

CMSI Consultation Response

Respondent Details

NAME

Anonymous

COUNTRY

South Africa

PERMISSION

Yes, CMSI can disclose my anonymous feedback.

STAKEHOLDER

Industry (upstream)

ORGANISATION

Anonymous

COMMENTS & QUESTIONS BY DOCUMENT

Document:
Standard

General comment on Performance Area

COMMENT:

The move towards a consolidated mining standard can be viewed as a positive initiative to improve sustainability and to increase accountability of mining operations on their ESG performance. The proposed standard has the potential to simplify compliance and promote best practices across the industry and the unified approach that is being proposed can reduce costs associated with navigating multiple regulations from a non-voluntary and voluntary perspective.

Introduction

SECTION: Introduction

COMMENT:

Increased Operational Costs

The Standard is designed for implementation principally at the facility level. However, there are also requirements aimed at the corporate level. Facilities will be required to assess, review current policies and practices to ensure alignment/compliance with the Standard, this will result in cost incurrence.

Facilities will also need to assess which performance areas are or not applicable. However, "in all cases, the rationale for the facility's determination of non- applicability will need to be verified by the assurance provider, based on evidence provided by (and discussions with) the facility during the assurance process, and publicly disclosed in the assurance report", this will also result

in additional costs and prove to be cumbersome.

COMMENT:

While the main objective of the draft standard is to promote various good practices and leading methodologies, there are several disadvantages that could rise when implementing the standard. These disadvantages will primarily emanate from the manner in which the requirements are worded in the 24 identified performance areas. The governance, assurance and reporting models are cumbersome and so are the requirements of good and leading practice levels. The foundational practices are reasonable and structured towards meeting minimum legal requirements, however more thought still needs to be given into linking the requirements to protecting value and regional specific requirements for maintaining an individual facility's licenses to operate.

COMMENT:

Facilities are supported at corporate level

The Standard contemplates that it be implemented at facility level, rather than corporate. It should be noted that this will require facilities to assess, review current policies and practices to ensure alignment/compliance with the Standard, this will result in cost incurrence. Our view is that, compliance should be assessed at corporate level as current policies and practices in place

are developed at corporate level and implemented at operations. The company at the corporate level can play a crucial role by providing guidance, resources, and oversight. This ensures that each facility aligns with the company's goals while adhering to the necessary legal, safety, environmental, and operational standards and regulations.

COMMENT:

Provisions of the standard being onerous and going beyond domestic legislation

It is noted that the Standard is structured to address global challenges, such as climate change, human rights, and sustainability, which may otherwise not be fully captured in local regulations. While the Standard provides an important framework, there are several points of critique, especially in the context of a mining company that operates in regions where local laws may be

less stringent, as noticed the standard goes beyond domestic legal requirements for a South African mining company context. The Standards is broad, and does not necessarily take into account the unique economic and regulatory conditions of the countries where the mining operations are located. The need to comply with more onerous provisions under the Standard, can place significant financial and operational burdens on mining companies, particularly those with operations in regions where local regulations are less stringent.

COMMENT:

Potential for Increased Liability

The proposed requirements will increase legal liability associated with non-compliance to the standard, even if unintentional, which could lead to lawsuits or sanctions that impact a company's reputation and operations. The requirements hold operations responsible for the actions of contractors or suppliers who do not comply with the standards which places added legal liability

for the operations which is currently not a legal requirement to maintain our license to operate in our host country.

COMMENT:

Limited Flexibility and Adaptability

As highlighted in the above concerns, the requirements in the draft standard assume all operations are the same and operate in the same internal and external environment. The one-size-fits-all approach does not account for the unique geological, environmental, and socioeconomic conditions of different sites, which will potentially limit the adaptability in operations as they navigate through changes in their different operating spaces. Rigorous requirements in the performance areas and governance, assurance and reporting models that are applicable for all facilities may also limit operational flexibility, making it harder for our operations to respond quickly to changing market conditions or unexpected challenges.

Performance Area 16: Artisanal and Small-Scale Mining

SECTION: 16.1 ASM Risk Assessment, Engagement and Reporting, Foundational Practice, 2

COMMENT:

Supporting small-scale mining operations may have socioeconomic benefits and risks for big mining houses. Furthermore can result in significant financial, reputational, regulatory and operational challenges. In order for mining companies to support small-scale mines, the risks will need to be weighed and strategies would need to be developed to mitigate them. Mining companies should rather provide support where it will not compromise their own sustainability and compliance.

We have summarised the risks and concerns attributed to mining companies being required to formally support small-scale mining operators.

Identified risks and concerns

- To ensure that small-scale mining operations comply with the relevant environmental, health, and safety regulations, the big mining companies may need to invest in monitoring, training, and compliance infrastructure development, which will increase its operating expenses. This can financially strain the mining company and divert resources from core operations*
- In the event that a small-scale mining company is found to be in violation of the relevant laws, the mining company may be held liable and possibly incur fines and reputational damages. Small-scale mining operations being associated with poor practices could tarnish the reputation of the supporting mine.*
- Supporting small-scale miners in ways that fail to address key stakeholders concerns can erode the mining company's relationship with the stakeholders, and result in opposition from local communities, unions etc.*
- The governance structure of the small-scale miners will need to be considered, as they may have their own governance structures and may not adhere to the same corporate governance standards as the big mining company. This lack of accountability could lead to poor decision-making and unethical practices that reflect poorly on the larger company.*

Performance Area 18: Water Stewardship

SECTION: 18.2 Collaborative Watershed Management, Foundational Practice, 3

COMMENT:

Mining companies have identified processes at a facility level and not at a broader/catchment level. The broader scope should form good/leading practice and not at a foundational level.

SECTION: 18.2 Collaborative Watershed Management, Foundational Practice, 4

COMMENT:

This is a big task, In the South African context the mining company will work with Catchment Management Agency and will not take this responsibility from the water custodian (Department of Water and Sanitation), and will support them by attending their forums.

SECTION: 18.3 Water Reporting, Foundational Practice, 1

COMMENT:

Mining companies do not publically disclose water uses, but does report it to the relevant authorities as the custodians of water in SA. The disclosure of uses can become quite tedious, especially when licenses are 50 pages long. It is proposed that primary water activities, sources and discharges are reported on only

Performance Area 19: Biodiversity, Ecosystem Services and Nature

SECTION: 19.1 Biodiversity and Ecosystem Services and Nature, Foundational Practice, 4

COMMENT:

We propose senior management responsibility at a Group level with the assistance of Environmental Managers. It is not necessary for facility level to have a responsible and accountable person at each and every facility

Performance Area 20: Climate Action

SECTION: 20.2 Climate Change Management (Facility Level), Foundational Practice, 1

COMMENT:

We propose to exclude non-energy GHG emissions as sometimes these cannot be measured, especially in old underground areas.

SECTION: 20.2 Climate Change Management (Facility Level), Foundational Practice, 2

COMMENT:

We propose to undertake a high level analysis for climate change in high risk areas only

Performance Area 21: Tailings Management

SECTION: 21.1 Tailings Management, Foundational Practice, 1

COMMENT:

Requirements pertaining to tailings management should not prescribe a set of general requirements which are entrenched in a particular standard or framework. The focus should rather be on ensuring that mining companies subscribe to the requirements or follow codes of best practice as is enshrined in SANS10286 while considering the specific system complexities in the areas in which they operate.

Performance Area 22: Pollution Prevention

SECTION: 22.7 Noise, Vibration and Light pollution/nuisance, Foundational Practice, 1

COMMENT:

This requirement is only applicable to certain types of mining, whereas in gold mining, we do not view noise, vibration or light pollution as having a material impact (due to the underground nature of our mines). It is proposed that this requirement be for opencast mines only
