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Digging deeper – The latest trends in mining from Canada, Latin America and the Caribbean

A webinar series

ESG issues affecting Mining in Canada and Latin America

Wednesday, December 1, 2021
12 – 1:15 p.m. ET

Presenters

Moderator



María Paula Morelli

Counsel, Buenos Aires (Argentina)

D+1 +54 114010 5050

paula.morelli@dentons.com

Speakers



Leanne Krawchuk

Partner, Edmonton (Canada)

D+1 780 423 7198

leanne.krawchuk@dentons.com



José Ignacio Morán

Partner, Santiago (Chile)

D +56 2 2411 9200

joseignacio.moran@dentons.com



Anderson Luiz Moura

Senior Associate, São Paulo (Brazil)

D +55 11 2117 3463

anderson.moura@dentons.com

ESG in Canada and lessons to be applied beyond

Leanne Krawchuk

The global rise of ESG

- Investors across the globe are increasingly factoring in ESG when making investment decisions
- According to the United Nations, considering ESG issues:
 - Allows decisions to better align with society's broader objectives and allows decision makers to comply with their fiduciary duty of acting in the best long-term interests of their beneficiaries
 - Makes companies assess the impact of non-financial issues that will have a material financial impact on their company's short and long-term value
- The Harvard Business Review estimates approximately \$30 trillion, or a third of all professionally managed assets globally are now subject to ESG criteria
- Ernst & Young notes that for US companies, for meetings through June 30, 2021, 20% of environmental and social shareholder proposals that went to a vote received greater than 50% support, this is up from 12% in 2020 and from 3% in 2016
- [PwC's 2021 CEO Survey](#), 76% of global mining and metals executives said they were concerned about climate change and environmental damage, up from 57% a year earlier

The rise of ESG in corporate Canada

- KPMG's 2021 CEO Outlook Pulse Survey highlights that 100% of Canadian CEOs say the pandemic has shifted their focus to the social component of ESG
- Inflows into Canadian-based ESG funds topped \$3.2 billion in 2020, while total net assets in ESG funds topped \$22 billion, a 37% increase over the year before
- During the 2020 proxy season, issuers listed on the S&P/TSX60 Index received 40 shareholder proposals related to ESG matters, 67.5% related to corporate governance and executive compensation, 17.5% related to social issues, and 15% related to environmental matters.
- Canada and our mining industry, in particular, have been leaders in elements of ESG law and practice. Parts of the ESG matrix have been important in mining.

Argentina

María Paula Morelli

Stats and mining numbers



GDP: USD 383 billion
(31st largest in the world)



2.780.400 km²
(8th largest in the world)



Mining Exports 2020
USD 3.000M

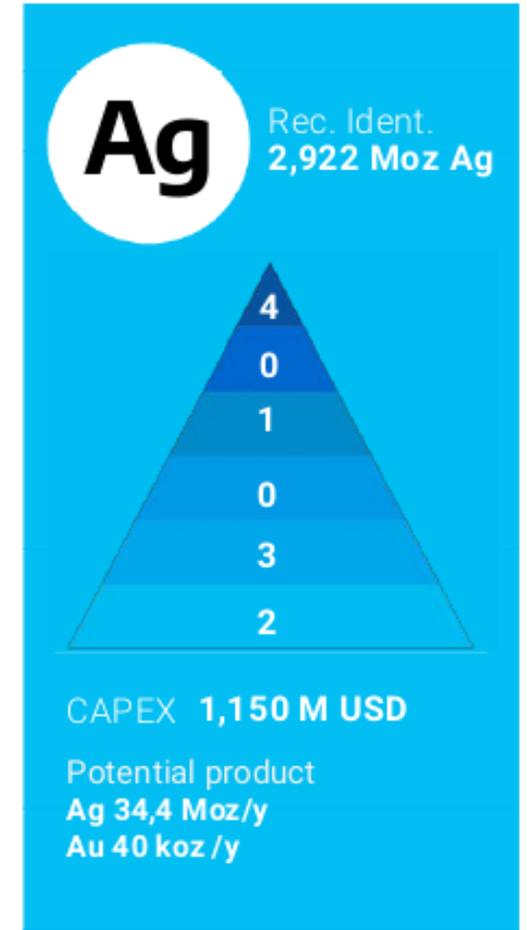
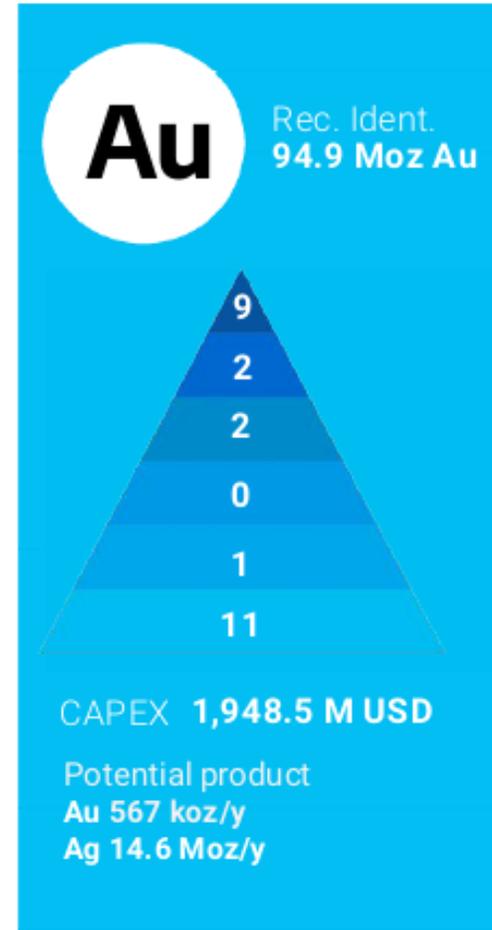
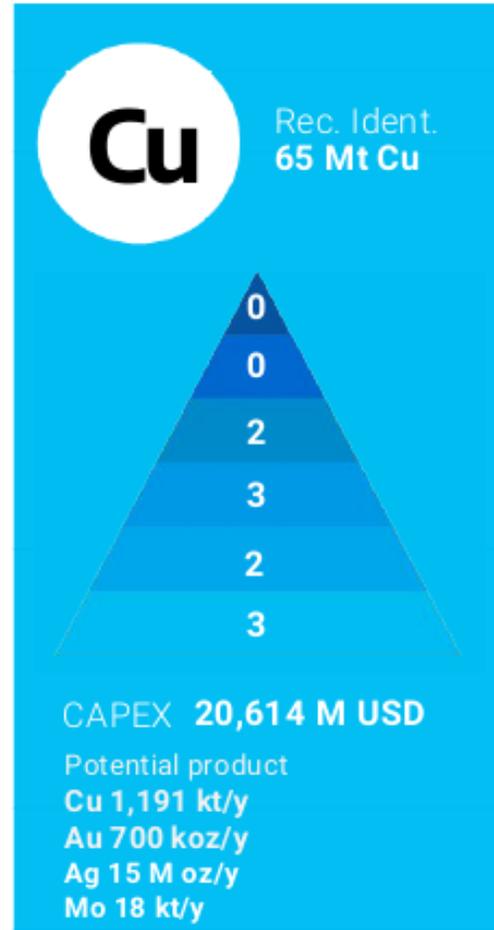
METAL

- | | | |
|--|--|---|
|  Gold (Au) |  Lithium (Li) |  Lead (Pb) |
|  Silver (Ag) |  Zinc (Zn) |  Coal (C) |



Advanced Mining Projects: lithium, copper, gold and silver

Production
Construction
Feasibility
Pre-feasibility
P.E.A. (Preliminary Economic Assessment)
Advanced Exploration



Lithium: stats and numbers



3rd largest quantity of commercially viable lithium reserves in the world



2nd largest identified lithium reserves in the world



Identified Resources

100,3 million tons
Geological Potential
188 million tons

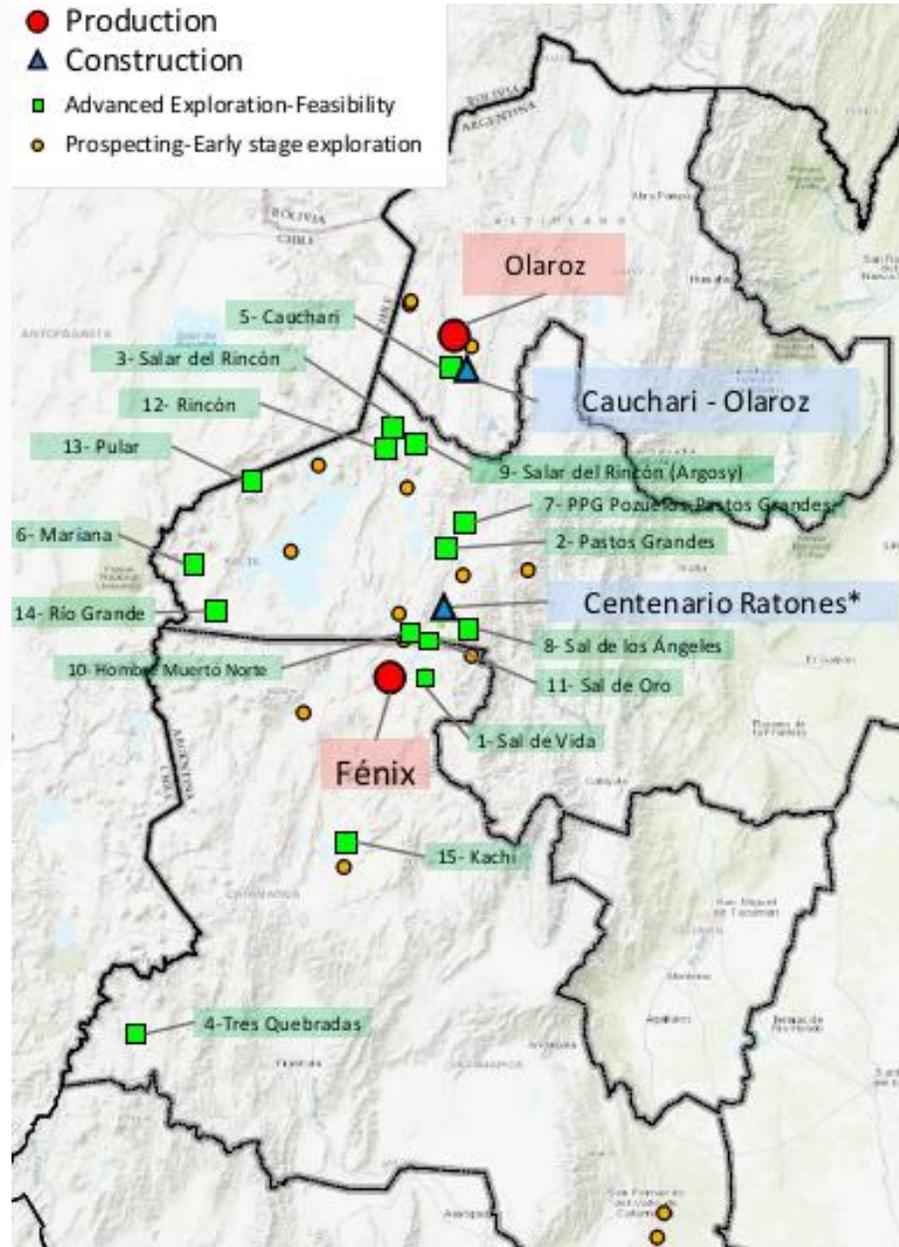


Lithium Exports 2020

USD 134 million
31.5 tones



Not declared a strategic resource



The Guidelines for socially responsible investments

- Resolution No. 896/2021, issued by the Argentine Securities and Exchange Commission, established Guidelines for socially responsible investments.
- The Guidelines:
 - Consider the integration of ESG factors into capital allocation and business strategy
 - Emphasize that ESG factors increase
 - Provide concrete examples of responsible investments

Voluntary Reporting Standards

- Sustainable Development Goals (SDG)
- Global Reporting Initiative (GRI)
- Sector-specific:
 - Sustainability Accounting Standards Board (SASB)
 - International Council on Mining and Metals (ICMM)
 - Extractive Industry Transparency Initiative Standards (EITI)

Argentine leading initiatives

- First country in Latin America to adopt “Towards Sustainable Mining” a globally recognized sustainability program that supports mining companies in managing key environmental and social risks



“E” Factor in Mining

Numerous laws and regulations govern:

- Management of hazardous waste
- Protection of biodiversity
- Water use
- Glaciers

“S” Factor in Mining

- Argentina is part of International Women in Mining
- Collective bargaining agreements (e.g., No. 38/39)
- Social license: mandatory public hearings before project authorization
- Signatory to the Indigenous and Tribal Peoples Convention of 1989 and the Escazú Agreement

Brazil

Anderson Luiz Moura

Stats and mining numbers



GDP: US\$ 1.44 trillion
(12th largest in the world)



8.510.345,538 km²
(5th largest in the world)



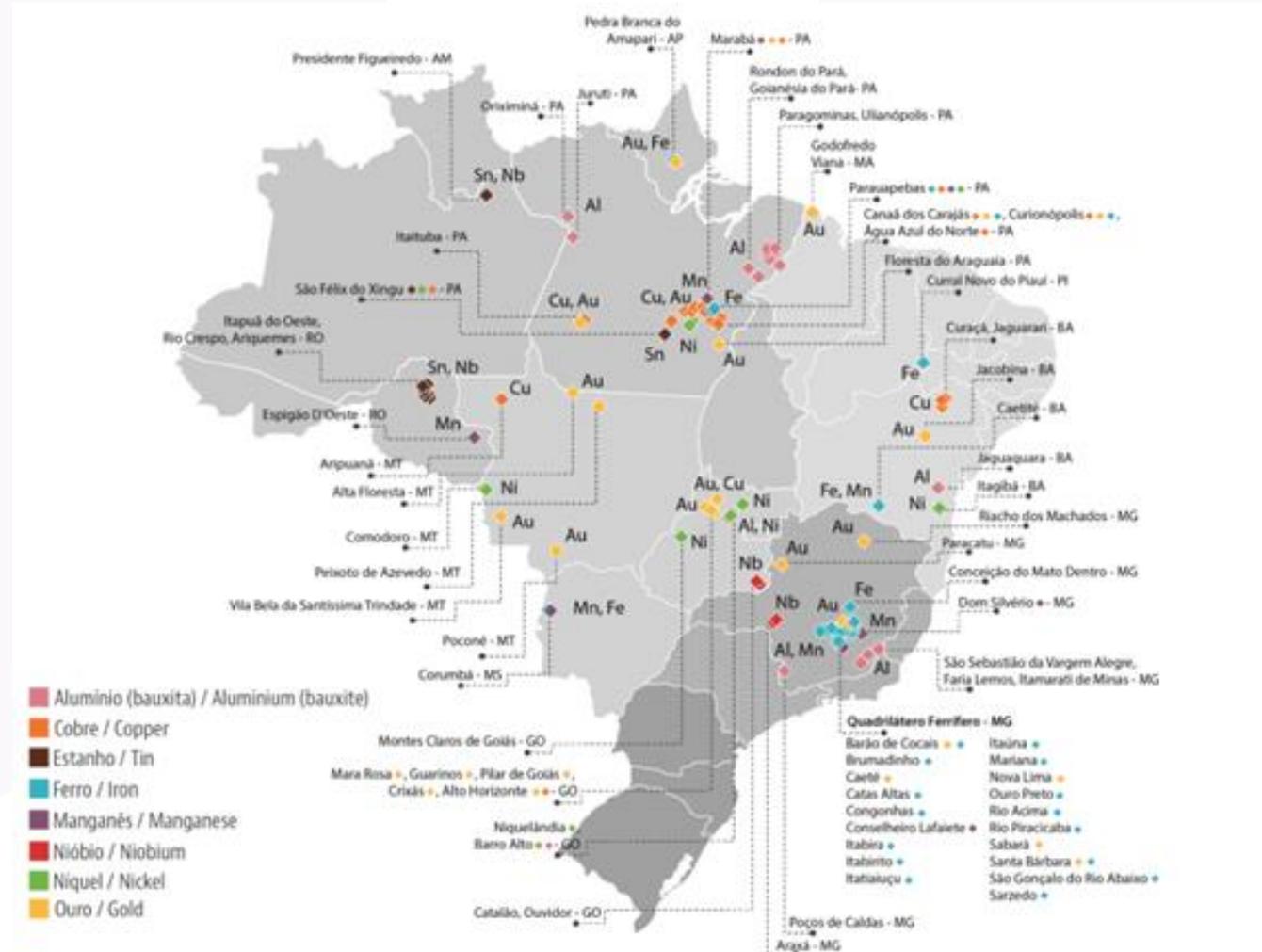
Mining Revenue 2020
US\$ 37.3 billion



**Mining Contributions
(Royalties + Taxes) 2020**
US\$ 12.9 billion

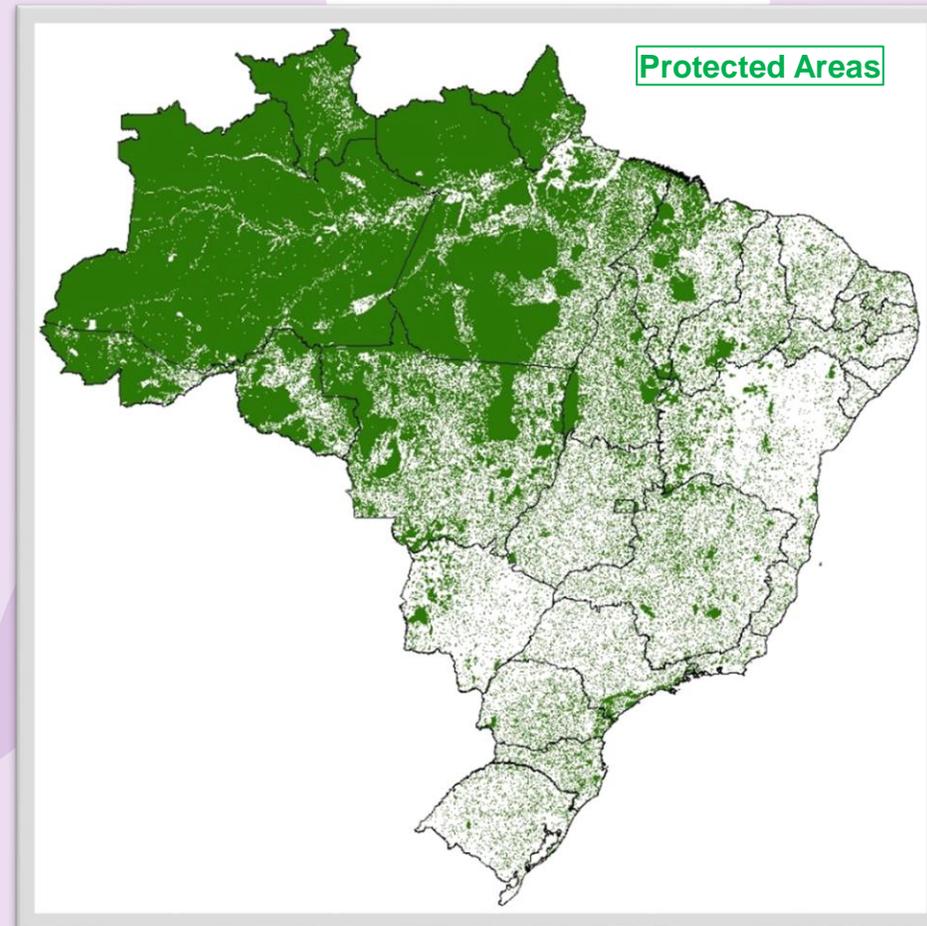
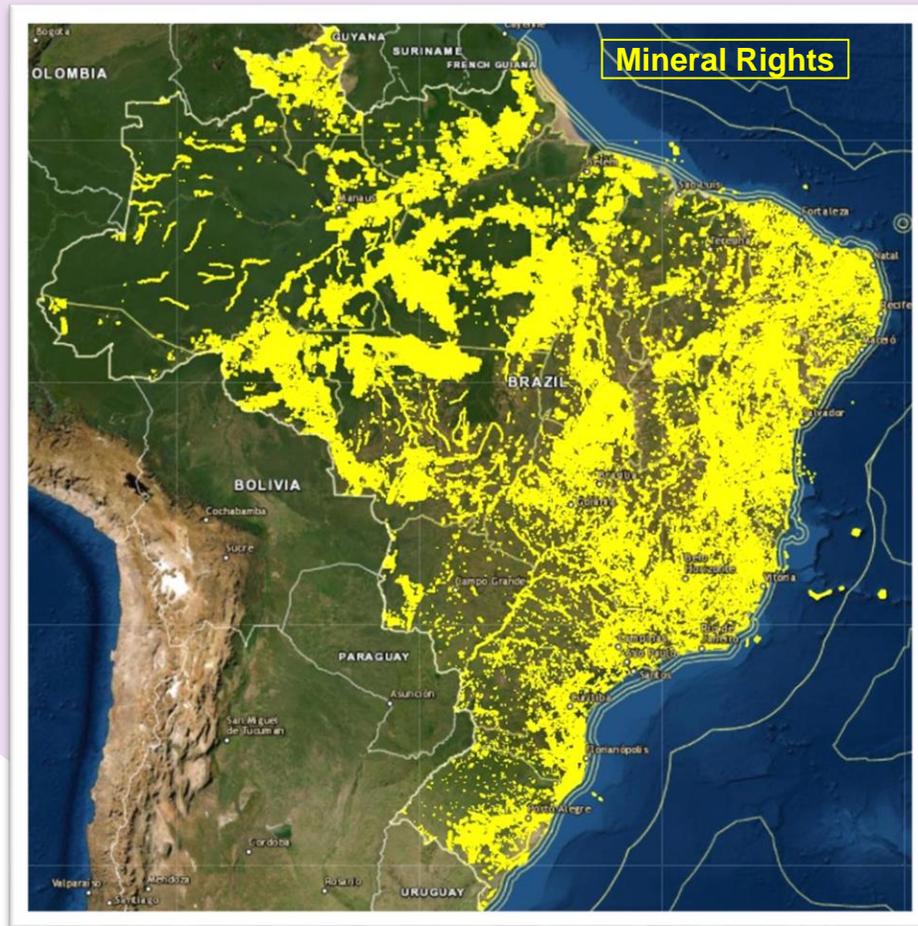


Mining Exports 2020
USD 36.6 billion
370.9 million tons



ESG in the mining sector

Context in Brazil



Land Use

Agriculture: 30.2%
Protected Areas: 66.3%
Others: 3.5%

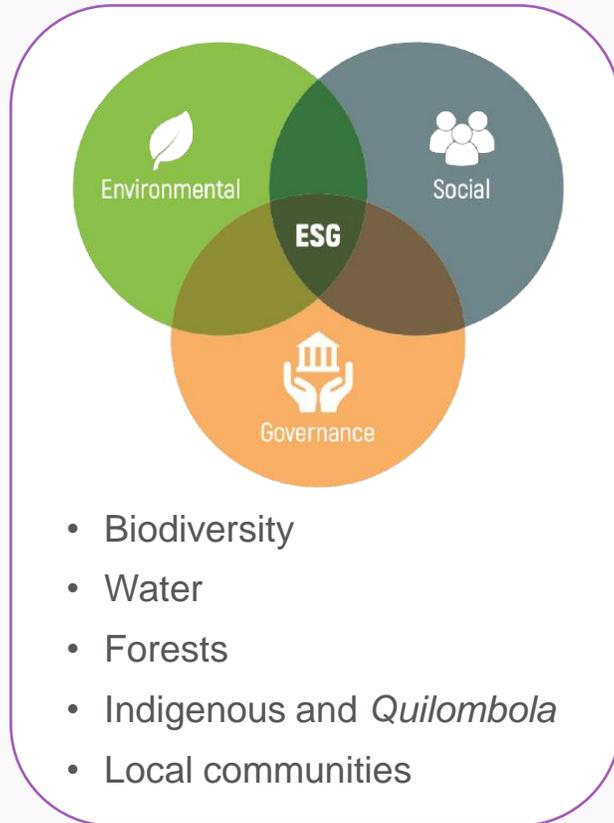


Land Use

Agriculture: 74.3%
Protected Areas: 19.9%
Others: 5.8%

ESG in the mining sector

Scenario



Community Awareness and Expectations



Increasing Litigation



New Governance Structures



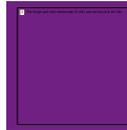
Supply Chain



ESG Requirements for Financing

Colombia

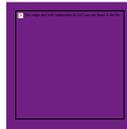
María Margarita Lorduy



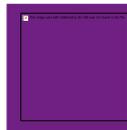
Strategic Geo Location (2 oceans and 3 mountain ranges of the Andes)



Ranked 4th in the LATAM Doing Business index issued by the World Bank.



3rd Largest population in LATAM (Around 50 million people)



4th Largest GDP in LATAM (Around USD 271 billion)

Colombian mining industry

- The Colombian mining industry saw significant development and growth due to the adoption of a new mining code in 2001 and the implementation of stronger security policies by the national government since 2002.
- The mining sector has kept growing: from 2014 to 2019 mining GDP increased in over thirty five percent (35%).
- Despite the pandemic 2020 has been the best year for gold mining since 2016. Exports of this metal amounted to almost three thousand (\$3,000) million dollars and production rose to 1.7 million ounces.
- Foreign direct investment in mining also increased from 2015 to 2019 when it amounted to over one half a thousand (\$1,500) million dollars. Due to the pandemic this trend stagnated in 2020.
- In 2021 the mining sector expects fifteen percent (15%) growth.
- More than eleven thousand (\$11,000) million dollars contributed in taxes and royalties from 2010 to 2020.
- According to the 2020 Annual Survey of Mining Companies by the Fraser Institute, Colombia ranks first (as country) in the investment attractiveness and best mineral practices index in Latin America and the Caribbean.

ESG Main challenges of the mining industry

The industry faces our main challenges that generate mining disputes



Environmental and Zoning matters

Environmentally protected areas: Moors “Paramos”, Wetlands, National Parks, Forestry reserves – Law 02 of 1959, POMCAs, POF.
More than 50% of the Colombian territory is under some kind of environmental protection.



Communities

Prior consultation with indigenous communities, use of the judicial Tutela, popular actions, delimitation of ethnic territories.



Informal mining

Lack of judicial and/or administrative enforcement; formalization procedures take too long.



Legal Certainty

Interpretation of mining concession agreements; Mining Authority is both party to the concession agreement and administrative authority of the mining sector. The environmental authorities grant permits and licenses, control such instruments and investigate infractions.

ESG in the Colombian mining sector

Scenario



Biodiversity
Water management
Mine waste
Air, noise, energy
Climate change (carbon footprint, greenhouse gas)
Hazardous substances
Mine closure



Land use
Resettlement
Vulnerable people
Gender
Labour practices
Artisanal miners



Legal compliance
Ethics
Anti-bribery and corruption

Chile

José Ignacio Morán

Thank you

Moderator



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anderson.moura@dentons.com



María Margarita Lorduy

Environmental Law Director, Bogotá (Colombia)

D+57 746 7000

margarita.lorduy@dentons.com