

# Svemin recommendations on remuneration for exploration

## Introduction

A working group has reviewed and proposed certain updates to Svemin's existing recommendations on remuneration for exploration work. Since each exploration project is different, it may be appropriate to have other agreements in the individual case.

The working group has also analyzed and submitted proposals for changed principles for compensation for damage and intrusion during mining and for mineral compensation. In this respect, Svemin's board has stated that it believes that the size of the mineral compensation should be kept unchanged, that it is a matter for the Swedish state to propose any change in the distribution of the mineral compensation and that the industry does not oppose to a redistribution of the existing mineral compensation so that it benefits the local community ( including landowners, Sami villages and others). However, the Board considers that the industry should not precede a proposal by the Swedish state for changed principles for mineral compensation, or that the industry itself should propose that the state's share should be redistributed to Sami interests. In this memorandum, therefore, no proposals are made regarding mining compensation.

## Remuneration for exploration

The current Svemin's recommendations and the working group's proposals for changes are presented below. The first table refers to remuneration to landowners and the second remuneration to Sami villages. A starting point for the proposals in both cases is that remuneration must be paid when an exploration company takes someone's time to participate in the process or is involved in another way. This should be applied regardless of whether the person affected is a Sami village or landowner.

### Landowners

Proposals for revised and in some parts increased remuneration for damage and encroachment on landowners are shown in the table below. The table also contains the current recommendations from Svemin for comparison.

Compensation work / damages	Proposed compensation (SEK)	Unit	Comments
Core drilling from surface	2 000	Paid per hole	Paid per hole drilled from surface. For example, 3 holes can be drilled from the same drilling site → 3 x 2000 SEK = 6000 SEK
Top hammer drilling / BOT sampling	300	Paid per hole	If the hole is made at the request of the landowners along the previously cleared property boundary, the two affected property owners will share the compensation. You can drill significantly more KAX / BOT holes than core drill holes because they are short and can be drilled quickly (approx. 3-10 holes / day)
Driving routes	2	/ m	Paid for also round trips, for example 100 meters driveway to drilling site → 2 SEK x 100m x 2 = 400 SEK
Field trip assignments	450	/ hour	Compensation for time spent. Landowners out in the field together with the company's staff and discuss, plan the route for the drilling machine and transport of other equipment.

Compensation work / damages	Proposed compensation (SEK)	Unit	Comments
Final inspection	450	/ hour	Remuneration for time. The landowner is out in the field together with the company's staff and performs a final inspection of the drilling site and driveway for the drilling machine and transport of other equipment.
Storage space	500	/ month	Fee for temporary erection of a rest hut or storage of drilling equipment used in exploration work.
Groundwater pipes	2 000	/ hole	Groundwater pipes can be removed by agreement with the landowner.
Timber value	According to local timber price table+ 50%	/ cut tree	Trees > 8cm in diameter should be replaced according to local timber prices (and 25% surcharge on the total). Compensation for trees > 8cm in diameter according to local timber prices and with a 50% surcharge on the total amount of timber value.
Scratch damage	According to local timber price table+ 50%	/ damaged tree	Compensation for trees > 8cm in diameter. Compensation for all scrap damage where the outer bark has been damaged so that the tree's bark or wood is exposed. According to local timber prices and with a 50% surcharge (due to premature felling) on the total amount of timber value (see above, timber value).
Young forest	10	/ cut tree	Benchmark 10SEK / tree that is to be considered as main trunks. However, the level of compensation should follow local timber prices.
Plant forest	3	/ m2	3SEK/m2. Alternatively, the company can buy new seedlings and carry out the planting if the landowner so wishes.
Additional compensation	25	%	+25% on the total compensation. A voluntary additional compensation.
Compensation for roads	SEK	Unit	Comments
Roads	By agreement		<p>All possible damage caused by the investigation work must be repaired or compensated.</p> <p>The road must always be left in at least as good a condition as when the work started. For longer continuous use, the road section must be maintained in the meantime.</p> <p>In the event of extensive use, a fixed compensation can also be paid.</p> <p><i>Tips:</i> Svemin recommends that the road be inspected before and after the survey work, preferably together with the road manager / road owner and that the principles for compensation be agreed in advance.</p> <p>The forms of compensation can vary and can also be applied in combination, e.g. that the road: repaired / maintained on an ongoing basis, improved compared to before the work, compensation with a fixed amount, compensation paid per section, etc.</p>
<b>NO COMPENSATION is paid for:</b>			
<ul style="list-style-type: none"> <li>Rock mapping and block searching as well as sampling of these.</li> <li>Moraine geochemical investigations with a shovel or earth probe.</li> <li>Aeronautical, helicopter, drone or ground geophysical surveys.</li> </ul>			The operation does not cause damage or compensable intrusion.

## Sami villages

Proposals for revised and in some parts increased remuneration for damage and encroachment on Sami villages are shown in the table below. The table also contains the current recommendations from SveMin for comparison. It should be noted that although SveMin does not have any existing recommendations for Sami villages, it already often happens that the member companies pay remuneration for many of the jobs mentioned below. However, there are no existing industry-wide guidelines for compensation levels and what is to be remunerated.

Compensation work / damages	Proposed compensation (SEK)	Unit	Comments
Notification of exploration permit	No compensation		Does not cause damage or intrusion to the Sami village.
Work plan	1500	Per work plan. (Assumes that they respond within three weeks.)	<p>Compensation for work plans is only proposed for Sami villages (not landowners).</p> <p><i>Justification:</i> according to FPIC, the Sami should be given a real opportunity to stay informed; administration compensation contributes to that.</p> <p>Receipt of a work plan involves certain administration and considerations for the Sami village. More to decide on with a work plan for a Sami village than for a landowner.</p>
Compensation for working hours	450	/ hour	Compensation for time spent in connection with meetings, in addition to regular consultations due to work plans (see Work plan above), or field inspections.
Simple exploration work	No remuneration (same as for landowners - see above)		<p>Work that in principle corresponds to a field stay that can be done on a common law basis shall not be reimbursed.</p> <p>The principle is based on the normal case. If the work causes a "special event" that involves damage (causal connection with the work), it must be compensated in accordance with the provisions on compensation for damage.</p>
<b>Exploration work in the field</b>			Exploration work in the field always involves some intrusion for Sami villages and should be replaced according to the proposal below
Measuring loop in winter (1 Oct - 30 April)	2000	Per loop and month	Disturbance for the Sami village and certain risks for the reindeer, especially in winter. The standpoint and ambition should be to cause as little disturbance as possible.
Measurement loop in summer (1 May - 31 Sept.)	1000	Per loop and month	Disturbance for the Sami village and certain risks for the reindeer.
Diamond drilling	500 (corresponds to 25% of compensation to landowners)	Per borehole	Risk of disturbance for a relatively long time. Compensation to the affected Sami village

Compensation work / damages	Proposed compensation (SEK)	Unit	Comments
Cutting sampling	75 (corresponds to 25% of compensation to landowners)	Per hole (BOT hole)	Disruption for reindeer husbandry. Compensation to the affected Sami village
Accidentally killed reindeer, The compensation varies depending on the type of animal, (includes estimated carcass weight, breeding value, time spent training and meat value)  Type of reindeer: Calf Cow Ox Domesticated reindeer	Calf: 3411 Cow: 9627 Ox: 5248 Domesticated reindeer: 17 862	Per reindeer	Compensated if the damage can be derived from the exploration activities. Occasional (odd) events.  The compensation amounts are based on an agreement between LKAB and the Sami villages concerned, after approval by the Sami villages. Compensation for killed reindeer is paid only if it is not compensated in another way. For example, reindeer that are hit by vehicles with motor insurance are reimbursed through motor damage insurance.  The compensation principle should apply to both exploration and mining.
General starting point			Guidelines for assessment of infringement and compensation levels, see Appendix 1 (Assessment criteria for compensation to Sami villages)
<b>NO COMPENSATION is paid for:</b>			
<ul style="list-style-type: none"> <li>• Rock mapping and block searching as well as sampling of these.</li> <li>• Moraine geochemical investigations with a shovel or earth probe.</li> <li>• Aeronautical, helicopter, drone or ground geophysical surveys that does not entitle laying out cable lops.</li> </ul>			The operation does not cause damage or compensable intrusion.

## Other stakeholders

### Hunting right holders

Regarding disturbances in hunting, it is not obvious that remuneration should be paid, or to whom. The right to hunt may belong to the property owner, a Sami village, a hunting conservation association (Sw. *viltvårdsförening*) and / or hunting right holders who have been granted a hunting right as a right of use. Here, there are collectively named as hunting right holders. Hunting can be disturbed in various ways, for example the exercise of the right of public access (berry picking, hikers, etc.), air traffic, forestry and more. Only if it is clear that the exploration has been such an intrusion that there is actual damage for the hunting right holders should remuneration be considered. It is the hunting right holder who must show that the damage has occurred and that there is a reasonable causal link to the exploration work.

#### Further analysis is needed:

How should ruined hunting be valued? It is not possible to give unambiguous recommendations in advance about the size of any remuneration level, or when disturbed hunting is to be remunerated. There must always be an assessment in the individual case. A starting point, however, should be that the right to compensation can only become relevant in the case of coordinated hunting that is significantly disrupted by exploration. Individuals who exercise their hunting rights and have been disturbed by exploration are, generally, not reimbursed.

### Municipalities

Reimbursement is currently not paid specifically to municipalities in connection with exploration. We believe that this is reasonable and should continue. The municipality does not suffer any damage or encroachment because of exploration and there is no reason to introduce remuneration to municipalities.

#### Proposal for commitment by the mining industry:

We propose a commitment from the industry to invite to consultation / information meetings with affected municipalities; proposed representatives (both civil servants and possibly politicians) from the municipalities' departments for, among other things, technical administration, environment, general and detailed planning and business development. Preferably recurring (perhaps annual) meetings to have a continuous dialogue. The purpose shall be to create trust and understanding of what exploration is, inform about planned work, environmental impact, planned protection measures and about any future needs to include potential future mining in the municipality's spatial planning.

## Assessment criteria for compensation to Sami villages in connection with exploration work; suggestions

The following assessment criteria proposal for compensation is to simplify the assessments and is suggested to be applied after considering the initial step of the injury mitigation hierarchy, i.e. whether the injury could primarily could have been avoided, minimized or mitigated.

The assessed level of impact and evaluation of the measures undertaken according to the injury mitigation hierarchy must be reported in the work plan. The level of compensation is determined after the work has been completed and the Sami village has approved it, when the consequences can be evaluated.

The basis is that a reindeer that requires full feed during winter requires 2 kg of feed/day and feed cost (2021) about SEK 5-8/kg. Depending on the extent of the disturbance, full or partial feeding may be required.

Table 1. Assessment criteria for compensation to Sami villages. Layout and content are designed with the help of VindRen, a project carried out between Svensk Vindenergi and the Swedish Sami National Association, SSR, 2009 - 2010.

<b>Major consequences</b>	<p>Disturbance in a Sami village's most important areas in winter, during a time when they are normally used (key or core areas). The disturbance must affect more than one of the Sami village's groups for a longer period (&gt; 4 months) and be of such a magnitude that the affected area loses its function. The impact is so extensive that it causes feeding of the reindeers or moving to avoid the area.</p> <p>Major consequences can also include particularly important areas when bare ground and during sensitive periods such as calving land during the calving period and areas with fixed facilities during the time they are used.</p>	<p>Remuneration is paid with SEK 10 / day and the estimated number of reindeer affected.</p> <p>Fixed remuneration for boreholes, measuring loops and administration of work plans.</p> <p>25% of compensation to landowners for off-road driving</p> <p>Remuneration for reindeer herders' extra work, for example when feeding at SEK 450 / h.</p> <p>Follow-up shall take place in collaboration with the Sami village.</p>
<b>Significant consequences</b>	<p>Disturbance in a Sami village's important areas in winter during a time when they are normally used (key or core areas). The disturbance affects one of the Sami village's groups for a long period (2-4 months) and be of such a magnitude that the affected area partially loses its function. The impact is so extensive that it causes support feeding or relocation to avoid the area.</p>	<p>Remuneration is paid with SEK 5 / day and the estimated number of reindeer affected.</p> <p>Fixed compensation for boreholes, measuring loops and administration of work plans.</p> <p>25% of compensation to landowners for off-road driving</p>

	<p>Significant consequences also include particularly important areas when bare ground and during sensitive periods such as calving land during the calving period and areas with fixed facilities during the time they are used.</p>	<p>Remuneration for reindeer herders' extra work, for example when feeding at SEK 450 / h.</p> <p>Follow-up shall take place in collaboration with the Sami village.</p>
<p><b>Moderate consequences</b></p>	<p>Disturbance in a Sami village's important areas during a time when they are normally used (key or core areas). The disturbance affects one of the Sami village's groups and must be of such a magnitude that the affected area partially loses its function.</p> <p>The impact is considered to be so extensive that it leads to active measures to avoid the area.</p>	<p>Remuneration is paid with SEK 2 / day and the estimated number of reindeer affected.</p> <p>Fixed compensation for boreholes, measuring loops and administration of work plans.</p> <p>25% of compensation to landowners for off-road driving</p> <p>Remuneration for reindeer herders' extra work, for example when feeding at SEK 450 / h.</p> <p>Follow-up should take place.</p>
<p><b>Small consequences</b></p>	<p>Disturbance in a Sami village's areas during time when they are normally used. The disturbance is of such a magnitude that the affected area can be used but entails disturbed grazing and / or avoidance.</p> <p>The impact is assessed to be so extensive that it causes additional work such as increased surveillance and collection.</p>	<p>Remuneration for working hours is paid after time reporting in accordance with Svemin's time report</p> <p>Replacement for boreholes and measuring loops</p> <p>Follow-up if necessary or as requested by either party.</p>
<p><b>Insignificant consequences</b></p>	<p>Disruption of grazing by field work of a simpler nature and with light vehicles.</p> <p>Temporary or short-term work.</p>	<p>Fixed remuneration for boreholes and measuring loops.</p> <p>25% of compensation to landowners for off-road driving</p> <p>No special follow-up is required.</p>