



**The SAMCODES ESG
Working Group seeks
comment on the planned
update of the South
African Guideline for the
Reporting of
Environmental, Social and
Governance Parameters
(SAMESG Guideline, 2017)**



Rationale for updating the SAMCODES ESG requirements

The SAMCODES Standards Committee (SSC) has constituted a multi-disciplinary working group to update the existing SAMESG Guideline (and other elements of SAMCODES, if required) in order to ensure alignment with the rapidly evolving expectations of investors (and society) for disclosure of environmental, social and governance (ESG) considerations as an integral part of Mineral Reporting disclosures.

An organization's approach to the management of ESG considerations is rapidly becoming a defining feature in the market. Investors continue to demand accurate and transparent information on ESG performance to identify and prioritise funding for top tier investments. The SAMESG Guideline was an industry first when it was published in 2017. Since then, lessons in respect of its implementation have been learnt and the world of investor expectations in respect of ESG reporting has evolved. It is now an ideal time to future proof the SAMCODES to accommodate these lessons and the evolving ESG requirements.

This consultation document includes the following:

- Objectives of the SAMCODES ESG Working Group;
- Summary of inputs that will inform the SAMCODES ESG updates, notably specific inputs from the Geological Society of South Africa (GSSA) hosted ESG Inquisition in 2021 and comments from preliminary direct engagement with key stakeholders;
- Overview of the process being followed to prepare the updated ESG guidance; and
- A call for comment on the above as well as any further aspects that the Working Group should consider as part of the update process.

Objectives of the ESG Working Group

The objectives of the revised guidance is to:

- Clarify the role of SAMESG in relation to Mineral Reporting and other types of sustainability and / or annual reports which Mineral Companies may prepare;
- Clearly cross-reference the SAMESG Guideline in appropriate clauses of the SAMCODES;
- Articulate how the materiality of ESG considerations can be determined in the context of Mineral Reporting;
- Describe how ESG considerations should be assessed, evaluated/measured, and reported during each of the Mineral Reporting phases (exploration reporting through to Mineral Resources and Mineral Reserves, MRR), specifically considering what is a minimum requirement and what is best practice;
- Provide specific, practical direction on how ESG matters should be incorporated into Reasonable Prospects of Eventual Economic Extraction (RPEEE) and Modifying Factors (MF) for conversion of Mineral Resources into Mineral Reserves;
- Provide guidance on how ESG matters should be incorporated into the valuation of mineral assets;
- Provide specific guidance on how ESG considerations should be integrated into the determination and valuation of Oil and Gas Resources and Reserves (on hold until a later phase); and
- Ensure that all Codes and the Guidelines speak to one another with consistent ESG language use.

ESG Working Group Activities



• 2021 GSSA ESG Inquisition Outcomes

- Consolidation and evaluation of presentations, panel discussions and comments
- Distil key conclusions & learnings



• Stakeholder Landscape mapping

- High level direct engagement with an initial group of stakeholders to obtain their inputs



• Peer group alignment

- Liaison with other Committee for Mineral Reserves International Reporting Standards (CRIRSCO) national reporting organisations (NROs) to maintain alignment with international developments



• Comprehensive and Inclusive Stakeholder Engagement

- Soliciting inputs into guidance update



• Guidance update

- SAMESG and SAMCODES - Prepare an initial, updated, draft guidelines and proposed amendments to SAMCODES, if required
- Present this for peer review and broad public comment on the updated guidance

GSSA ESG Inquisition key conclusions & learnings

Content of updated guidance

- Define **E, S and G** in the context of MRR.
- Disclose **comparable ESG** information.
- Guidance on determining **materiality**.
- Material commitments made within the public domain to be **disclosed**.
- “Hot topics” to be considered including **Human Rights** and **climate change risk**.
- **Residual and latent liabilities** require specific disclosures.
- Address **South African-centric** requirements e.g. Social & Labour Plan (SLP).
- Quantification of the **risk** and integration into mineral project valuation.
- Consider **financial allocations** to fund implementation of the ESG strategy.
- **Data assurance** practices.
- How to report on different phases of the mining lifecycle i.e. exploration or Projects vs operating mines?
- Guidance on bridging the gap between **sustainability reports, RPEEE and MF**.
- ESG criteria must be considered as **integral to MRR**, not a stand-alone disclosure / section.
- Consider **new and emerging ESG reporting** guidelines and disclosures.

Guidance considerations

- **Purpose & role** of the Guideline to be clearly articulated.
- Procedural approach that **avoids box-ticking**.
- Principles of **transparency & materiality**.
- Combining SAMESG into the SAMREC Code is preferable.
- ESG disclosures to be integrated into **SAMREC Table 1**.
- ESG aspects to be considered **early on** in the MRR process, not a late addition.
- Focus on **investor as the end-user**.
- **Avoid duplication** of other disclosures e.g. annual sustainability reports.
- Role of **Competent Persons (CPs)** and **Subject Matter Experts (SMEs)** including determination of competency requirements.
- Clear **statement of expectations** of ESG disclosures at each Mineral Reporting phase.
- **CPR vs other Company** mineral disclosures.
- **Minimum disclosures vs best practice**.
- **Stakeholder engagement** must be inclusive of broad range of stakeholders.
- Address **current lack of awareness** of SAMESG.
- **Training for CPs and SMEs** once Guideline completed.
- Alignment with **CRIRSCO ESG Working Group**.

Stakeholder Landscape Mapping

Stakeholder groups engaged to date via the ESG Inquisition and through targeted / direct engagement



Stakeholder Landscape Mapping

Key issues raised by stakeholders through direct engagement

- Avoid duplication of other disclosures e.g. annual sustainability reports.
- Consider new and emerging ESG reporting guidelines and disclosures, incl. International Sustainability Standards Board (ISSB) requirements.
- Careful but correct and comprehensive reporting.
- Consider implications for JSE Readers Panel which is already resource constrained.
- Avoid overburdening of CPs and reporting companies.
- No mandatory ESG reporting in Mineral reporting requirements (JSE).
- Ensure comparable, converged reporting requirements.

- The new spotlight is human rights
- Consider expectations of downstream manufacturers in value chain
- Clear statement of ESG expectations.
- Guidance required on how to approach greenfield vs operational reporting.
- Financial allocations to fund implementation of ESG strategy to be disclosed.
- Procedural approach must avoid box-ticking.
- Combining SAMESG directly into SAMREC is favoured to drive integration.
- Continuous professional development to elevate CP awareness of ESG.
- Reflect inter-connected nature of ESG themes.



Authors of CPRs /
Mineral Reports



ESG contributors / Subject
Matter Experts



Securities exchange



Corporate technical advisors

Peer Group Alignment

CRIRSCO ESG Sub-Committee

- SAMCODES CRIRSCO representative and SAMESEG ESG representative participating in the committee.
- The objective is to map the nature and extent of ESG inclusion in CRIRSCO-affiliated Codes and Standards and to seek areas of alignment.
- An initial survey has been issued to map the current landscape.
- Overlap in some of the issues to be considered by the SAMCODES ESG Working Group, notably defining ESG in the context of Mineral Reporting.

Peer Codes / Standards

- SAMCODES provided comment to the Pan-European Reserves and Resources Committee (PERC) on their 2021 Standard prior to its publication.
- SAMESEG is in discussions with the Australasian Joint Ore Reserves Committee (JORC) in respect of their ESG workstream which is part of the current JORC Code update development process.
- In the USA, the Securities Exchange Commission (SEC) is proposing new requirements for listed companies to issue climate-related disclosures. This would impact mining companies once finalised and approved.

Comprehensive & Inclusive Stakeholder Engagement

Your opinion is needed!

This document is being circulated in order to introduce the SAMCODES ESG Working Group's objectives and scope, provide a summary of the work undertaken to date and solicit comments from stakeholders on the issues identified as requiring focus during the guidance update.

Please complete our survey

A survey has been prepared in order to solicit feedback on the information presented in this briefing note. We would greatly appreciate you taking the time to complete it before **24 June 2022**.

Survey link



Comprehensive & Inclusive Stakeholder Engagement

9. Which of the format options list below would you prefer for the updated ESG disclosure requirements and guidance?

- The current format of a standalone ESG Guideline
- Inclusion of ESG clauses directly (and only) into the text of the SAMCODES as well as Table 1 where appropriate (e.g. as PERC has done in their latest update)
- Inclusion of ESG clauses directly into the Codes and Table 1 to specify the minimum reporting requirements, supported by an updated guidance document that assists authors of public reports to meet the reporting expectations
- I have no preference on which format is adopted

10. What do you consider the significant pitfalls in ESG disclosures in CPR / MRR reports?

3. Should the Competent Person be able to proceed without an ESG subject matter expert contributing to the CPR / MRR report?

- Yes
- No

Please provide a reason for your response

4. Should the Competent Person be expected to take responsibility for determining ESG materiality / salience / judgement when deciding on what must be included in CPR / MRR reports?

- Yes
- No

Please provide a reason for your response

Guidance update

Next Steps

Comprehensive Stakeholder Engagement

- Develop and implement a Stakeholder Engagement Plan
- Issue & receive responses to consultation survey

Prepare updated ESG guidance, including recommended amendments to SAMREC / SAMVAL if required

Stakeholder socialisation

- Host “GSSA ESG Day” in November 2022 to solicit further input and present progress to date
- Undertake additional direct engagement with select stakeholders

Finalise updated ESG guidance and issue for peer review and final public comments

Implementation