

MINUTES OF THE SAMESG WORKING GROUP MEETING
HELD ON 30 OCTOBER 2014 AT 11:30
IN THE DELVILLE WOOD ROOM, MILITARY MUSEUM

Present: **S Dyke (Chairperson)**
Hermien Botes **Naledi Moeketsi**
Nerine Botes-Schoeman **Hanno Olinger**
Anneli Botha **Tswelopele Pida**
Briony Liber **Teresa Steele-Schober**
Daniel Limpitlaw

Apologies: **Simon Clark** **L Prosch**
J Cross **C Reichardt**
K Davies **J Watson**

In Attendance: **Sam Moolla, SAIMM**
Raymond van der Berg, SAIMM
Ann Donnelly, Scribe

1. Welcome

The Chairperson welcomed everyone to the meeting, especially those attending for the first time. Ms Moolla introduced Mr van der Berg, who would be attending on behalf of the SAIMM at future meetings. Introductions were made around the table and included:

Nerine Botes-Schoeman – African Rainbow Minerals
Tswelopele Pida – African Rainbow Minerals
Daniel Limpitlaw – Wits University (on behalf of Ingrid Watson)
Briony Liber – SRK Consulting
Hanno Olinger – EXXARO

2. Confirmation of previous minutes and comments on action items

The minutes of the meeting held on 20 October 2014 were accepted as a true reflection of the meeting.

The following action items were discussed:

The Chairperson advised that it had been agreed previously that in order to adequately address all of the various areas in ESG, which could be quite comprehensive, the process would be facilitated by electing technical leaders to give feedback for each sub-committee.

Ms Botes advised that the initial idea had been to have a Social Group which would also include Health and Safety. It was now being suggested that the two groups should be managed separately. The downside would be that it would create more administration. The idea of managing the groups separately was supported by committee members.

With regard to feedback from Ms Annalie de Bruyn (JSE), the Chairperson advised that as Ms Reichardt was not present, this should be held over until the next meeting.

Some of the action items would be discussed under point 4 of the agenda: Feedback from the SSC Meeting held in November 2014.

3. Baseline data for SAMESG – update from technical leaders

The Chairperson advised that at the previous meeting the question was raised regarding Competent Person requirements. It was agreed that this was important in terms of report sign-off. She queried whether specific technical fields should be included for sign-off; whether it would require one specialist from each field; and, if Health and Safety were included, how this sign-off would be obtained. The issue was put to the floor and the following points were raised:

- Health and Safety sign off should follow the same procedure as for Environmental.
- In the absence of a professional body, it may be necessary to redefine a set of criteria in terms of courses, etc.
- The current Competent Person definition within the SAMREC Code required a specific number of years per mineral, but otherwise registration was via the professional body. Ultimately, it would rest with the Competent Person who signs off on a report, to appoint a competent specialist. The overall CP would engage with all the CPs with consideration for new inputs and discuss further with suitably qualified people. This raised concern on the Social competency side.
- It may be useful to have a structure that had ultimate responsibility with a single CP, but that person must identify aspects which may be beyond his/her field of expertise, i.e. Health and Safety or Environmental. This may lead to a huge number of specialists signing off and a full spectrum team of specialists should only be required on the bigger and more challenging projects.
- The environmental specialist should have some sign-off. One could have a table of signatories, with one overarching signatory. It was the CP's responsibility to ensure that experts commented on the sign-off. Criteria for Health and Safety, Environmental, etc. should be available and each person would sign off on sections. This was the standard practice presently and assigning the responsibility of who needed to sign off may fall under the overall CP. JORC was quite specific about this.
- The idea was not to be too prescriptive, but also not be exclusive. Some professionals are not SACNASP registered and their experience should be recognised.
- A number of years of experience in a relevant context could be considered, i.e. in order to be considered a CP, incumbents would be required to have worked on a couple of relevant projects in the right context.
- Five years as an environmental professional in a mining context would be the minimum requirement. This could be broadened to say: "five years as a mining environmental specialist".
- If one assumed that the person signing off on the CPR would be the head of a department, five years might not be sufficient and perhaps the requirements should be more stringent.
- 10 years' experience would indicate some level of authority and perhaps that was where SAMREC could be more specific. Ten years would ensure the experience of applying knowledge in different commodities.
- A concept for consideration would be that if the CP had long experience, the information could be considered as "assured". There would be a two-tier structure of assurance for the CPR in terms of the person's experience.

- The challenge was always to manage the costs associated with these reports in accordance with the risk exposure. At the same time, the recommendation was not to introduce a requirement that would cut the industry off at its knees. Ten years was appropriate, but growing the capability of the current workforce was also important.
- A good understanding of the mining industry was more important than understanding the specific mine / mineral itself.
- In the Social context, it was more about region than commodity.

The Chairperson recommended that this be discussed further at the next meeting. The caveat in the current SAMREC Code could serve as a baseline. She thanked everyone for their input and advised that these points would be discussed with the SSC Chairman (Prof Fred Cawood) and feedback given at the next meeting. **Action: Sarah Dyke**

4. Feedback from the SSC Meeting held in November 2014

The Chairperson advised that, from a SAMESG point of view, the main point discussed was whether it should be a code or a guideline. Ms de Bruyn, who formed part of the SSC Committee for the SAMREC Code, recommended that the SAMESG Scope of Work be included not as a code, but as a technical document in a guideline to the current SAMREC Code, specifically Table 1. At present, the SAMREC Code described the elements of Environmental and Social matters, but there was not much detail and perhaps this would be a better place for it. Some SSC members recommended that it should be a stand-alone code in order to implement those specific criteria under JORC. The Chairperson mentioned that she was awaiting instruction from Prof Cawood and would meet with him before the end of year to discuss. To this end, the matter was put to the floor for discussion and brainstorming.

- The comment was made that this would be a committee with no mandate. The Chairperson responded that there would be a mandate. The question was whether SAMESG would have its own individual code or whether it would supplement the existing codes. Half of the SSC members suggested that SAMESG think about having its own code and the other half suggested including it as a guideline to Table 1. She called for the floor to consider both options and give a recommendation that could be taken back to the SSC.
- One important aspect would be that if it was to be included in the revised SAMREC Code, that it would be mandatory for companies to follow these guidelines. Companies must understand the importance thereof.
- The Chairperson stressed that there was no question as to whether this was supported or not – it would be required to be implemented moving forward, as soon as a decision was made as to where it needed to be; as an annexure to Table 1, or as a stand-alone code, which would take a little longer but would lead to wider distribution.
- A question was raised that if SAMESG was annexed to Table 1, what would prevent a company from equally annexing that same information on another exchange? For a company preparing a report they would be preparing the information, so what would prevent them from using an annexure to Table 1 to do that report?
- The Chairperson's opinion was that it might be more user friendly as an annexure to Table 1. It would make it easier for companies to integrate that way and might be the way to start.

- If there was a separate code, it was unlikely that the CP would sign off on the separate Environmental section. A holistic report would encourage the CP to realize the gravity of what they were dealing with. The ESG would continue to be treated separately if the reports were split.
- The wording in Table 1 should be amended, as it was currently completely unanalytical. It only described information which was not really sufficient. It also did not speak at all to the different phases of the project. The wording in Table 1 should take on the risk of assessing, analysing, quantifying, etc. and also recognize that in an exploration phase one would not have an EIA (Environmental Impact Assessment). At a later stage the focus would be more about obtaining permits, etc. Different stages would require different information and notes of caution could be pointed out for other phases that followed, i.e. like reminders.
- T5.2 (page 53/54) was minimum and one possibility would be to include a risk assessment. If this were included, it would not necessarily restrict the potential output for that phase; it was the rating that would be proportional to the information that was available. Perhaps considerations should be listed and these would be at the discretion of the CPs. This could be done via an appendix, as it might be too extensive for inclusion in the actual Table 1. This would also make it easier to modify.
- A key aspect was materiality. Materiality could change per phase. This had been discussed in previous meetings and one of the discussions of the SSC was the concern around dictating how things needed to be done. A lot of time had been spent on this and Ms Dyke was waiting for the SSC Chairman to advise on how to proceed. The general comment was rather than telling people how they should determine the materiality, it was preferable to provide them with a list of what should be considered and then they could determine the materiality factors.
- Most companies would have their own risk assessment methodology to help the team decide whether it was high, medium or low risk. One would assume that high risk would be classified as material in terms of the report. The SAMESG Code should say "make a risk assessment and, from that process, identify your risk assessments and quantify". The whole approach rested on whether the company had a CP. There was no need for a prescriptive approach. If an approach was prescribed, that approach became suable.
- The extra level of measure was the review by the body who presented the report.
- If there was a level of consistency, you know there was a quantitative approach attached to it, which made it a level playing field.
- Investors were bound by specific requirements and, by highlighting those matters in the report; at least they had been identified.
- There was consensus that SAMESG would not prescribe how companies would define and apply methodology. It assisted companies in not reporting extensively on something that did not necessarily have to be reported on. Buy-in from the industry was required for this to be effective.
- Ms Liber advised that she and Roger Dixon had put together an exchange of ideas for CRIRSCO in Mongolia and that that could be used as a straw dog. She offered to send this to Ms Dyke for everybody to have a look at.

Action: Briony Liber and Sarah Dyke

The Chairperson confirmed that SAMESG would be in favour of an appendix to Table 1, provided that the table was amended as suggested. She would meet with Prof Cawood and Ms de Bruyn before the end of the year and would also like then to see the straw dog. SAMREC wanted to circulate the new code in 2015. **Action: Sarah Dyke**

5. General

There was no discussion.

6. Closing

The Chairperson thanked everybody for attending and believed it had been a good meeting and that some progress had been made. The meeting ended at 11:00

7. Date of Next Meeting

The date for the next meeting would be advised in the New Year.

SUMMARY OF KEY ACTION ITEMS

Sarah Dyke - meet with Prof Fred Cawood to discuss points from this meeting

Briony Liber - send straw dog document to Sarah Dyke

Sarah Dyke - circulate straw dog document to members and discuss with Prof Cawood