

**MINUTES OF THE SAMESG WORKING GROUP MEETING**  
**HELD ON 26 MARCH 2015 AT 11:30**  
**IN THE DELVILLE WOOD ROOM, MILITARY MUSEUM**

**Present:** **Sarah Dyke (Chairperson)**  
**Hermien Botes** **M Makwela**  
**Anneli Botha** **Tswelopele Pida**  
**Ken Davies** **Lizelle Prosch**  
**Annalie de Bruyn** **Kelly Redman**  
**Tommy Hurter** **Teresa Steele-Schober**

**Apologies:** **Vicky Beukes** **Briony Liber**  
**Nerine Botes** **Gail Nussey**  
**J Botha** **Danie Otto**  
**Fred Cawood** **Catherine Reichardt**  
**Alan Cochrane** **M Reichardt**  
**S Clarke** **Ingrid Watson**  
**Andy Clay**

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

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**1. Welcome**

The Chairperson welcomed everyone to the meeting, especially those attending for the first time. Apologies were made for the cancellation of the February meeting and introductions were made around the table.

**2. Confirmation of previous minutes**

The minutes of the meeting held on 29 January 2015 were accepted as a true reflection of the meeting.

**3. Discussion of Draft ESG Guideline**

Ms Dyke reported that a meeting had been held with the SSC to present the ESG working group idea of having a guideline for all reporting codes, to focus on the areas that were material and important to projects. The SSC believed that having a guideline supporting the Code was more practical at present, but the ultimate aim was to have a proper Code. The SSC had been very supportive and would like a draft for review at their May meeting. Some of the technical leaders had come up with comments and the Chairman suggested these be discussed line-by-line to determine what should be included. From the discussions, the document would be amended and presented to the SSC for further comment.

Page 1, paragraph 4: Mr Davies recommended including reference to SAICA (South African Institute of Chartered Accountants).

Chairman – are there any points that we want to include further along in the document. Comments should be sent through in the next three weeks.

Mr Davies would not be supportive of “creep” from any of the Codes into the document so that they have the appearance of being mandatory....

Ms Dyke commented that the format of the document had been built on the SAMOG Code and the reason for this is that the SAMOG Code had been accepted by the JSE.

Ms Dyke queried where definitions should be placed. Mr Davies stated that his preference would be in an appendix to the back of the document, as it was easier to change and reissue an appendix.

Page 2: Ms Steele-Schober – SAMREC talks around “reasonable and realistic prospect for eventual economic extraction” and that was the whole purpose for why the SAMREC Codes were written, to give people an understanding of the economic prospects of extraction. Somewhere in the document there should be a reflection that the intention of the guideline was to ensure that reporting entities provide adequate information on ESG matters that relate to their influence on such “reasonable and realistic prospects for eventual economic extraction.” This should be the central focus of the guideline. If an issue did not influence the prospect of economic extraction, then it should not be included in this report. The Chairman responded that this was a valid point and was illustrated in discussions with SAMREC. It was important to ensure that, based on their understanding; the Competent Person had considered all aspects and given sufficient information to the investor on whether it would be a responsible investment. Impact of communities should also be considered, not only economic liability. The Chairman also suggested that it might be prudent to recommend reference to additional reports for that level of information, rather than putting it into SAMESG reporting. The Chairman requested members to consider which references should be made in that introduction.

Mr Cross (legal representative) had requested certain definitions and these would be addressed.

On the topic of materiality (Page 3), Ms Prosch provided the following definition for general materiality (from CDC): “*ESG matters which have the highest current or potential impact for the company’s business and which issues are of the highest concern for the company’s stakeholders*”. Ms Botha had also made some comments. Ms Steele-Schober queried whether the ESG input was going to be prescriptive or whether it was a guideline. Some discussion followed on materiality and it was believed that the points could be married. Members were against the input being too prescriptive, but to rather leave it to the CP to determine materiality. Materiality would also change through the different phases of the project lifecycle. A recommendation had also been made to change “significant risk” to “material risk”. The Chairman queried whether it should be raised as a risk with mitigating factors. In addition, the Chairman asked whether it would not be the responsibility of the CP to raise such issues. Reports would go through experts on the review panel for SAMREC/SAMVAL Codes who should pick up any material concerns. The materiality section would be reworked.

**Action: S Dyke**

Page 4, Part 2 – Competencies and Responsibility: Ms Botha queried whether SAIOHS should be included for OHS matters. This was agreed. It was also agreed not to remove PLATO for the moment.

Page 5, Part 2 – Competencies and Responsibility: Ms Botha queried whether the second sentence should be removed and rather considered in a similar ESG context. It was agreed that CP's should make use of the experience at their disposal.

Part 4 should be renamed Part 3. Ms Dyke would liaise with Ms de Bruyn on JSE requirements.

**Action: S Dyke / A de Bruyn**

Page 6, Part 1.1: Ms Botha enquired whether the reporting period should be mentioned, i.e. in the case of OHS, guidance was required on reporting (where relevant) on the last 3-5 years (if applicable) for example in order for the investor to get a sense of how well the company is performing on OHS matters. A similar situation existed with environmental rehabilitation and incidents, as well as with governance matters. This question was asked particularly with reference to new investments. Members responded that this was always the last financial year. Mr Davies advised that a company could not list on the JSE main board list unless it had three years of profit history and a company could not list on the total exchange unless it had one year of trading history. The Chairman asked whether this should be mentioned in the guideline. Mr Davies responded that the only caution was that if the financial statements provide a reference to a contingent liability, there should also be an element of common sense. It was suggested that for a first report, it could be said that all matters relevant and material to a user had been considered.

Page 7, Part 2.2: Mr Cross had raised a question as to why the radius was noted as 100km and not 10km. This had previously been debated and it depended on atmospheric conditions. It was agreed that this should be reworded so as not to be prescriptive.

Item 2.3, Audits and Reviews: It was agreed to follow Ms Steele-Schober's suggestion to standardise the guideline to use "VEC's" instead of "impacts".

Item 2.4, Legal Aspects and tenure: It was agreed to remove "tenure" as this was not applicable to ESG. Land tenure was an overall project issue which would be covered elsewhere in the report.

Item 2.4.1: It was also agreed to remove point 1, as this was covered under "General".

Item 2.4.3: It was agreed to change "environmental" to "ESG".

Item 2.4.4: It was agreed to remove this clause.

Item 2.5, Environmental parameters: Agreed to change "valued environmental components" to "impacts" and "material" as opposed to "significant".

Item 2.6, External socio-economic parameters: A comment was made that "political" should also be inserted in this clause. Ms H Botes was asked to assist with the correct wording in this regard.

**Action: H Botes**

Item 2.7, Internal social parameters: Ms Steele-Schober queried whether this would impact on reasonable and realistic prospects for eventual economic extraction and suggested that the section in brackets be removed and more detail be given of internal social parameters and external socio-economic parameters under "Definitions". In addition, she believed it was not correct to have "etc." as these should be properly defined terms. The Chairman recommended putting in what was materially relevant and define everything upfront.

Item 2.8, ESG Financial liability: Mr Cross had changed the sentence and some discussion followed on running costs. It was agreed that this would be material issues that would be over and above what was already in the planned budget.

Item 2.8.2: Ms Botha commented that there should be a thorough review of this (round robin), just as with materiality, as there was some duplication. It was agreed to just mention material ESG liabilities and take out all other detail.

Some discussion followed on closure and future liabilities. The Chairman commented that there were no best practice closure standards and believed this should be under resources and reserves and the issue of known material future ESG liabilities should be discussed with Mr Davies.

**S Dyke / K Davies**

Item 2.9, Risk Analysis: All agreed with the sentence inserted by Ms Steele-Schober.

Item 3, Disclosure of ESG parameters for resources: Suggested changes would be applied.

Item 3.5, Environmental parameters: Ms Dyke would make the necessary insertions.

The Chairman advised that all points would be consolidated in the next version of the draft which would be circulated within the next week.

#### **4. General**

There was no discussion.

#### **5. Closing**

The Chairperson thanked everybody for attending, particularly the representatives from the Chamber and believed it had been a good meeting and that some progress had been made. Mr Makwela congratulated the group and offered continued support from the Chamber. The meeting ended at 13:30

#### **6. Date of Next Meeting**

The date for the next meeting was scheduled for Thursday, 07 May 2015.

**SUMMARY OF KEY ACTION ITEMS**

**S Dyke**

Update changes to guideline and circulate to working group members

**S Dyke / A de Bruyn**

Discuss JSE requirements in terms of Part 3 (Specific items required for the SAMESG guideline)

**H Botes**

Assist with correct wording in terms of Item 2.6

**S Dyke / K Davies**

Discuss material future ESG liabilities