Environment, Social and Governance Considerations in Public Mineral Reporting

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# ABSTRACT

Environmental, social and governance (ESG) performance has become a defining feature in the marketplace that is being used to differentiate preferred investments. Businesses are transforming to *sustainable* businesses, reflected in evolving sustainability reporting requirements. It is now imperative to rapidly develop the approach to be taken by mineral companies to accommodate ESG requirements in the reporting of Mineral Resources and Mineral Reserves (MRMR). Material ESG matters are core to value creation and if not fully integrated into the company strategy, business model, technical work, planning, operations and MRMR reporting processes, then public disclosures cannot be considered as technically and financially assured.

MRMR reporting codes across the globe are currently in various stages of being revised to ensure ESG criteria are appropriately incorporated in diligent and transparent disclosures. Stock exchanges are expected to refine their requirements in parallel to achieve alignment with MRMR codes.

This paper discusses the context summarised above, expands on root causes of change in the industry, and offers definitions for clarity. Examples of current challenges faced by mining companies will be presented before avenues for improvement are proposed.

Key themes include: the benefits of procedure over prescription and checklists; how ESG criteria impact determination of reasonable prospects for eventual economic extraction and modifying factors; the need for financial models to include material ESG commitments; the uniqueness of each mineral asset; the need for education of both ESG experts about MRMR reporting and conversely Competent Persons in ESG matters; and the need for concise, clear and balanced reports that meet the needs of end users.

The principles of transparency, materiality and competence remain paramount when considering the impact of ESG matters on MRMR reporting, and we believe this entails an inclusive, cohesive, and integrated approach to assessing ESG parameters to ensure the necessary expertise and diligence is applied.