

The beginning of February marks the annual Investing in African Mining Indaba Conference, which takes place in our beautiful Cape Town. This was the 26th event and remains Africa's largest mining investment event. It brings together investors, government, junior miners, mid-caps, and the world's largest companies – all under one roof.

I was privileged to attend the event this year, which was aptly themed 'growth and investment in the digitized mining economy'. The conference had a positive vibe given the number of attendees, estimated at over 7000. However, the theme did not capture another topic that was high on the agenda of many presentations and panel discussions to promote the growth of investment in mining, viz., sustainability and the topic of ESG (Environment, Social and Governance).

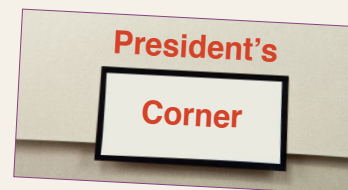
There was a heightened attention to ESG during 2019 and specifically the topic of climate change, owing to some severe weather conditions and natural disasters, such as the fires in Australia and floods in various parts of the world. ESG has shifted from periphery to the mainstream among the investment community. It is a primary filter for investment decision-making and selection of shares on the stock market. This is a significant shift in the mindset of investors and will result in material changes to the conduct of mining companies (and other industries) and allocation of capital investment.

It is therefore pleasing for me to highlight and compliment the SAMESG Committee for receiving the United Nations Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) Honours Award on 30 October 2019. ISAR reviews developments in the field of international reporting and promotes best practices for corporate governance. Within the context of Agenda 2030, ISAR contributes to the realization of the Sustainable Development Goals through enhanced transparency and sustainability standards for companies. Now in its second year, the ISAR Honours 2019 attracted 33 entrants from around the world and SAMESG received the Award for an Outstanding National Initiative to Advance the Sustainable Development Goals. The SAMESG Committee, who were present to receive the award said: 'The development of the SAMESG guideline was seen as an imperative considering that resources companies listed on the Johannesburg Stock Exchange, at that time, were not subjected to a formalized standard for reporting on ESG matters and determining their impact on mineral project reserves, resources and valuations ... 'We believe that this guideline, when applied diligently, has the potential to significantly improve the quality of information made available to investors in and shareholders of mineral resources companies in respect of environmental, social and governance considerations.'¹

Hence, ESG is providing an opportunity for deeper alignment between shareholders and corporate leadership to share both on the upside and downside performance of the company arising from capital allocation decisions. Mining is a long-term investment with positively transformative qualities in terms of its impact on society, therefore the focus on the long term that is emerging through ESG is absolutely welcome. The individual ESG elements are integrated and represent an aggregate of the several individual and material indicators of a company's performance.

Consequently, the future of mining, not only coal mining, was topical (and frankly looks promising given this changing perspective). Given the emphasis on digitalization and ESG, with a focus on climate change, mining and its role in society was extensively discussed at the Indaba. Amazingly, the discussions were not all on the technical merits of the future of mining. The most spoken about issues included the 'future of work' in terms of the future profile of a 'mining employee' and the related skills, how mining will take place in terms of automation and remote mining, as well as the accountability to society that mining will conduct itself with². This latter issue is already evident in terms of the EY's top ten business risks facing mining and metals in 2020 (www.ey.com), where License to Operate (LTO) is the no. 1 risk for the second year in a row. The publication is an interesting read for emerging risk trends in the mining sector and I recommend it.

A high-level assessment of the top ten risks for 2020, compared to the previous year, is a clear indication of the changing nature of mining. Sustainability is the prevailing theme in terms of license to operate, employee wellbeing (future of workforce), productivity in terms of cost performance, technology and innovation, and return on investment. As the industry evolves, and it is doing so in a big way, so should we as the Institute in order to remain relevant and worthy to our members. Are we sufficiently grappling with these issues and evolving as an institution? Please share with me your thoughts at president@saimm.co.za



¹www.saimm.co.za

² I was a on an EY panel discussion on the topic of 'The Future of Mining'.

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