

IEMA Webinar

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ESG/Sustainability Assurance

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INTRODUCTION – About IRAS

Integrated Reporting & Assurance Services (IRAS) is a boutique/niche sustainability advisory and assurance consultancy based in Johannesburg, South Africa, but providing services around the globe.

IRAS was registered in 2009 and employs a very small team of associates and interns, noting that one important aspect of IRAS is that it is a training ground for recent graduates through an annual internship programme that recruits no less than 4 interns per annum. IRAS interns are mostly South African, but others have come from Afghanistan, Canada, Ethiopia, France, Guadeloupe, Israel, Italy and Zimbabwe.

IRAS provides the following services:

- Assurance over sustainability reports (roughly 6 per annum...max of 14)
- Authorship of...
 - Sustainability Reports
 - Carbon Disclosure Reports
 - Climate Change Reports
- Advisory of...
 - Stakeholder Engagement
 - Sustainability Management
 - Sustainability Data Management Systems (with a partner)
 - Corporate Social Investment (CSI) project development, implementation and monitoring & evaluation.
 - Training & development

INTRODUCTION – About your lecturer

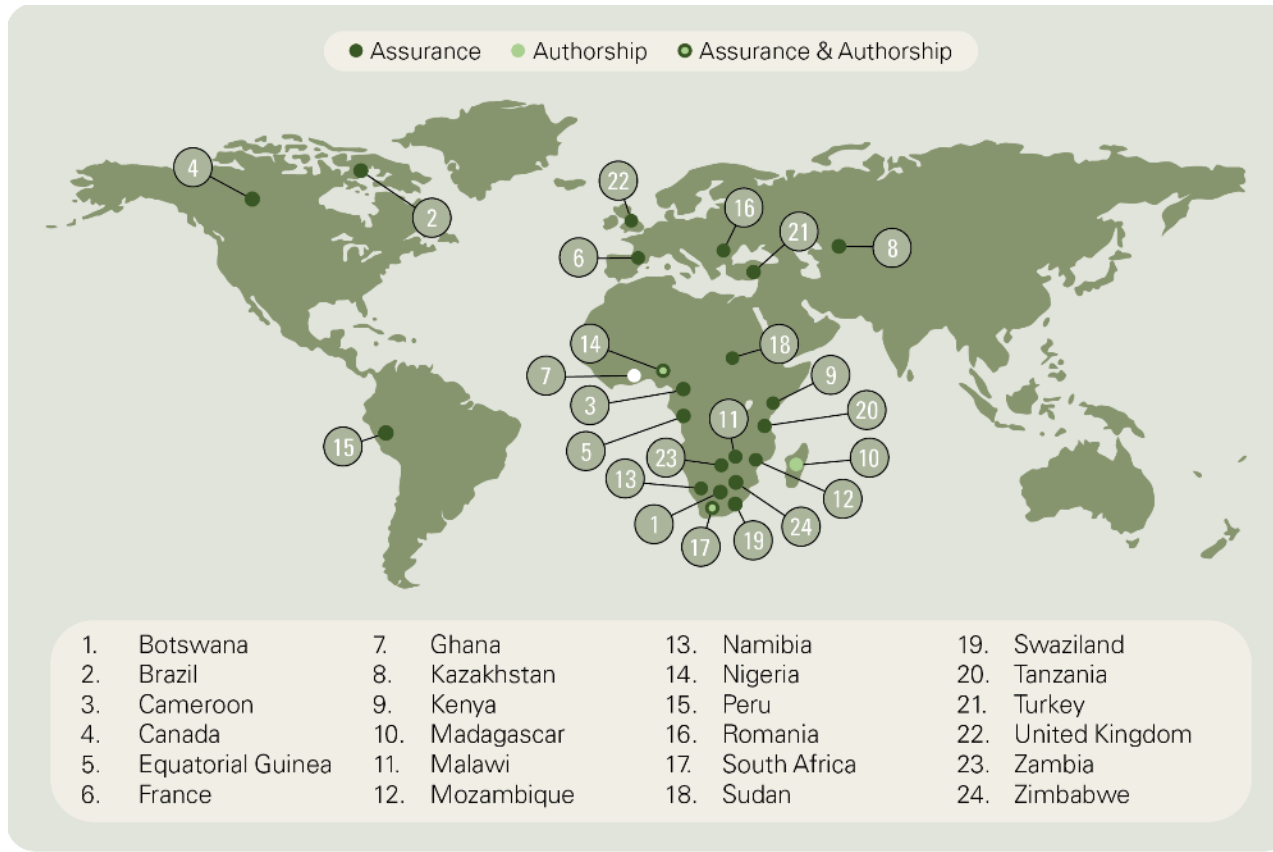
Michael H Rea has...

- Over 25 years of practical/hands-on experience in the provision of ESG/Sustainability reporting and assurance services.
- Worked in over 40 countries, including 122 ESG/Sustainability assurance engagements for 50 clients in 22 countries and 14 industries.
- Undergraduate degrees in Zoogeography (malaria) and Animal Behaviour (cock fighting).
- A Masters in Business Administration: *Corporate Social Responsibility as a Strategic Imperative for Canadian Companies Operating in Emerging Markets*.
- 5 years' experience as a machinist in a manufacturing company.
- 8 years' experience in retail electronic sales (up to management level).
- 4 years' experience working for PriceWaterhouseCoopers, plus 3 years at KPMG, helping to develop their Sustainability Assurance departments,
- 16 years' experience applying the AccountAbility AA1000 Standards (2009 – present), including the AA1000SES Stakeholder Engagement Standard.
- 16 years' experience as one of only six AccountAbility-licensed Certified Sustainability Assurance Practitioner (CSAP) Official trainers.

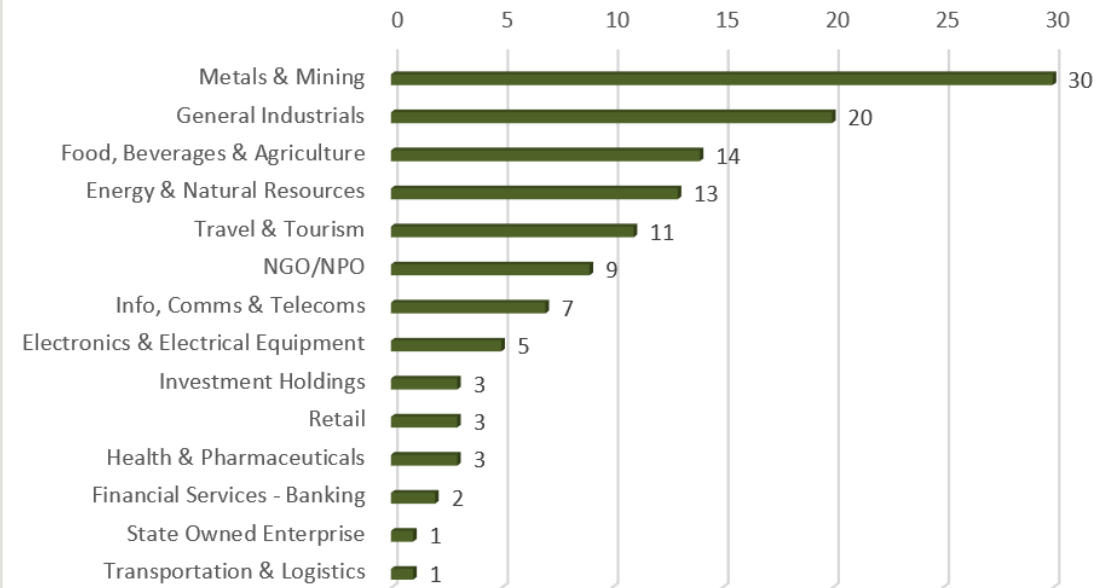
INTRODUCTION – About your lecturer

Authorship of at least 20 ESG/Sustainability Reports in 5 countries

122 ESG assurance engagements in 22 countries (other work in two additional countries)



Number of Assurance Engagements per Industry Sector



About ESG/Sustainability Reporting

As a result, some of the world's largest organisations and corporations produced an array of guidelines and reports designed to allay concerns over social and/or environmental impacts:

1983 The United Nations established *The World Commission on Environment and Development*, also known as *The Brundtland Commission*, resulting in the widely used definition of Sustainable Development:

Meeting the needs of today without compromising our ability to meet our needs in the future.

1989 Establishment of the Coalition for Environmentally Responsible Economies (CERES), tasked with developing standards for environmental reporting. .

1997 Shell's first Environmental Report, with many other multinationals following suit...including in South Africa, where the first reports can be traced back to the mid-1990's (AEEI and Sasol).

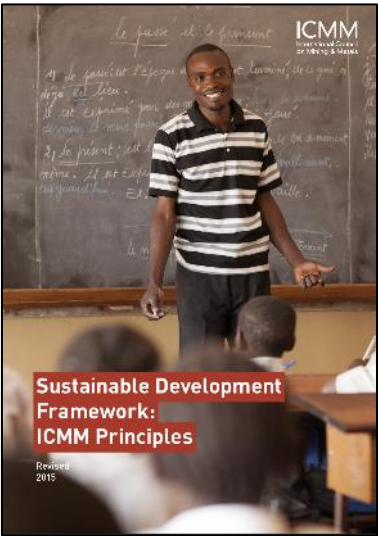
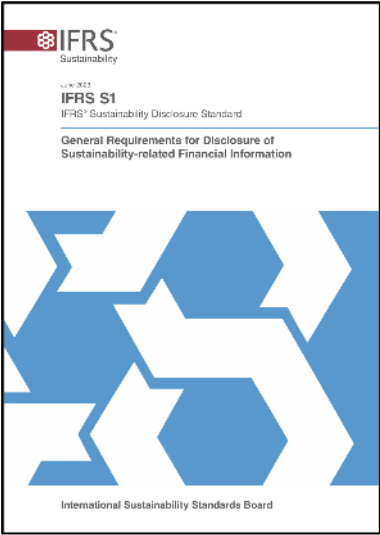
1999 Release of the first version (Consultation Draft) of the Global Reporting Initiative (GRI) Guidelines...resulting from inputs by CERES and other organisations.

1999 Publication of the first set of GRI-based Sustainability Reports

2000 The first "ESG/Sustainability Assurance" engagement (beyond verification)

2009 Release of the first version of the AccountAbility Standards

Sustainability Reporting Standard – Mining



About Sustainability Assurance

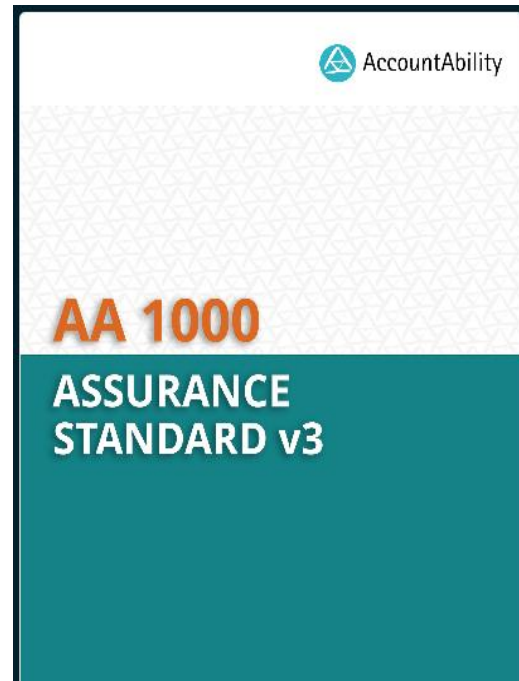
“Assurance” is not “Audit”, nor is it “Verification”.

“Assurance” over the Environmental, Social and Governance (ESG) information presented by companies to their stakeholders requires an opinion over ALL content within a report that expresses the company’s assertion that it will remain a going concern (i.e., “sustainable”) into the future.

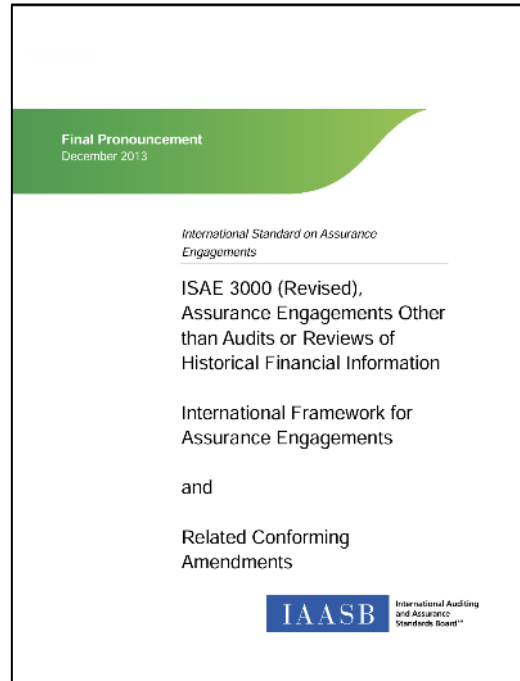
While it can, and **should**, include the auditing/verification of quantitative/numerical key sustainability performance data, such as “Total Volume of Water Consumed” or “Lost Time Injury Frequency Rate (LTIFR)”, it **MUST** also include confirmation that any/all assertions made by the company regarding its performance is fair and factual.

STANDARDS – Sustainability Assurance

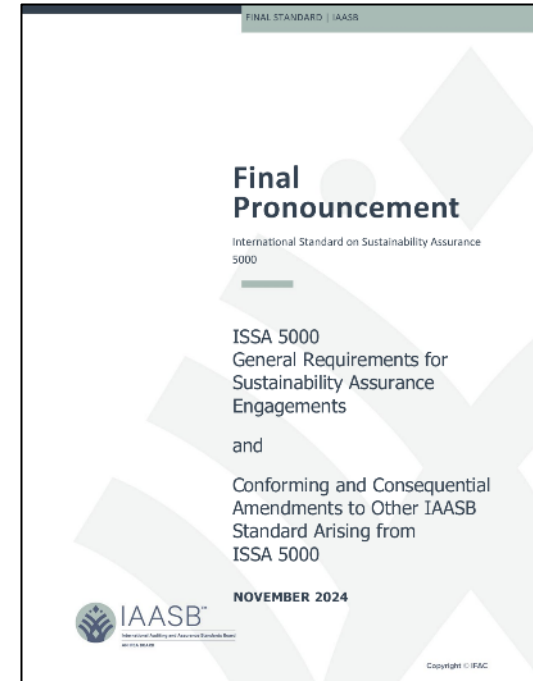
2009



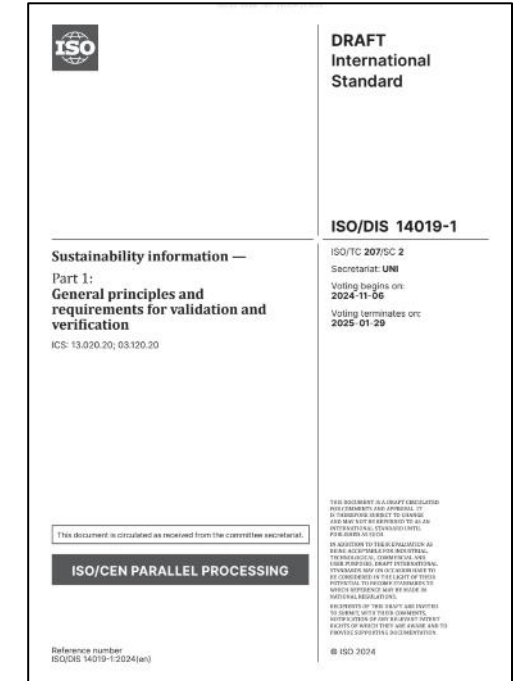
2009



2024



2025



The Benefits of AA1000AS v3

The AA1000AS v3 includes four principles...

INCLUSIVITY

Does the organisation have a comprehensive and meaningful process for engaging with stakeholders to ensure that their concerns are addressed within the daily operations of the organisation?

MATERIALITY

Does the organisation have a comprehensive and meaningful process for identifying, prioritizing and managing its most important issues in a manner that effectively mitigates risks and develops opportunities?

RESPONSIVENESS

Does the organisation have a comprehensive and meaningful process for keeping its most important stakeholders duly informed of the organisation's progress towards reasonable expectations?

IMPACT

Does the organisation have a comprehensive and meaningful process for monitoring and measuring its performance on all matters that are deemed material to its most significant stakeholders (i.e., the "So What")?

The Benefits of AA1000AS v3

AA1000AS is meant to deal with the fact that, historically, reports tend to be filled with meaningless platitudes.

The Platitude

We are committed to the health and safety of our employees.

We respect our employees.

We believe in the need to protect biodiversity.

Climate change is an existential threat to our planet.

Water is our most precious resource.

We believe in transformation and inclusion in our country.

Our success relies on the success of our host communities.

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The Reality

Significant increases in Injuries on Duty (IODs) and/or fatalities.

Employees are not afforded reasonable benefits and/or a living wage.

Significant number of toxic discharges and/or tailings dam collapses.

Increased energy consumption and lack of meaningful Net Zero targets.

Consistent exceedances to water use licenses.

Increased use of expats to fill key skilled/managerial roles.

Repeated avoidance mechanisms to limit socioeconomic benefit to the communities in which companies operate.

The Benefits of AA1000AS v3

To fix this, we must convert platitudes into measurable Key Performance Indicators (KPIs)

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The Solution (?)

Annual (or more often) reporting on FACs, MTCs, LTIs and Fatalities.

Measurement and benchmarking of Living Wage and Wage Gap Ratios.

Annual measurement of indicator species populations.

Target setting and ongoing measurement of energy efficiency.

Target setting and ongoing measurement of water efficiency.

Target setting and ongoing measurement of 'promote from within'.

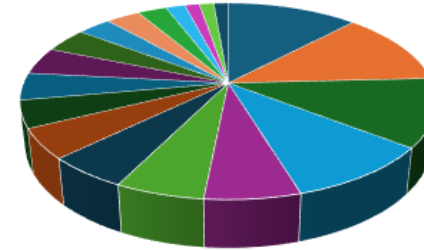
Design, development, implementation and evaluation of socioeconomic development initiatives geared to meeting national development plan initiatives.

Sustainability Data Transparency Index

Our research

1. IRAS reviews the ESG/Sustainability reporting of ALL 232 JSE listed companies (FY2024).
2. The Metals & Mining sector remains one of the two largest sectors on the JSE (27 companies, 11.7%).
3. The goal is to determine which companies are being “more transparent” regarding their ESG performance.
4. Our Index includes a total of 264 indicators, of which 114 are used to calculate an SDTI Score.
5. The ultimate goal is to benchmark key ESG performance indicators between peer companies to hold them accountable for lapses in their performance.

JSE Listed Companies (by sector)



■ Metals & Mining (27)	■ Financial Services - Investments & Other (27)
■ Real Estate - REITs & Other (25)	■ Retail (22)
■ Customer & Industrial Support Services (14)	■ Food, Beverages & Other (13)
■ Construction, Materials & Equipment (12)	■ ICT, Media & Other (11)
■ Real Estate - Investment & Services (10)	■ Software & Computers (10)
■ Travel & Leisure (10)	■ Financial Services - Banking & Credit Services (9)
■ Energy, Natural Resources & Chemicals (7)	■ Financial Services - Insurance & Benefits (7)
■ Health & Pharmaceuticals (6)	■ Services & Other (4)

Sustainability Data Transparency Index

Our research – Useful Information – Average SDTI Scores per Industry Sector

Sector/Industry	#	SDTI Score	Standard Disclosures	Economic	Governance	Labour	Health & Safety	Environment	CSI/SED	Top Score
Metals & Mining	27	61.99%	65.97%	66.36%	81.31%	59.03%	62.96%	50.52%	47.90%	88.16%
Health & Pharmaceuticals	6	61.92%	56.25%	69.44%	81.06%	64.58%	36.67%	45.33%	69.44%	82.46%
Financial Services - Banking & Credit Services	9	58.87%	61.11%	65.43%	83.59%	58.68%	38.89%	43.33%	52.96%	88.16%
Energy, Natural Resources & Chemicals	7	58.65%	70.54%	64.29%	84.74%	50.89%	40.71%	51.71%	39.05%	84.65%
Transportation	3	57.67%	29.17%	66.67%	85.61%	64.58%	46.67%	49.10%	35.56%	75.65%
General Industrials	3	55.26%	41.67%	72.22%	81.06%	54.17%	53.33%	34.00%	42.22%	84.65%
Food, Beverages & Other	13	55.20%	45.19%	62.39%	80.42%	59.86%	47.69%	46.46%	29.49%	77.63%
Construction, Materials & Equipment	12	54.74%	26.70%	67.68%	80.37%	55.11%	50.91%	33.27%	54.55%	65.35%
Financial Services - Insurance & Benefits	7	53.82%	51.79%	63.89%	80.19%	61.61%	14.29%	38.86%	47.14%	71.49%
Travel & Leisure	10	50.88%	41.25%	60.56%	82.73%	49.38%	27.00%	33.40%	44.33%	78.07%
Retail	22	50.46%	47.16%	60.98%	79.13%	52.70%	26.36%	33.82%	38.94%	80.26%
Customer & Industrial Support Services	14	49.09%	43.75%	64.68%	78.90%	49.33%	30.00%	30.29%	33.33%	75.88%
Real Estate - REITS & Other	25	44.72%	42.00%	56.00%	74.64%	38.13%	25.00%	32.24%	29.73%	70.18%
Electronics & Electrical Equipment	3	44.15%	16.67%	59.26%	68.94%	60.42%	46.67%	28.00%	12.22%	57.46%
ICT, Media & Other	11	42.38%	36.36%	59.60%	75.41%	38.35%	22.73%	24.73%	23.33%	63.16%
Services & Other	4	35.09%	37.50%	58.33%	69.32%	32.81%	10.00%	10.00%	16.67%	50.00%
Real Estate - Investment & Services	10	33.68%	27.50%	52.22%	71.36%	17.50%	20.00%	21.20%	6.67%	49.12%
Software & Computers	10	33.60%	33.13%	51.11%	72.73%	25.63%	6.00%	10.80%	20.33%	48.25%
Financial Services - Investments & Other	27	31.32%	18.75%	50.72%	70.20%	22.69%	8.52%	11.19%	15.68%	63.16%
Average		49.13%	41.71%	61.68%	77.98%	48.18%	32.34%	33.07%	34.71%	

Sustainability Data Transparency Index

Our research – Useful Information – SDTI Scores – Metals & Mining

1. ALL JSE listed companies, by their nature as a “publicly traded entity” have NO say in whether they can “participate” or not.

IRAS only reviews information that is already in the public domain to calculate SDTI Scores for benchmarking transparency.

2. A high SDTI Score indicates that the company has published a significant amount of “material” ESG/Sustainability data.

The higher the SDTI Score, the greater the transparency.

3. A score of greater than 80% is “excellent”, where a score of less than 50% is “insufficient”.

Our Index includes a total of 264 indicators, of which 114 are used to calculate an SDTI Score.

4. The ultimate goal is to benchmark key ESG performance indicators between peer companies to hold them accountable for lapses in their performance.

Metal and Mining Sector	2024	2023	2022	2021
Anglo American Platinum	88.16%	85.96%	89.04%	84.2%
Kumba Iron Ore	85.09%	82.89%	89.04%	86.4%
Harmony Gold	83.77%	72.81%	67.98%	67.11%
Sibanye	82.89%	89.04%	89.91%	82.02%
Anglo American Plc	80.26%	79.82%	80.70%	72.81%
Implats	82.02%	85.09%	84.21%	78.07%
GoldFields	78.07%	75.44%	74.12%	81.58%
ARM	77.63%	76.75%	78.51%	78.51%
Exxaro	77.63%	82.46%	82.02%	79.82%
AngloGold Ashanti	75.44%	75.00%	75.44%	60.96%
Northam	74.12%	81.14%	78.95%	72.81%
DRD Gold	67.98%	67.54%	67.98%	62.72%
South32	67.11%	71.93%	88.64%	88.64%
BHP	64.91%	69.30%	71.05%	68.86%
Hulanimin	64.04%	66.67%	68.86%	71.05%
ArcelorMittal	63.60%	64.91%	67.11%	54.82%
Pan African	63.16%	61.84%	56.58%	55.26%
Tharisa	59.65%	53.51%	55.26%	53.51%
Merafe	57.46%	61.84%	57.46%	51.75%
Glencore	56.14%	55.26%	66.23%	61.40%
Jubilee	53.95%	52.63%	50.00%	25.00%
Gemfields	35.96%	39.04%	38.60%	35.96%
Master Drilling	33.77%	34.21%	36.84%	38.60%
Orion	30.26%	29.82%	29.82%	24.56%
Insimbi	27.63%	26.75%	28.51%	29.82%
Kore Potash	22.81%	24.12%	25.00%	25.88%
Kore Potash	22.81%	24.12%	25.00%	25.88%
RandGold	20.18%	21.05%	24.12%	25.00%

Sustainability Data Transparency Index

Our research – Useful Information – Lost Time Injury Frequency Rate (LTIFR)

1. 25 of 28 JSE listed mining companies reported LTIFR.

Why didn't the other three?

Governance: Do they not have the policies, procedures, systems and/or controls in place to monitor and measure their safety performance?

Performance: Is their data SO BAD that they wouldn't want any of their stakeholders to find out about it?

Values: Is their non-disclosure a demonstration that they simply don't care about the health and safety of their employees and contractors... or that they don't care about stakeholder expectations for transparency and/or accountability?

Metals & Mining Company	LTIFR
1 Harmony Gold	1.106
2 Master Drilling	0.810
3 Impala Platinum	0.778
4 Sibanye Stillwater	0.772
5 Northam Platinum	0.740
6 South32	0.380
7 Pan African Resources	0.364
8 Anglo American Platinum	0.334
9 Jubilee Metals	0.324
10 Anglo American plc	0.302
11 Thungela	0.246
12 DRD Gold	0.230
13 ArcellorMittal	0.226
14 African Rainbow Minerals	0.220
15 Merafe Resources	0.160
16 Glencore	0.142
17 AngloGold Ashanti	0.136
18 Goldfields	0.132
19 Kumba Iron Ore	0.098
20 Exxaro Resources	0.060
21 Hulamini	0.060
22 Gemfields	0.000
23 Kore Potash	0.000
24 Orion Minerals	0.000
25 Tharisa Minerals	0.000
Average LTIFR	0.305
JSE Average LTIFR	0.349

Sustainability Data Transparency Index

Our research – Useful Information – Lost Time Injury Frequency Rate (LTIFR)

1. 24 of 27 JSE listed mining companies reported LTIFR, but why didn't the other three?
2. The highest LTIFR for the Metals & Mining Sector for FY2024 was 1.106 per 200 000 Person Hours Worked (PHW)... which means that 1.106 of every 100 people were injured on duty to the point of losing at least one day.
3. The average LTIFR for the Metals & Mining Sector for FY2024 was 0.305 per 200 000 PHW compared to a JSE average of 0.349.

NOTE: Metals & Mining can therefore be deemed *“safer than most other industries”*.

4. Only 7 of 22 Retail sector companies reported an LTIFR, with an Average LTIFR of 1.543 per 200 000 PHW, suggesting Retail is FIVE times more dangerous than Mining in South Africa.

NOTE: When conducting assurance for a Retail company, one **MUST** be careful to ensure that **ANY** assertion the company makes regarding its “commitment to Health & Safety”.

Typical ISAE3000 assurance engagements only confirm whether data is “accurate”... without any attempt to help stakeholders understand whether the data is “good”. ISAE3000 assurance typically doesn't ask and answer the “So What?” question.

Metals & Mining Company	LTIFR
1 Harmony Gold	1.106
2 Master Drilling	0.810
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6 South32	0.380
7 Pan African Resources	0.364
8 Anglo American Platinum	0.334
9 Jubilee Metals	0.324
10 Anglo American plc	0.302

Retail Company	LTIFR
1 Pick n Pay	2.156
2 Woolworths	1.741
3 Dischem	1.690
4 Cashbuild	1.570
5 Shoprite	1.513
6 Italtile	1.160
7 TFG (Foschini)	0.972
Average LTIFR - Retail	1.543
Average LTIFR - Metals & Mining	0.305
Average LTIFR - JSE ALL	0.349

QUESTIONS?

Do you have any questions?

If not, please feel free to contact me via
michael@iras.co.za should questions arise in
the future.

