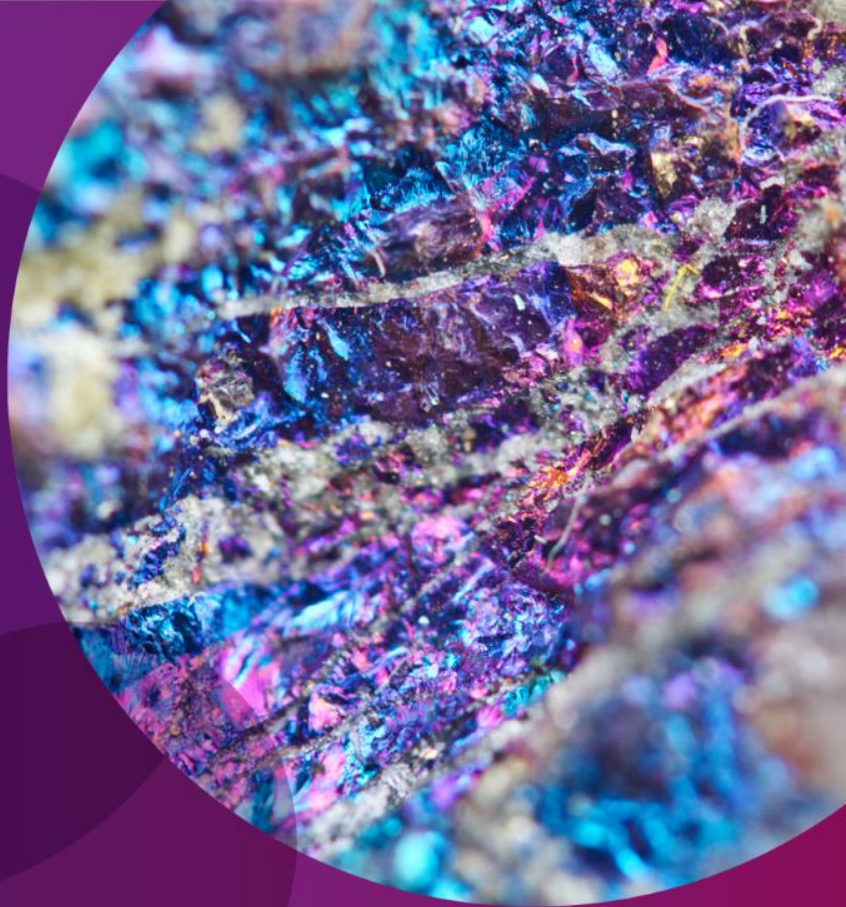


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ESG trends in mineral exploration and development

Monday, March 29, 2021 / 12-1 p.m. ET

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THE LATEST TRENDS IN GLOBAL MINING
A WEBINAR SERIES



Meet our presenters



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Preparing for the transition of ESG from “soft law” to “hard law”

Alex G. MacWilliam, Partner
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Evolution of ESG

- What started as requirements for project approval and operational compliance has become critical to project financing and financial compliance
- Transition from principles/guidelines to voluntary disclosure/compliance to regulatory requirements backed by enforcement measures
 - The environmental experience
- Issues of standardization and comparability
- Communicating results – greenwashing versus increasing stakeholder awareness of industry success
 - Mining Association of Canada – Towards Sustainable Mining



Accelerated growth of impact investing and case studies on ESG related trends in mining and finance

Jennifer Boyle, President and CEO
Satori Resources Inc.

Accelerated growth of impact investing and ESG related trends in mining and finance

- **Impact investing** – a rapidly growing sector within the finance industry, where the investment landscape has taken a new direction
 - Use of Proceeds: Must make an impact, and goal is return on investment
 - Companies now forced to track and report performance on a range of Environmental, Social, and Governance related matters
 - Evolution of ESG Disclosure in Annual Reports of Canadian Banks
- **Significant leap by Canadian courts** to hold Canadian mining companies accountable.
 - Choc v. Hudbay (Guatemala)
 - Nevsun Resources (Eritrea)

Impact of ESG on Zambian mining

Joseph Jalasi, Senior Partner
Dentons

Introduction

- Brief background on mining industry in Zambia
- Zambia is located in Southern Africa, it borders the Democratic Republic of Congo to the north, Angola to the east, Tanzania to the west and Zimbabwe to the south
- Zambia's biggest export is minerals. This makes mining a major industry. The major minerals are copper, cobalt, manganese, gold (a recent discovery), zinc and lead. The leading exported mineral is copper
- The modern mining dates back to almost 100 years and presents historical concerns in regards to the impact of ESG on Zambia and its old underground mines
- Rise of foreign investment from China and India has had a significant impact on ESG

Impact of ESG in Zambia

Environment

- Mining is a major industry and a leading source for pollution in African countries
- The age of the mines present a major issue in terms of deploying new cleaner technology to reduce discharge of hazardous waste
- The historical environmental pollution by the mining companies has led to increased litigation risks. Mines are now the target of major class action in the UK and more recently South Africa
- The landmark case of *Lungowe V Vedanta Resources PLC and KCM*, is a landmark decisions by the Supreme Court of England. The case arises from a Zambian mining operation where the UK courts have jurisdiction over a UK parent company for extra territorial torts committed by its foreign subsidiaries. (Recently followed on in the case of **Okpabi v Shell**)
- A rise in local litigation both in South Africa and Zambia with respect to air pollution discharge. **Sakala Miti v Mopani Copper Mines PLC the Supreme Court** awarded the highest quantum of damages

What are the drivers of environmental litigation

- Litigation Funding (Litigation funding is illegal in most African countries and success based fees)
- The decision in *Lungowe v Vedanta* allows parent companies to be sued for liabilities of the subsidiaries
- Judicial activism e.g. *Miti v Mopani* case
- Awareness of ESG

Social and Governance issues in Zambia

- Investment influence from China and India
- Financing of mines from western countries-based financiers, leading to greater ESG scrutiny.
- Environmental litigation from UK/European Courts.
- Choice of headquarters of the parent company.
- Impact of BEPS / Implementing of Transfer Pricing Regulations (Zambia last year terminated its double tax treaty with Mauritius).
- Tougher employment and occupational health legislation. The enactment of tougher employment legislation now gives the labor inspectors wide powers to check on mining industry labor practices.
- Anti corruption/ AML



Governance – Law, policy, trends

Kimberly Burns, Partner
Dentons

Trends with a focus on the “G”

- **Global trends**

- International Standards
- Quantifying ESG in the capital markets
- Human Capital

- **Canada and USA**

- Movement from IIS, SEC, NASDAQ, CBCA, and others
- Trends exist in every area of governance

- **Your local team**

- Repeat, repeat, and repeat the best practices for remote engagement
- Can you influence your team?
- B-corps come to Canada

Thank you

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