

**MINUTES OF THE SAMESG WORKING GROUP MEETING**  
**HELD ON 29 JANUARY 2015 AT 11:30**  
**IN THE DELVILLE WOOD ROOM, MILITARY MUSEUM**

**Present:** **Anneli Botha (Chairperson)**  
**Fred Cawood** **Kelly Redman**  
**James Cross** **Teresa Steele-Schober**  
**Mark Stewardson** **Tommy Hurter**  
**Annalie de Bruyn**

**Apologies:** **Alan Cochrane** **Ingrid Watson**  
**Briony Liber** **Daniel Limpitlaw**  
**Catherine Reichardt** **Sarah Dyke**  
**Charles Wells** **Susan Visser**  
**Danielle Kriel** **Tarryn Orford**  
**Hermien Botes** **Vicky Beukes**  
**Andy Clay** **Nerine Botes**  
**Gail Nussey**

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

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**1. Welcome**

The Chairperson welcomed everyone to the meeting, especially those attending for the first time. Introductions were made around the table and included:

Prof Fred Cawood - on behalf of the SSC  
Kelly Redman – on behalf of SAMVAL

**2. Confirmation of previous minutes**

The minutes of the meeting held on 08 December 2014 were accepted as a true reflection of the meeting.

**3. Message from the Chairperson and feedback from the SSC**

Reference was made to the message from the Chairperson circulated to the SAMESG Working Group.

A decision was taken at the end of 2014 to include the work done into the SAMREC Code as a starting point. The idea was to get the Code into industry as soon as possible. This would form part of Table 1 and give details for reporting and assessment. Down the line, this would be included in SAMVAL and SAMOG as a second phase.

Prof Cawood agreed that it was a wise decision to start small. He advocated starting with Table 1 and bringing in a guideline document which might grow into a code in the fullness of time.

The SAMREC update would be submitted for public comment once the draft had been finalised.

Ms Botha advised that the deadline for the SAMESG guideline was end February in order to align with SAMREC.

#### **4. Update from technical leaders**

The technical leaders were invited to give feedback on any progress or new ideas.

Ms Steele-Schober reported that there had been some refinement on work done to date and some amendments had been proposed. Thought had been given to deciding what should be considered when doing an environmental due diligence. The detail was already there, but some fine tuning was required on defining material issues, etc. There had also been a discussion on adopting maximum financial loss and including estimated probable financial loss, i.e. how to quantify risks.

Mr Cross advised that audit reports must be included, as well as environmental authorisation audits and that this information must be available on public websites.

Ms Redman commented that in terms of something like this, the Code should be broad enough to encompass changes in legislation; such an item should not have to change the Code. A change in legislation should have no impact on this Code. The Code should encourage whatever legislative changes occur. The impact of people using the Code would encourage the level of information and give environmentalists more impact because they could ask for it and say it was required by legislation.

#### **5. Discussion for draft Table 1 amendments and way forward**

The Chairperson suggested that the meeting go through the proposed table. The working group had tried to broaden the framework on the work already done, to include other factors such as environmental health and safety and to have one table which addressed all ESG matters relevant to the mining industry. Table 1 was quite generic and the purpose would be to expand on that. The detail would sit in the Annexure itself. The intention of this draft table was to take this, pass it on to the technical working groups and get their comments on how to improve this table and what would be included in the annexure to ensure that ESG was dealt with adequately.

***Item 1: Description of organisational structure, systems, policies, procedures and management plans, and governance procedures in place to manage ESG issues.***

This was a broad issue.

***Item 2: Description of compliance audits undertaken during the period including summary of material findings, management plans to address findings***

“Materiality” in this case was not something at an operational level, but how it would impact on the value of the project or the going concern’s status

***Item 3: Description of which management systems have been implemented to ensure continuous legal compliance***

Originally ISO 14000 and 18000 had been included here and these would have to be placed correctly within the Code. It was pointed out that the Code should not be prescriptive and it should remain the responsibility of the Competent Person to decide what was adequate. The question was raised whether this should be included at all within the Code, as smaller companies would not necessarily have ISO or NOSA compliance issues but have their own way of doing things.

***Item 4: Description of any penalties, fines, directives and recognised claims received during the period including future financial liabilities.***

The words "future financial liabilities" had been included as something that investors might need to know up front. The following points were raised:

- It was queried whether this information would be in the public domain or limited to potential investors.
- The Code would only apply to reporting in the public domain, so if the company was not in the public domain, it would not have to comply.
- JSE required reports would have to be made publically available.
- It was important to ensure that assets were accurately valued in order not to affect share prices. JSE listed companies would have to declare information.
- Some companies believed they would access reserves or resources without considering environmental issues and these should be disclosed.
- The Codes exist, but they are not necessarily complied with. JSE had Section 12 which stated that JSE listed companies must comply with SAMREC and SAMVAL. If this was incorporated into codes, this would be considered part of that compliance for JSE listed companies.
- It was still too early to say what was critical in the interests of transparency.
- The Code would not prescribe exactly what the details were, but merely give an indication of the critical points, which is where the technical annexure would be useful, e.g. when there was going to be impact on a protected area, that would be a material issue that needed description
- The aim is to get the broad principles across and the Competent Person should be able to do this work properly, without it being a "tick box" scenario. The Competent Person should be able to make the key decisions.
- Prof Cawood cautioned that many complaints could be expected in this area, as there were more stakeholders involved than with the other codes. The actual information would be made available and companies made very aware that whatever is described is done accurately.
- The Code should be principles-based and it was important to get it accepted.
- Future liabilities were quite difficult to assess and might also affect listings on the stock exchange.
- Some of the wording should be "non-future financial liabilities"
- It might be necessary to examine the accounting definition, as "future liabilities" could incorporate many things. Contingent liability has already been identified.
- The word "future" is not ideal, as it could incorporate "unknown", whereas the aim is to go for things that are reasonably certain.

**Action: Legal team to check definition**

***Topic 5: Description of existence of risk assessment process which has been undertaken to identify material ESG issues. Describe the outcomes of the risk assessment process and programmes in place to monitor identified material ESG issues.***

Discussion points were as follow:

- K Redman suggested that the wording should be broader, i.e. it is not necessarily a project that is being considered. The word "project" should be reconsidered.

**Topics 6 – 8:** These provided more detail of the description of the different ESG factors.

The Chairman advised that the table would be given to the different working groups with a request for comments, so that it could be refined and a summary compiled of what the working groups would deem necessary for inclusion in the technical annexure. This information would be circulated to all members of the working group, together with a list of proposed meeting dates from the technical leaders, so that working group members could also attend those discussions.

A question was raised as to whether the requested information was for each operation, or the company as a whole. It was confirmed that most reports were done operation by operation and then consolidated. It was important to ensure that there was alignment with international best practice standards; the aim was not to reinvent the wheel, but rather to consolidate without adding to the burden of reporting.

Prof Cawood queried the difference between "significant effect" and "material effect". It was agreed that it should be consistent and the word "material" used throughout. Ms Redman also advised that it was important to ensure consistency with the wording of both the SAMREC and SAMVAL Codes. Any requested language changes should be made in consultation through SAMREC and SAMVAL.

Prof Cawood asked whether this would be presented for public comment as a reworded table or as a stand-alone document. The Chairperson responded that guidance from the SAMREC Committee would be sought in this regard. Prof Cawood suggested initially presenting the document in a forum such as this and then later following the process of obtaining public comment and consulting the SAMREC Working Group at the same time.

Ms Redman advised that SAMREC and SAMVAL were currently going through their Codes and it was vital to get back to her and Mr Lomberg as soon as possible in order to get to the FSB process for public comment. If this document was not included, the process would have to be repeated, so the timing was very important. The Chairperson confirmed that the document should be completed by end February so that it could be presented to SAMREC and SAMVAL. Ms Redman suggested that a member of this working group attend the SAMREC and SAMVAL meetings to ensure co-ordination. Prof Cawood agreed that it made sense to align everything and have one public workshop and this had been put on the agenda for the next SSC Meeting. In the interim, the Chairperson undertook to liaise with Ms Redman and Mr Lomberg.

## **6. General**

There was no discussion.

**7. 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 12:45

**8. Date of Next Meeting**

The date for the next meeting was scheduled for Tuesday, 24 February 2015 at 10:00.

**SUMMARY OF KEY ACTION ITEMS**

**Legal team:** Check definitions