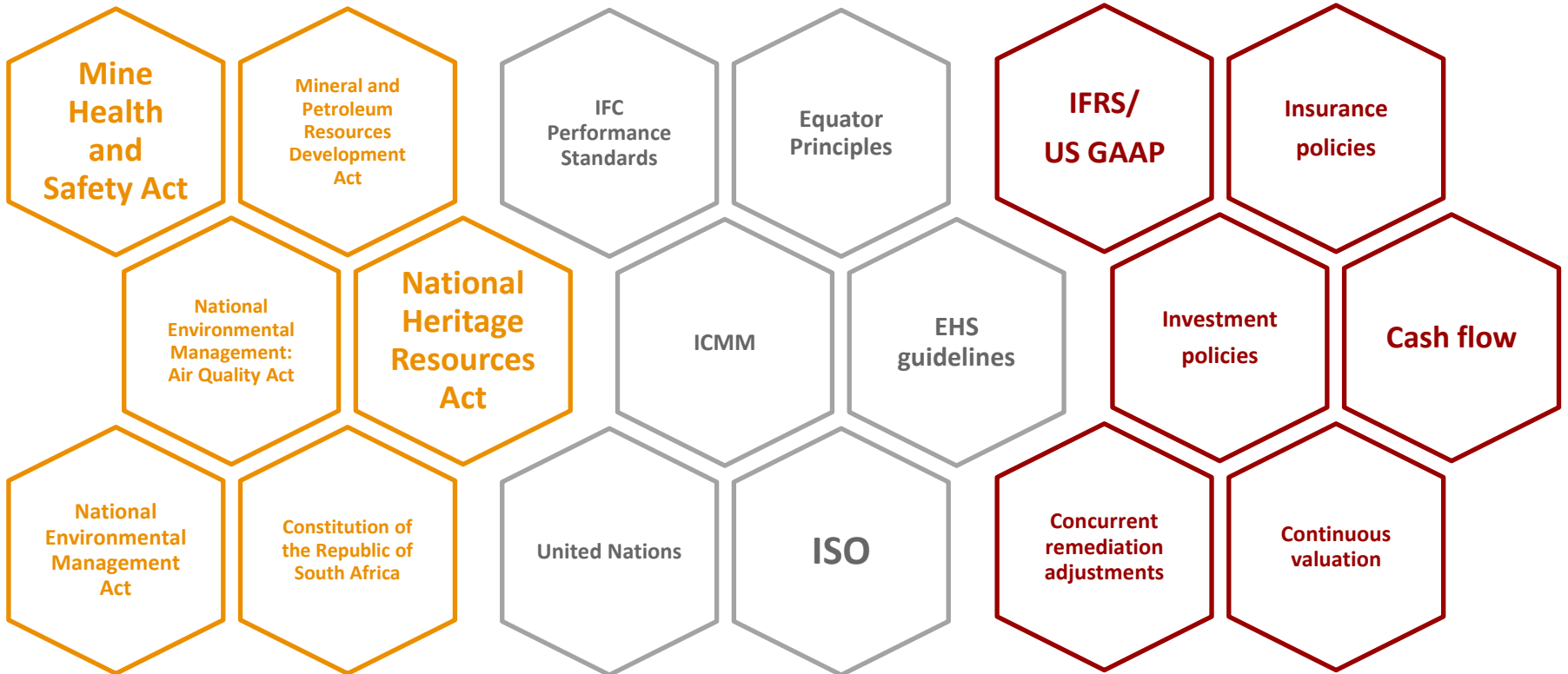
(Technical standard contributions when analysing material ESG factors)

Inclusions - examples

LEGISLATION & GOVERNANCE

TECHNICAL GUIDELINES

FINANCIAL PROVISION REQUIREMENTS



SAMESG Guideline and Annexure

- i -

SAMESG
 THE SOUTH AFRICAN GUIDELINE FOR THE
 REPORTING OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE PARAMETERS WITHIN
 THE MINING AND OIL AND GAS INDUSTRIES
 (THE SAMESG GUIDELINE)
 2018 EDITION

Prepared by
 The South African Environmental, Social and Governance Committee (SAMESG) Working Group

FOREWORD

The South African Guideline for the reporting of Environmental, Social and Governance (ESG) Parameters within the Mining and Oil and Gas industries (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).

Minimum requirements

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 Guideline has been drafted by the working group of the SAMESG Committee, with input from the SAMREC, SANVAL 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 Council for Professional Land Surveyors and Technical Surveyors (PLATO)
- 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.

GUIDELINE DOCUMENT

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APPENDIX 1

Appendix 1 of the SAMESG Guideline defines all terminology associated with the Guideline and its interpretation.

The definitions provided have been sourced from the various internationally recognised institutions referenced in the SAMESG Guideline. For the purposes of this document, these institutions include:

Definitions

- The Principles for Responsible Investment (PRI)
- The International Corporate Governance Network (ICGN).

Appendix 1 of the SAMESG Guideline will be amended from time to time to reflect updated opinions and findings arising from the internationally recognised institutions, to recognise and include additional institutions, where relevant, and to provide clarity on terminology where this is deemed necessary for the accurate compilation of Public Reports.

Agenda 21	Agenda 21 refers to the principles of Sustainable Development adopted as action plans at the 1992 Earth Summit held in Rio de Janeiro in 1992.
Carbon Disclosure Project (CDP)	The Carbon Disclosure Project is an organisation based in the United Kingdom that works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations.
Conformance Audits	Conformance audit is an audit process that assesses the fulfilment of a requirement in respect of an Environmental, Social and Governance (ESG) management system in place at the reporting entity.
Compliance Audits	An ESG compliance audit is an investigation of the legal compliance status of a facility and/or the extent of ESG liability. This process is a systematic, documented evaluation of a project target, focusing on current operating and administrative legal procedures, processes and compliance records. The outcome is an evaluation of compliance against legal requirements.
Competent Person	A Competent Person (CP) is person who is registered with South African Council for Natural Scientific Professions (SACNASP), Engineering Council of South Africa (ECSA) or the South African Council for Professional and Technical

ANNEXURE 1

Components of the SAMESG

Guideline document

- ENVIRONMENTAL
 - The inputs into the SAMESG are grouped under ESG components
 - The contents considers existing elements incorporated into the existing guidelines
 - Level of detail/ degree of confidence in information provided is aligned with the existing project phases as recognized by the SSC SAMCODES
- SOCIAL
- GOVERNANCE

Documentation detailing the material ESG reporting matters must be prepared (or under the supervision of), and signed by a Competent Person

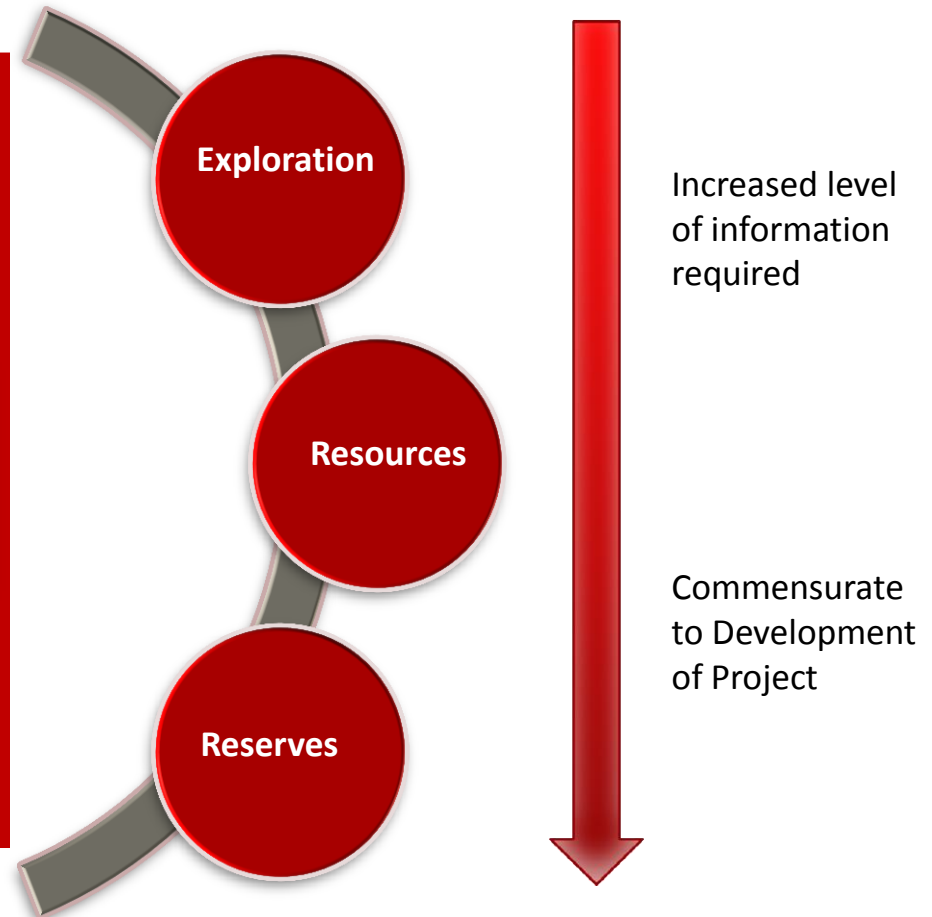
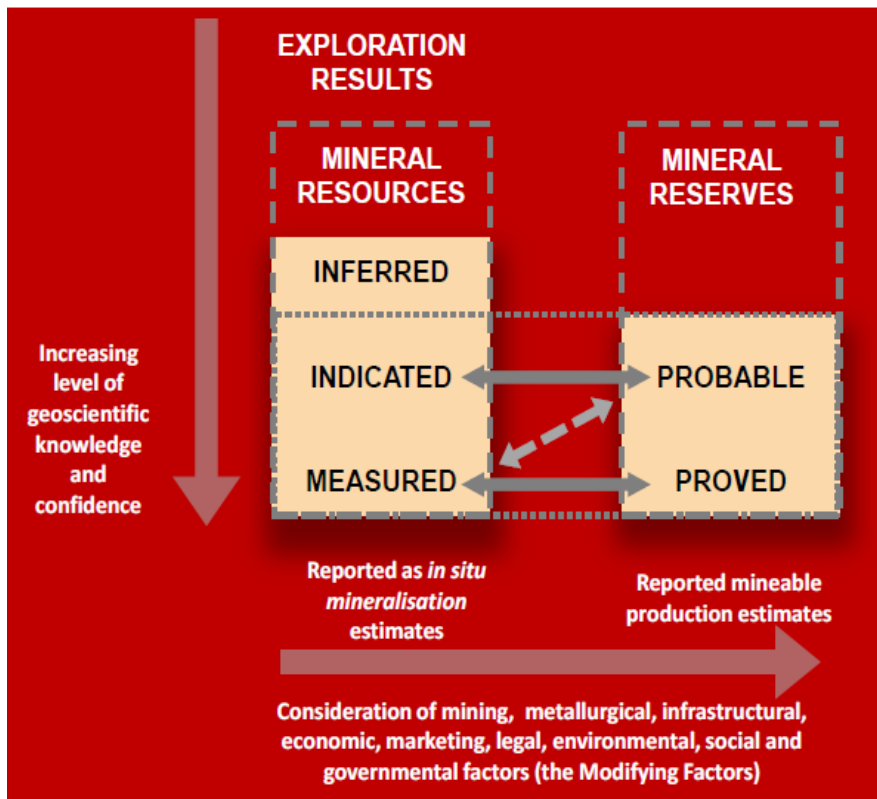
SAMESG Acknowledgements

1. The level of detail required for each reporting requirement (or item) increases throughout the project development phases from 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 and oil and gas operations.
3. While 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. 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.

Reporting components of the SAMESG



Detail of reporting requirements



Relationship between Exploration Results, Mineral Resources and Mineral Reserves

Reporting requirements

#	REPORTING ITEM	DETAIL
0	Relevant Dates	
1	General	Provide a description of organisational structure, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues
2	Key plans, maps & diagrams Legal aspects	Provide a map that identifies the locality of sensitive receptors within the prospecting right are and at least the zone of influence of the site. All surface water features to be included on maps.
		Identify and describe the location of any sensitive areas within and around the project area within the prospecting right and within the zone of influence of the Site.

Reporting requirements

#	REPORTING ITEM	DETAIL
3	Legal aspects	<p>Outline the applicable ESG legal compliance requirements and any mandatory and/or voluntary standards or guidelines to which the project target subscribes.</p> <p>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.</p> <p>Provide a description of any recognised claims received during the reporting period.</p> <p>Provide a description of any penalties, fines and damages that are due and payable by the project 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.</p> <p>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 any notice received by the project target of the intention of any authority concerned with the regulation of ESG matters to issue a directive or compliance notice, whether or not such pre-compliance notice or compliance notice has been suspended pending corrective action.</p> <p>Provide a description of any known future financial liabilities that arise by virtue of recognised claims, penalties, fines, damages or administrative enforcement action that will become due and payable in future, including the due date for payment.</p>

Reporting requirements

#	REPORTING ITEM	DETAIL
4	Environmental Parameters	<p>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.</p> <p>Describe, assess and prioritise the risks associated with any obvious environmental factors that could result in 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.</p>

Reporting requirements

#	REPORTING ITEM	DETAIL
5	External social and political parameters	<p>Provide an appropriate analysis of the external social and political context within which the project is located.</p> <p>Describe and prioritise current social and political risks, and potential risks taking into account how activities may exacerbate or mitigate existing risks.</p> <p>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.</p>

Reporting aspects of the SAMESG

#	REPORTING ITEM	DETAIL
6	Internal social parameters	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.
7	Conformance and compliance audits	Provide a description of legal compliance audits undertaken during the period, including a summary of material findings and management plans to address these findings.
		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.

Reporting aspects of the SAMESG

#	REPORTING ITEM	DETAIL
8	ESG Liability	Describe the closure plans and obligations, social obligations, rehabilitation plan, activities, remaining liability and compliance costs.
		Provide a description of mechanisms in place to address unplanned closure.
		Describe the bonding obligations in place to ensure that these liabilities can be funded on a qualitative and quantitative basis.

Parting Commentary

SAMESG Committee Philosophy & Principles

- ESG aspects have the potential to materially alter the value of projects
- Recognised through the extensive ESG Risk Assessment frameworks
- NB recognition of existing ESG risk assessment tools which are recognised by investors
- The SAMESG serves as a standardised reporting framework to define ESG risks on a systematic and comparable reporting basis.



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