

CIM's Draft Environmental, Social, and Governance Guidelines

Seminario
“La Sustentabilidad en los
Informes de Personas
Competentes”



Santiago , Chile
Aug 09, 2022
(via web)

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Outline

Background and Concepts

Draft ESG Guidelines Review and Approval Process

Draft ESG Guidelines Overview





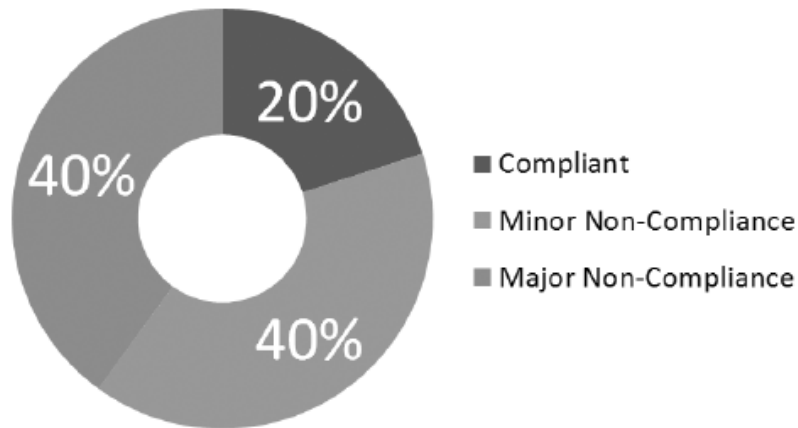
BACKGROUND AND CONCEPTS

Canadian Securities Disclosure Requirements and Tools

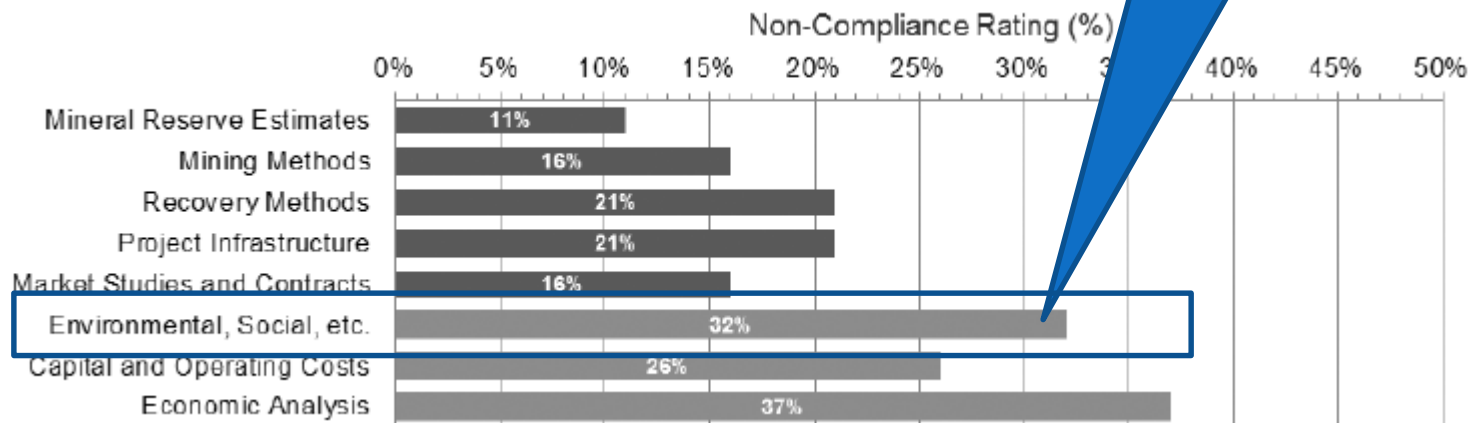


Source: Ontario Securities Commission (2018) *Mining Disclosure Essentials*
https://www.osc.gov.on.ca/documents/en/Securities-Category4/ni_20180307_43-101_mineral-disclosure.pdf

Ontario Securities Commission- Staff Notice 43-705 – Staff review of Technical Reports -2013



“The significant deficiencies include : ... environmental studies, permitting and social or community impact.”



OSC- Staff Notice 43-705

Staff review of Technical Reports- 2013

Environmental studies, permitting and social or community impact

- Our Review found that 32% of the Technical Reports on advanced properties **did not adequately disclose** information related to environmental permits or the social or community impacts of developing the mineral project.
- We also found that some Technical Reports **did not disclose how surface rights issues would be addressed or whether there was an exploration agreement in place or under negotiation with local First Nation communities.**

Commentary

- In some recent cases, the **inability to advance projects has been related to surface and community issues rather than geological or technical issues.**
- Issuers are reminded that **National Instrument 41-101 General Prospectus Requirements requires issuers to file material contracts that are entered in the ordinary course of business.** A material contract is a contract to which a reporting issuer or any of its subsidiaries is a party that is material to the reporting issuer and generally includes a schedule, side letter or exhibit referred to in the material contract as well as any amendment to the material contract. When negotiating material contracts and agreements with local First Nation communities, issuers should consider this filing requirement, including with respect to any confidentiality obligations in such contracts.
- Qualified persons are reminded **to include a discussion of any potential social or community related requirements and plans for the project and the status of any negotiations or agreements with local communities and a discussion of mine closure (remediation and reclamation) requirements and costs in Technical Reports on an "advanced property".**

Environment and Ethical Business Conduct

Applicable CSA National Instruments & Forms

- NI 58-101 Disclosure of Corporate Governance Practices
- NI 51-102 Continuous Disclosure of Obligations
- NI 51-102F1 Management's Discussion and Analysis
 - Material commitments, events, risks and uncertainties
- NI 51-102F2 Annual Information Form
 - Informed investors make better decisions
 - Discussion of risks
 - Includes environmental, health, social, political and economic factors

CIM National Instrument 43-101 Standards and Disclosure for Mineral Projects

Canadian Reporting Standards:

Canadian Mineral Resource and Mineral Reserve Definitions
Canadian Securities Regulatory Standards for Mineral Projects
CRIRSCO and International Mineral Resource and Reserve Definitions
Valuation Guidelines for Mineral Properties

Best Practices:

Estimation of Mineral Resources and Mineral Reserves (2019)

Exploration

Mineral Processing

Guidance:

CSA and TSX Staff Notices
Additional Guidelines

<https://mrmr.cim.org/>

NI 43-101 Item 20 Topics Include

- **Item 20a:** *a summary of the results of any environmental studies and a discussion of any known environmental issues that could materially impact the issuer's ability to extract the mineral resources or mineral reserves;*
- **Item 20b:** *requirements and plans for waste and tailings disposal, site monitoring and water management both during operations and post mine closure;*
- **Item 20c:** *project permitting requirements, the status of any permit applications and any known requirements to post performance or reclamation bonds;*
- **Item 20d:** *a discussion of any potential social or community related requirements and plans for the project and the status of any negotiations or agreements with local communities;*
- **Item 20e:** *a discussion of mine closure (remediation and reclamation) requirements and costs.*

Environmental and Ethical Business Conduct

NI 43-101 Standards of Disclosure for Mining Projects

- Item 20, material discussions of
 - a) Environmental Studies
 - b) Waste and tailings management and water management
 - c) Permitting
 - d) Social and community, including Indigenous communities
 - e) Closure
- And best practice would also suggest
 - Governance as well



Canadian Securities
Administrators

Autorités canadiennes
en valeurs mobilières

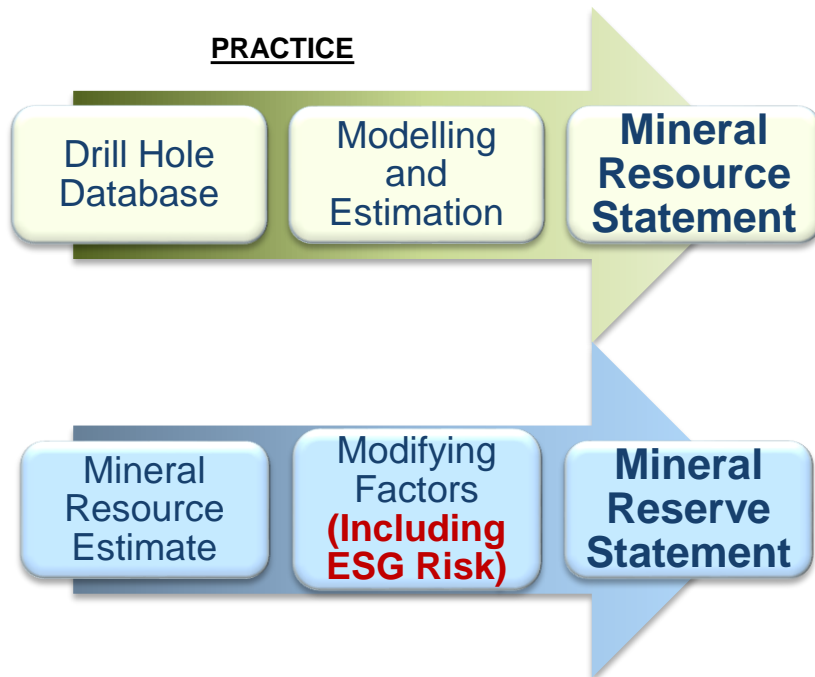
CSA Consultation Paper 43-401

*Consultation on National Instrument 43-101
Standards of Disclosure for Mineral Projects*

Note: NI 43-101
comment period ends
13 September 2022.



Practice vs Disclosure – MRMR



The ESG Guidelines provide general guidance on the **practices** used **for identifying and managing ESG risks** used to assess the modifying factors when preparing MRMR estimates.

Disclosure of the results of MRMR estimates to the public domain must be carried out in compliance with National Instrument 43-101. **This includes disclosure of identified risks and how they were taken into account in estimates.**

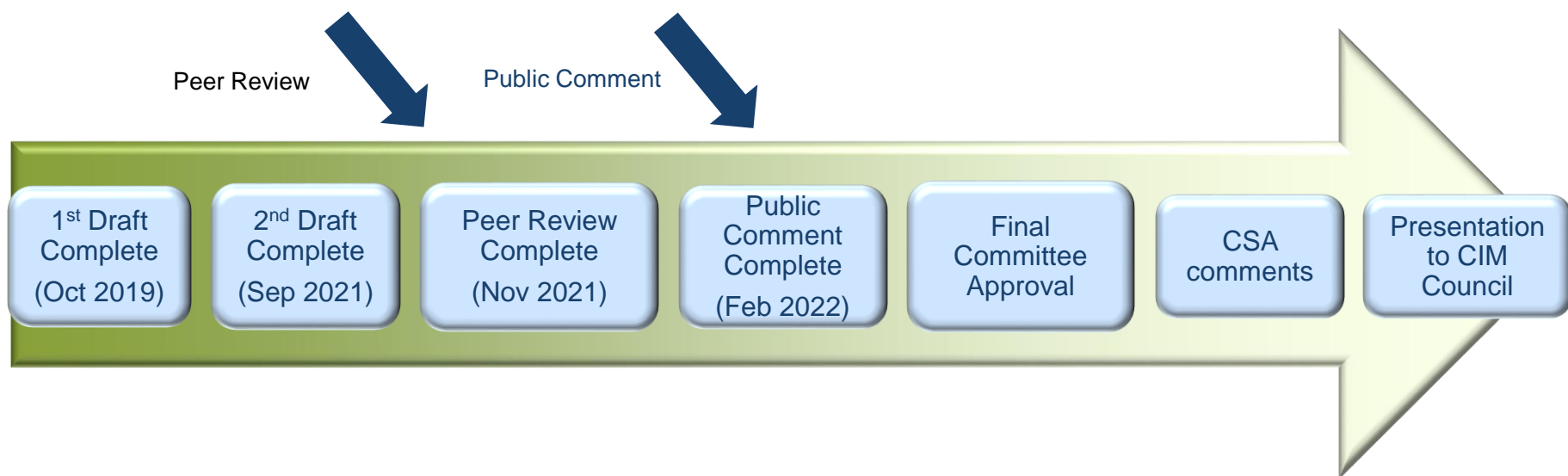
*** ESG Guidelines are important to minimize and manage ESG risks at all stages of a project from exploration through post-closure.**





DRAFT ESG GUIDELINES REVIEW AND APPROVAL PROCESS

ESG Guidelines – Timeline





DRAFT ESG GUIDELINES OVERVIEW



CIM Environmental, Social, and Governance Guidelines

Submitted by the
Environmental and Social Responsibility Society

Adopted by CIM Council XXXXXXXX

DRAFT

February 2022

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mrmr.cim.org | www.cim.org

Intended audience:

- Senior management
- Technical report
Qualified Persons
(Professional
engineers and
geologists)



CIM ESG Practice Guidelines

Broad Environmental, Social and Governance Guidance

- Exploration projects
- Mineral resource and mineral reserve estimates (consideration of modifying factors)
- Advanced projects

Does not include

- Disclosure requirements
 - This is well covered by securities regulations

International Focus

- > ½ of Technical Reports filed are for properties outside of Canada

ESG Guideline Principle Themes

1. **Environmental & Social Governance:** Establish effective governance and management for ESG matters
2. **Impact and Risk Management:** Assess and manage impacts and risks
3. **Permits:** Acquire and maintain compliance with ESIA approvals and permits
4. **Environmental Planning:** Minimize environmental impacts and long-term liabilities
5. **Social Planning:** Protect people and benefit communities

*** Including 12-page list of references and sources of international standards and guidance.**

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Figure 1: General Alignment of Environmental and Social Activities with Project Stage

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Appendices

- A. ESG Relationship to Mineral Resources and Mineral Reserves
- B. Closure Frameworks Comparison

<https://www.cim.org/news/2022/draft-cim-esg-guidelines-document-available-for-industry-comment/>

Broad Links to Modifying Factors

ESG matters can materially affect a project

- Costs
- Schedules
- Permitting and approvals
- Social license
- Financing

Material ESG factors must be identified and addressed for project success

- *Can affect change (or transition) from Resources to Reserves*
- *Can also affect costs and schedule at all stages of development*

General Alignment of Environmental and Social Activities with Project Stage

Project Stage

Exploration	Scoping Study	Pre-feasibility Study	Feasibility Study	Detailed Design	Construction	Operation	Closure	Post-closure
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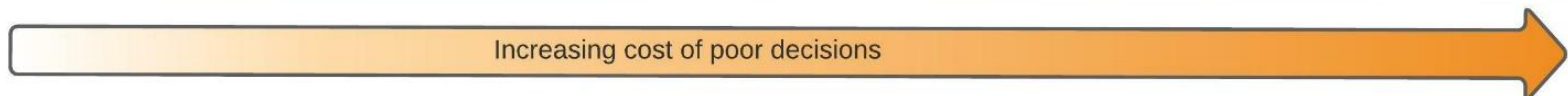
ESIA & Permitting



Environmental & Social Management



Stakeholder Engagement



Draft ESG Guidelines Comment Request



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Draft CIM ESG Guidelines document available for industry comment

News > Draft CIM ESG Guidelines document

**Comment period
closed June 2nd .
Currently
incorporating
comments**

AutoSave Off Environmental, Social, and Governance Best Practice Guidelines (1) Search (Alt+Q)

Par #	Section Title	Comments
2	ESGP 1 – Environmental & Social Governance: Establish effective governance and management for ESG matters	
1	For the purposes of this document, governance is defined as the structures and processes that are designed to ensure accountability, transparency, applicable laws, equity, and inclusiveness. At the core of this ESG Guideline document, governance is the mechanism by which all principles are achieved in a verifiable manner. Effective governance is aimed at reducing corporate risks through the adoption of a broad suite of measures to prevent and mitigate the potential for harm to human health and safety as well as that of the environment in a verifiable manner. The potential for risk to these areas can reasonably be assumed to be a direct risk to the company, so it is therefore in the company's best interests to properly mitigate the risks as a failure to do so can impact public acceptance, financing, environmental assessment and licensing, operations, shareholder perceptions, and viability of the project itself.	

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Thank you! Gracias!

Working Group

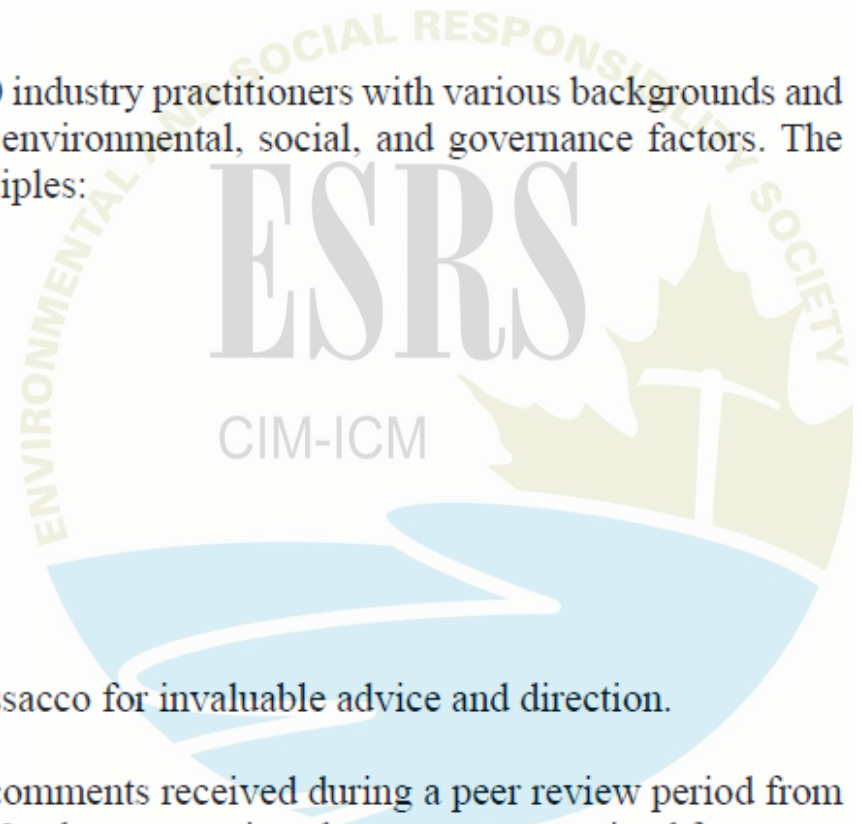
The ESG Guidelines have drawn on the expertise of over 20 industry practitioners with various backgrounds and representation who have contributed to the discussion on environmental, social, and governance factors. The following people have been involved in preparing the principles:

- David Brown
- David Forrester
- Doina Priscu
- Jeff Geipel
- Jenifer Hill
- Kim Bittman
- Mark Wittrup
- Michel Julien

Advisors

In addition to others, we would like to recognize Reno Pressacco for invaluable advice and direction.

The guidance document was revised based on review and comments received during a peer review period from September to October 2021. CIM and the Working Group Members appreciate the comments received from peer reviewers.



Questions and discussions

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