

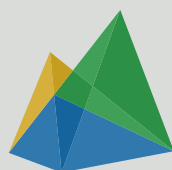
# Responsible Mining Index

## **DRAFT METHODOLOGY**

For public comment

Deadline for comments: 24 March 2017

Summary document



RESPONSIBLE  
MINING INDEX

**Acknowledgements:** The Responsible Mining Foundation (RMF) wishes to thank the many individuals and organisations who have contributed time, thought and advice during the development of this Draft Methodology for the Responsible Mining Index (RMI).

**Disclaimer:** The content of this document does not necessarily reflect the personal opinions or professional positions of the RMF Advisory Council or Expert Review Committee members.





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# Glossary of terms

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**Acid mine drainage** – The outflow from a mine site of water contaminated through its exposure to sulphide-containing materials or minerals.

**Artisanal and small-scale mining (ASM)** – Mining activities with low levels of automation and technology and intense use of labour, on a scale below that of industrial mining, often conducted informally as a source of livelihood.

**Beneficial ownership** – A beneficial owner of a company is an individual who enjoys the economic benefits of the company's activities and/or exercises control over the company, for example through shares, voting rights or other means.

**Due diligence** – Management processes by which a company systematically identifies potential negative impacts of its decisions and activities, in order to avoid and mitigate these impacts.

**Financial surety/assurance** – Financial instruments used to ensure later availability of funds for a specific purpose.

**Free, Prior and Informed Consent (FPIC)** – The principle that specific groups (such as indigenous peoples), based on their defined rights and claims, have the right to give or withhold their consent to proposed projects that may affect them.

**Grievance mechanism** – A formal process through which people and groups can raise grievances and receive remedy.

**Human rights defenders** – People who act to protect human rights, especially those individuals whose work renders them vulnerable to harm, intimidation or discrimination.

**Labour-sending area** – A geographically distant area from which a mine site or other facility draws some of its work force.

**Leading practice** – Any business practice that has been identified as best embodying the expectations of society in a given area of interest, by virtue of its favourable comparison with other practices. Leading practice is a relative and time-bound term, as business practices continuously evolve.

**Lifecycle management** – Systems in place to provide a holistic approach to resource exploitation, which sees each stage of a mine's lifecycle, from exploration to post-closure, in its larger environmental, social and economic context.

**Living wage** – A wage sufficient to provide a decent standard of living for workers and their families.

**Materiality** – The risk-significance of a given issue to a company's performance.

**Mine closure planning** – Advance planning, throughout a mine’s lifecycle, for the time following cessation of the mine’s core operations, including planning for decommissioning and rehabilitation.

**Mine site** – All land and infrastructure assets related to a specific mineral deposit under exploration or exploitation, and the area of land occupied by the mining operation.

**Mitigation hierarchy** – An approach to addressing negative impacts via a hierarchy of prioritised steps that typically include, in order of priority, avoidance, minimisation and repair.

**Open data** – Digital data that is made available with the necessary technical and legal features (e.g. machine readability and open licence) for it to be freely used, reused, and redistributed by any user.

**Operating company** – The company primarily responsible for the mining activity at a particular mine site.

**Post-closure** – The phase of a mine’s lifecycle that typically follows cessation of mining operations, decommissioning of infrastructure, and rehabilitation of land, during which management of the mine site is largely limited to monitoring residual effects on the environment and local communities.

**Recourse** – The ability of stakeholders affected by the activities of a mining company to raise concerns and have them addressed.

**Remedy** – Measures taken to counteract, compensate, or otherwise make good any negative human rights impacts or other harm that has occurred.

**Responsible business conduct** – Company behaviour that fulfils the expectations of society, primarily making positive contributions to sustainable development and avoiding negative impacts, while complying with legal requirements and international standards.

**Responsible mining** – Mining that demonstrably respects and protects the interests of people and the environment, and contributes discernibly and fairly to broad economic development of the producing country.

**Salience** – Importance or relevance of an issue to society in general. Salience in the context of issues such as human rights, environmental or community issues, stands in contrast to materiality as it considers importance from the perspective of people and the environment rather than importance from the perspective of businesses involved.

**Tailings** – Non-marketable ground rock and process effluents that are generated in a mine processing plant. The composition of tailings is directly dependent on the composition of the ore and the process of mineral extraction used on the ore.

**Tailings dam** – A surface structure in which slurried tailings from the mine processing plant are retained and managed. Tailings dams are generally constructed as conventional dams.



# List of abbreviations

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<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASM</b>	Artisanal and small-scale mining
<b>CCCMC</b>	China Chamber of Commerce of Metals, Minerals & Chemicals Importers and Exporters
<b>CSO</b>	Civil Society Organisation
<b>EMS</b>	Environmental Management System
<b>ESG</b>	Environmental, Social and Governance
<b>EESG</b>	Economic, Environmental, Social and Governance
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>FPIC</b>	Free, Prior and Informed Consent
<b>GHG</b>	Greenhouse gases
<b>GRI</b>	Global Reporting Initiative
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
<b>ICMM</b>	International Council on Mining & Metals
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organization
<b>ISO</b>	International Organization for Standardization
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NGO</b>	Non-governmental Organisation
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>RJC</b>	Responsible Jewellery Council
<b>RMF</b>	Responsible Mining Foundation
<b>RMI</b>	Responsible Mining Index

See also page 42 for abbreviations used in Section 9.



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# 1

# Introduction

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## Responsible Mining Index

The overarching purpose of the Responsible Mining Index (RMI) is to see the full potential of minerals and metals mining positively benefit economic development, improve the lives of people and respect the environments of producing countries, particularly in some of the world's poorest regions, while ensuring that mining companies also benefit in a fair and viable way.

With this in mind, the specific goal of the Responsible Mining Index is to encourage continuous improvement in responsible mining by transparently ranking the performance of some of the world's largest mining companies on economic, environmental, social and governance (EESG) issues, and highlighting leading practice.

The Responsible Mining Foundation (RMF) defines responsible mining as mining that demonstrably respects and protects the interests of people and the environment, and contributes discernibly and fairly to broad economic development of the producing country.

The Index will be published every two years and will rank 30 of the world's largest mining companies. Their relative performance will be scored largely at corporate level, although a limited number of indicators will focus on the performance of approximately 150 mining operations. The Index will cover a range of publicly listed, state-owned, and private companies. The emphasis will be on leading practice and learning.



... **encourage continuous** improvement in responsible mining by transparently ranking the performance of some of the world's largest mining companies on economic, environmental, social and governance (EESG) issues, and highlighting leading practice.

Key characteristics of the RMI approach include the following:

- RMI is a relative ranking of companies, not a benchmark, certification or standard;
- RMI complements the work of related initiatives, standards, principles and reporting mechanisms;
- RMI is centred on affirming and encouraging leading practice;
- RMI is independently funded and impartial in its assessment of companies; and
- As a public good, the RMI report will be freely available and support open data principles.

### Public comment process

This Draft Methodology of the Responsible Mining Index (RMI) is now published for a period of public comment, which forms part of a broader consultation process that the Responsible Mining Foundation has pursued over the past year. The comments and recommendations received from both individuals and organisations will be reviewed and carefully considered in the finalisation of the RMI methodology. The outcome of this public consultation on the RMI Draft Methodology will be made public through the RMI website: [www.responsibleminingindex.org](http://www.responsibleminingindex.org).

Comments are welcomed on any aspect of the methodology including, for example, the usefulness of the indicators, the clarity of the wording of the indicators, and the coverage provided by the entire set of indicators. Recommendations are also sought on several specific issues, as outlined on page 11.

This summary report is available in French, Spanish, Chinese and Russian, and a full-length version (in English only) is also available, on the RMI website.

Please send your comments and recommendations to: [consultations@responsibleminingindex.org](mailto:consultations@responsibleminingindex.org) by Friday, 24 March 2017, together with the name of the individual or organisation, and contact information in the event of further clarification.

# 2

## Context for the Index

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### Why focus on the mining sector?

Mining activity influences the development of economies and has become essential for almost every business sector, contributing significantly to the GDP of many countries. As the global population increases and living standards rise, demand for mining products continues to grow, while the imperative for sustainability remains.

Although mining activities can contribute significantly to the GDP of many resource-rich countries, this mineral wealth often fails to effectively translate into broader economic development or tangible benefits for producing country populations who often continue to live in poverty. Host communities tend to bear the brunt of the environmental degradation and social and economic disruption caused by mining operations. Host communities are also at risk from human rights abuses, corruption and conflict, particularly when mining operations are in remote impoverished areas and where governance is weak.

Globally, the mining industry is paying increasing attention to these issues. Growing numbers of companies are engaging with the various industry-led and multi-stakeholder initiatives on responsible mining that have emerged in recent years. Some companies have noticeably improved their social, environmental and governance practices, and are starting to track the outcomes of their efforts to global initiatives such as the Sustainable Development Goals. Producing country governments, for their part, have more access to the tools that allow them to leverage mining to foster long-term economic development and intergenerational equity. However, there is also recognition that the mining industry as a collective can do more as major actors in, and significant beneficiaries of, the exploitation of these non-renewable resources.

The Responsible Mining Index will measure company performance against what society expects from mining companies on economic, environmental, social and governance issues, based on a range of internationally agreed practices and principles.

## Why a new initiative on responsible mining?

RMI complements existing efforts to measure and improve the performance of companies in the mining sector and beyond. These related initiatives include various reporting frameworks, standards, principles, certification mechanisms and industry guidelines. In developing the methodology, various iterations mapped RMI topics and indicators to those addressed in a wide range of related initiatives, in order to ensure that RMI provides both complementarity and added-value to the ongoing global effort to make mining more responsible.

The RMI approach aims to be:

- **Systems-based**, covering economic, environmental, social and governance topics from a management systems perspective as well as from an issues-based perspective;
- **Transparent**, with the Index methodology and results to be made publicly and freely available;
- **Inclusive**, covering publicly-listed, state-owned, and private companies;
- Focused on company efforts to integrate EESG considerations as **part of core business activities**;

- Looking at **on-the-ground reality**, with indicators measuring how well a company's actions and processes are implemented across its different operations; and
- Focused on the **outcomes for society** that responsible mining can achieve.

## How is RMF structured and funded?

The Responsible Mining Index will be published by the Responsible Mining Foundation (RMF), an independent non-profit organisation founded in The Netherlands in 2012. To ensure its independence, RMF does not accept funding or other contributions from the mining industry. An Advisory Council and an Expert Review Committee representing a broad range of expertise help guide the overall approach and methodology of the Index.

## Who will use the Index results?

Information generated by the Index will be useful to a wide range of decision-makers, interest groups, opinion-makers, and other stakeholders. The RMI report will aid decision-making and policy-making, provide shared learning, and support the social discourse around accountability and responsible mining. **Figure 1** highlights some of the main stakeholder groups who will have a direct interest in the Index results.

**Figure 1 Stakeholders with an interest in RMI results**



# 3

## Methodology development process

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The RMI methodology has been developed in a structured and iterative manner, involving interactions with numerous subject-matter and methodology experts and diverse other stakeholders. As part of this process, an ongoing series of consultations with civil society and industry has helped test and shape the methodology. These consultations have enabled RMF to share information on the Index and elicit feedback from a range of stakeholders including mining-affected community members, civil society leaders, researchers, mining company representatives, multilateral organisations, regulators, investors, governments and other groups. Round-table consultations have been held in Switzerland, Côte d'Ivoire, Peru, India, South Africa and the UK, with further consultations planned during the comment period in Mongolia and Indonesia.

The methodology development process began with a feasibility study and extensive consultations, through which four broad themes – economic, environmental, social and governance (EESG) – were identified as systemically related to responsible mining. The EESG themes were used to identify a number of topics considered key to responsible mining, based on a literature review, expert advice, key stakeholder interviews, and tested through wide-ranging conversations and consultations.

The resulting topics were grouped as six Issue Areas, namely:

- Economic Development;
- Business Conduct;
- Lifecycle Management;
- Community Wellbeing;
- Working Conditions; and
- Environmental Responsibility.

Comprehensive profiles were developed for the complete set of topics, to set out the relevance and importance of each topic for society at large, for producing countries and communities, and for mining companies. The profiles also established the alignment of each topic with the goal of the Responsible Mining Index. The topic profiles are included in Section 9 of this report.

Each topic in the Index is covered by one or more indicators. The indicator development process posed the following questions:

- What does society at large expect from mining companies on this topic?
- How does this indicator relate to the goal of the Responsible Mining Index?
- What information is needed to measure this indicator?
- What might the evidence look like?
- If already measured elsewhere, can an existing indicator be used?
- Can the indicator be easily measured?
- Can the indicator be readily assessed?
- Will this indicator require a feasible amount of effort in reporting and analysing data?

While the vast majority of RMI indicators have been developed to be applied at a corporate level, five indicators have been selected for application at a mine-site level. These mine-site indicators have been identified based on criteria such as:

- Is the indicator applicable to all mine types, all commodities and all geographies?
- Is the indicator useful as a proxy indicator of wider company responsibility and wider mine-site level performance?
- Is the information provided by the indicator important to local stakeholders?
- Is the indicator objectively verifiable?
- Does the indicator allow progress to be measured over time, with longitudinal tracking of improvement?

One or more metrics are now being developed for each indicator. As with the indicators, these metrics are selected based on a number of criteria, including for example:

- Does the metric provide a useful insight into the extent to which a company is performing against the indicator?
- Can the metric be used to identify different levels of performance among companies?
- Does the metric deal with a specific question that is not already being addressed by other metrics?
- Taken together, do the metrics offer comprehensive coverage of the indicator in question?
- Will the metric enable the tracking of improvements from one Index to the next?

Following the current public comment period, the RMI methodology will be further refined and reviewed by the RMF Expert Review Committee, prior to publication of the final methodology report.

Publication of the first Responsible Mining Index is planned for the end of 2017.

## Unresolved issues

The RMI team would appreciate input and recommendations on the following areas:

- **Land use.** The Index addresses land-use issues through many angles, including land rights, resettlement, and land rehabilitation. It is also the intention to look at the extent to which companies are supporting productive land use in and around their mine sites, for the benefit of local communities. This could include, for example, agriculture development or renewable energy production initiatives. Strategic approaches to productive non-mining land use is an emerging practice area with relatively less established benchmarks for expected practices. One problem is the difficulty in assessing the extent to which they are strategic (i.e. related to the core business of the company and local socio-economic viability). Suggestions for a reliable and workable indicator on strategic land-based development are therefore welcomed.
- **Community/rights holders ownership.** Under the Business Conduct Issue Area, the Index considers the extent to which companies disclose the beneficial ownership of each of their business entities (this indicator is listed on page 28). A separate but related issue is the level of benefits created from community-level ownership in mining operations. As yet no indicator relating to community ownership has been included. Feedback is welcomed on the applicability of such an indicator across different regulatory regimes (e.g. community ownership is a legal requirement in some countries) and the extent to which the provision for community ownership is a key issue in ensuring community benefits from mining.
- **Mine-site indicators.** The selection of a reasonably focused set of indicators for application at mine-site level is a challenge, given the large number of indicators that could potentially be applied at this operational level, the extensive list of issues that the consultation process highlighted as important to measure at individual mine level, and the practical limitations of assessing at mine-site level. The criteria used for mine-site indicator selection (as listed above) have been important in this respect. Suggestions for changing the mix of mine-site indicators, while following these criteria, would be welcomed. The current set of mine-site indicators is listed on page 24.

# 4

## Scope of RMI

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### Mined commodities

The potential range of mined commodities covered by RMI will encompass most minerals and metals.

Coal is included in the Index. The decision to include coal mining companies and coal mine sites in the ranking is regarded by some as controversial, given the mounting consensus to phase out coal mining due to its significant contribution to climate change and its environmental and health implications. RMI is cognisant of these impacts and recognises the necessity to minimise the use of coal as part of the transition to a low-carbon economy, and acknowledges the excellent work done by those organisations that advocate in this regard.

However, the decision to include coal mining companies and coal mines in the RMI ranking has been made on the grounds that:

- Coal mining currently accounts for a large proportion of global mining production and is expected to remain a significant sub-sector of the mining industry in the short to medium term;
- In the transition to more renewable energy, coal is important in energy production, particularly in developing countries where millions of people have no access to energy and coal is readily available; and
- The negative health, safety and environmental effects of coal mining are long-lived and continue to impact on many societies.

Excluding coal from the Index would ignore these realities. More importantly, excluding coal would prevent RMI from looking at the negative impacts of coal mining (such as acid mine drainage and coal dust) and from encouraging continuous improvement among coal mining companies to ensure that where coal is mined it is done so as responsibly as possible.

### Types of mining operations

The focus of RMI is on some of the world's largest mining companies, as these major actors account for a significant proportion (approximately 25 per cent) of global mining production and are highly influential in shaping current practices in the industry as a whole. While the Index includes 30 companies, it is hoped that

the focus on these high-profile and globally dispersed companies will enable the Responsible Mining Index report to positively influence the behaviour of many more of the 6,000 or so large-scale mining companies operating around the world.

Although artisanal and small-scale mining (ASM) operations are beyond the scope of the Index, the ranking will include two indicators to look at how large-scale mining companies interact with ASM operations near their mine sites. The engagement of RMI-ranked companies with ASM operations is considered a useful indication of the companies' commitment to community wellbeing, given the importance of ASM for local livelihoods and the potential assistance that large-scale mining companies can offer to these ASM enterprises.

## Selection of mining companies and mine sites

### Companies

The companies to be included in the Index will be selected from among the world's largest mining companies, as measured by value of production. The company scoping process will also take into account the geographic distribution of mining operations with a preference for companies that operate in low-income and lower-middle-income countries, where responsible mining has the greatest potential for contributing significantly to poverty reduction and inclusive economic development.

### Mine sites

In addition to ranking companies' corporate-level performance, RMI will to a limited extent assess company performance at a mine-site level. Approximately five mine sites will be selected for each company. The mine sites will be selected from around 85 countries that have been identified based on, among other factors:

- The **level of mining** within the country: countries with very limited mining are excluded;
- The level of **per capita income**: countries classified by the World Bank as low-income economies or lower-middle-income economies are included; and
- The level of **inequality**: countries that do not meet the low per capita income criterion but have high levels of inequality (as measured by the Inequality-adjusted Human Development Index) are included.

The Index will cover approximately 150 mine sites in all and will apply only five indicators at this level (see page 24 for details). The scoping process to determine the specific mine sites will entail the following considerations:

- Maximising the number of countries covered by the set of mine sites;
- Ensuring a range of mined commodities; and
- Ensuring a range of mine types (e.g. open cast and underground).

It should be noted that the selection of mine sites will, by design, not take into consideration the presence or absence of incidents, controversies or performance issues. The primary concern will be to select a set of mine sites that will provide a representative cross-section of each company's operations, and collectively represent a wide geographic distribution.

Company and mine-site scoping is still ongoing and the results will be published in the final methodology report. Selected companies will be contacted directly by the RMI team.

# 5

## Complementarity to other initiatives

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As a ranking of mining companies, RMI aims to complement and amplify the work of other related initiatives, in order to minimise unnecessary overlap and avoid revisions to commonly accepted terminology and phrasing. To this end RMI maintains a comprehensive mapping and tracking exercise to systematically compare the topics and indicators of RMI to those found in existing principles, guidelines, standards and other related initiatives, for ease of reference and to facilitate the reporting requirements for companies. Section 9 includes lists of a select number of related initiatives that have content with substantial similarities to RMI indicators.

These initiatives include, for example:

- UN-led initiatives such as the Sustainable Development Goals and the UN Guiding Principles on Business and Human Rights;
- reporting initiatives such as the Global Reporting Initiative;
- guidelines and standards from international organisations such as ASEAN, the IFC and the OECD;
- ISO standards; and
- industry-led initiatives such as the 10 Principles and eight position statements of the International Council on Mining and Metals (ICMM), the guidelines for social responsibility published by the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCME), and the standards of the Responsible Jewellery Council (RJC).

In addition, a broader set of related initiatives has been studied and referenced during the development of the RMI methodology. The key referenced materials are listed in **Box 1**.



## BOX 1 KEY REFERENCED MATERIALS

The development of RMI methodology has involved referencing a range of related initiatives (principles, standards, guidelines, etc.), including the following:

- Africa Mining Vision
- ASEAN Framework for Extractive Industries Governance in ASEAN
- CCCMC (China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters) Guidelines for Social Responsibility in Outbound Mining Investment
- CDP (Carbon Disclosure Project)
- Corporate Human Rights Benchmark
- The EITI Standard 2016
- ARM (Alliance for Responsible Mining) Fairmined Standard for Gold from Artisanal and Small-scale Mining, including associated precious metals 2.0
- GRI Global Reporting Initiative
- ICMC (International Cyanide Management Code for the Gold Mining Industry)
- ICMM (International Council on Mining & Metals) 10 Principles and eight position statements
- IFC (International Finance Corporation) Environmental and Social Performance Standards and Guidance Notes
- ILO (International Labour Organization) Conventions 29, 87, 98, 100, 105, 111, 138, 169, 176, 182
- IRMA (Initiative for Responsible Mining Assurance) Draft Standard for Responsible Mining
- ISO (International Organization for Standardization) 14001 – Environmental Management Systems
- ISO 26000 – Social Responsibility and others
- NRC (Natural Resources Charter, Second Edition)
- OECD (Organisation for Economic Co-operation and Development) Development Policy Tools: Corruption in the Extractive Value Chain
- OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector
- OECD Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- OECD Guidelines for Multinational Enterprises
- OHSAS (Occupational Health and Safety Assessment Series) 18001
- RJC (Responsible Jewellery Council) Code of Practices
- SASB (Sustainability Accounting Standards Board) Standards for Companies
- Sustainable Development Goals
- Towards Sustainable Mining Sustainability toolkit of the Mining Association of Canada
- UN Declaration on the Rights of Indigenous Peoples
- United Nations Global Compact
- UN Guiding Principles on Business and Human Rights (and Reporting Framework)
- Voluntary Principles on Security and Human Rights

# 6

## Draft methodology

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### Analytical framework

The RMI analytical framework is built around Issue Areas – six broad areas of interest of RMI that together provide comprehensive coverage of the main EESG issues related to mining. These Issue Areas are:

- **Economic Development:** the contribution of mining companies to economic development at subnational, national and regional levels;
- **Business Conduct:** the implementation of governance and management mechanisms to support positive EESG outcomes and safeguard against negative outcomes;
- **Lifecycle Management:** the planning and management of company operations to ensure the integration of EESG considerations from a lifecycle perspective;
- **Community Wellbeing:** the company's engagement with affected communities and contribution to local social and economic wellbeing while avoiding and mitigating any negative impacts;
- **Working Conditions:** company efforts to ensure decent, safe and healthy working conditions; and
- **Environmental Responsibility:** company efforts to address the environmental risks and impacts generated by their operations, and to bring positive benefits wherever possible.

Company performance on each Issue Area is examined through three Measurement Areas that look at the following aspects: (1) the commitments companies have made; (2) the actions and management measures they have undertaken; and (3) the effectiveness of these commitments and actions in ensuring company activities maximise potential positive outcomes for the people, the environment and the economies of producing countries.

Company performance in each Issue Area is examined across all three Measurement Areas, as illustrated in **Table 1**. Companies will be ranked relative to each other, not assessed against an absolute standard. More information on the scoring methodology is given on page 20.

**Table 1 Analytical framework**

Issue Area	Commitment	Action	Effectiveness
Economic Development	x	x	x
Business Conduct	x	x	x
Lifecycle Management	x	x	x
Community Wellbeing	x	x	x
Working Conditions	x	x	x
Environmental Responsibility	x	x	x

## Measurement Areas

The three Measurement Areas essentially offer three ways of measuring the extent to which companies are actively addressing responsible mining issues, by considering the following general questions:

- **Commitment:** can companies demonstrate their commitment to support responsible mining practices (e.g. through policies, resourcing and staffing)?
- **Action:** are companies systematically implementing measures that will improve and maximise the potential EESG benefits and/or mitigate the negative EESG impacts of their activities?
- **Effectiveness:** can companies demonstrate that their activities have contributed to positive outcomes? Are there any major negative outcomes that can be attributed to the company's activities?

### Commitment

This Measurement Area will look at the commitments made by companies on specific issues, as well as related efforts taken to ensure effective delivery of these commitments, including for example the setting up of accountability mechanisms. Consideration will be given not just to whether a particular commitment has been made (e.g. through a policy statement and resourcing to support this), but also to the scope of the policy (in terms of the issues it covers) and the extent to which the commitment has been formalised and integrated into the company's business processes.

### Action

The action Measurement Area, which covers the majority of indicators, looks at the practical measures taken by companies to address EESG in a responsible manner. The aim here is to look not only at whether the company is implementing a number of different measures, but also the extent to which the company has integrated these processes and procedures into a systematic approach. With this in mind, many of the action indicators are structured around a management systems framework, encompassing:

- **Assessment:** assessment of potential impacts and the identification of measures to avoid or minimise potential negative outcomes and optimise opportunities for positive outcomes.
- **Planning and implementation:** the development, resourcing and implementation of plans to manage the identified impacts.
- **Engagement:** engagement with internal and external stakeholder groups, to enable them to access relevant information and become involved in decision-making and implementation processes.
- **Response and remedy:** plans and processes to remediate any harm for which the company may be responsible, including for example worker grievance mechanisms, community grievance mechanisms, and emergency response plans.
- **Monitoring and evaluation:** the measurement and tracking of management measures implementation, including for example setting targets and indicators, and conducting performance monitoring, audits and assessments.

By using this management systems framework, RMI aligns with other related initiatives, including the human rights due diligence process of the UN Guiding Principles on Business and Human Rights,<sup>1</sup> IFC Performance Standard 1 on assessment and management of environmental and social risks and impacts,<sup>2</sup> and the ISO 14001 standard for environmental management systems.<sup>3</sup>

### Effectiveness

Measuring the effectiveness of companies' actions in addressing EESG issues is a key part of the RMI methodology, as it is through such measurement that the Index can assess the tangible impacts that companies make on communities, workers, economies and the environment, and encourage the most effective responsible mining practices.

<sup>1</sup> [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf) Principles 17-24

<sup>2</sup> [https://www.ifc.org/wps/wcm/connect/3be1a68049a78dc8b7e4f7a8c6a8312a/PS1\\_English\\_2012.pdf](https://www.ifc.org/wps/wcm/connect/3be1a68049a78dc8b7e4f7a8c6a8312a/PS1_English_2012.pdf)

<sup>3</sup> <http://www.iso.org/iso/iso14000>

The attempt to measure effectiveness has been warmly welcomed by many stakeholders. However, while the other two Measurement Areas are relatively straightforward to measure, effectiveness poses several important challenges. Among these are difficulties in quantifying and comparing outcomes generated by companies, and in attributing outcomes to the actions of a company. On the other hand, the mining sector is increasingly considering how to measure its EESG outcomes, as evidenced for example by recent work on the contribution of mining to the Sustainable Development Goals and related efforts.<sup>4</sup>

It is expected that the effectiveness Measurement Area will evolve over time as companies develop more sophisticated methods for measuring outcomes. At this stage, the measurement of a company’s effectiveness will be based on assessing EESG outcomes – both positive and negative – generated in each Issue Area.

RMI will use a variety of data sources to assess companies’ effectiveness in the respective Issue Areas. In addition to any information provided by the companies themselves, these sources will include a comprehensive database of news stories and public reports covering EESG issues in the mining industry, credible community and stakeholder feedback on company performance, and other public sources. To the degree that the methodology will consider controversies, they will only be taken into account if they meet the following criteria:

- There is verifiable evidence of negative EESG outcomes; and
- Impacts are attributable to company activities.

**Topics, indicators and metrics**

Each Issue Area is organised into a number of topics that are considered priority areas of focus for RMI. The topics have been identified based on extensive consultations with stakeholders and experts and reflect a general consensus on the most salient issues relating to responsible mining. **Table 2** presents the list of RMI topics.

In addition, several transversal issues have been identified as requiring integration across a number of Issue Areas. These issues, such as gender and human rights, are addressed through a number of different indicators in several Issue Areas.

<sup>4</sup> Columbia Center on Sustainable Investment, Sustainable Development Solutions Network, United Nations Development Programme, and World Economic Forum (2016). *Mapping Mining to the SDGs: An Atlas*. World Economic Forum, Geneva Switzerland.

**Mine-site indicators** will enable RMI to shine a spotlight on how companies are tackling some of the most important issues for local people, local environments, and local economies

**Table 2 List of topics included in the Index**

<b>A. Economic Development</b>
A.1 Subnational, National and Regional Socio-Economic Development Planning
A.2 Procurement and Employment
A.3 Institutional Capacity Building
A.4 Enhancing the Skills Base
<b>B. Business Conduct</b>
B.1 Business Ethics
B.2 Board Level and Senior Management Accountability
B.3 Contracts Disclosure
B.4 Beneficial Ownership
B.5 Tax Transparency
B.6 Payments to Producing Countries
B.7 Lobbying Practices and Political Contribution
B.8 Bribery and Corruption
B.9 Responsible Contracting and Sourcing

## C. Lifecycle Management

C.1 Mine Lifecycle Management

C.2 Project Approval Process

C.3 Community Viability Post-Mine Closure

C.4 Mergers, Acquisition, and Disposal Due Diligence

## D. Community Wellbeing

D.1 Community and Stakeholder Engagement

D.2 Economic and Social Viability

D.3 Community Health

D.4 Gender Equity

D.5 Indigenous Peoples

D.6 Free, Prior and Informed Consent

D.7 Land Rights, Resettlement and Remedy

D.8 Artisanal and Small-Scale Mining

D.9 Human Rights

D.10 Security

D.11 Grievance and Remedy

## E. Working Conditions

E.1 Living Wage

E.2 Occupational Health and Safety

E.3 Collective Bargaining and Freedom of Association

E.4 Worker Recourse

E.5 Non-Discrimination and Equal Opportunity

E.6 Elimination of Forced Labour and Child Labour

## F. Environmental Responsibility

F.1 Environmental Stewardship

F.2 Tailings Management

F.3 Air

F.4 Water

F.5 Noise and Vibration

F.6 Biodiversity

F.7 GHG Emissions and Energy Efficiency

F.8 Hazardous Materials Management

F.9 Emergency Preparedness

Company performance on each of these topics is measured through a set of 75 indicators (presented in Sections 8 and 9).

The indicators have been tested through several iterations with experts and various stakeholder groups. Each topic has one or more indicators, which have been selected as the most incisive means of measuring company efforts on the topic in question.

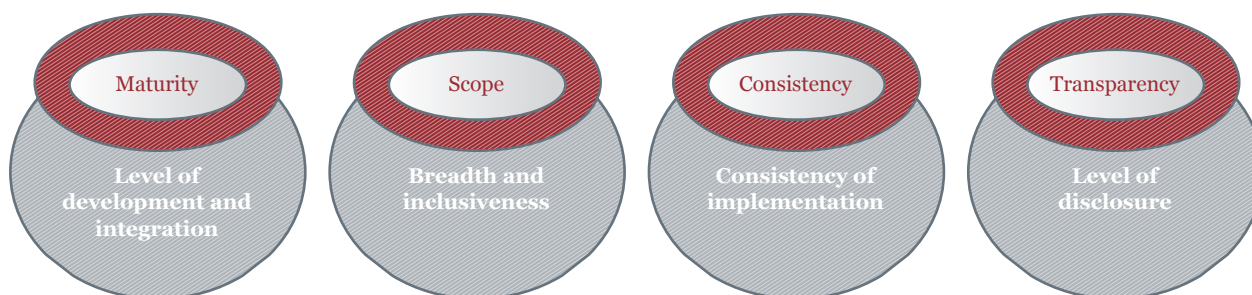
Most of the RMI indicators apply to company-wide policies or practice, i.e. they relate to the behaviour across the company as a whole. At the same time, five of the 75 indicators have been selected to be applied at a mine-site level, to provide information disaggregated to the level of individual mining operations. The inclusion of these mine-site indicators will enable RMI to shine a spotlight on how companies are tackling some of the most important issues for local people, local environments, and local economies. These indicators will also serve as points of verification to test how consistently companies are applying their policies and practices throughout their operations.

## Metric Types

Each indicator will be assigned one or more metrics – specific questions, the answers to which will provide the basis for scoring. Metrics have been classified into four Metric Types, in order to provide a structured manner through which to assess company performance. The four Metric Types, illustrated in **Figure 2** are:

- **Maturity:** this Metric Type looks at the depth of maturity of a company's commitments or actions, including the extent to which these have been formalised and embedded in wider business processes and strategy.
- **Scope:** this Metric Type looks at the scope of coverage of a company's commitment or action, and the extent to which they are inclusive of different stakeholder interests such as gender and indigenous peoples' issues.
- **Consistency:** this Metric Type looks at how consistently measures are implemented throughout the company and across its mine sites.
- **Transparency:** this Metric Type looks at the level of disclosure provided by a company in relation to its commitments, actions and performance.

Figure 2 Metric types used in assessing company performance



## Scoring, weighting and aggregation

Scoring will be based on data on company activities within a two-year period prior to the assessment. Scoring will be based on a range of performance, for both company-wide and mine-site indicators and metrics.

An overall score will be compiled for each Issue Area. Issue Areas will be weighted according to a range of factors in order to provide the overall aggregated company score. Company scores will then be used as the basis for the Index ranking. The assessment criteria used in determining these weightings include, for example:

- **Direct positive impact at the mine-site level:** the extent to which the topics directly relate to the improvement of ethical behaviour, economic development, community wellbeing and environmental conditions around the mine.

- **Multiplier effect:** the potential for the topics to generate a larger change in terms of sustainable development for the producing countries.
- **Intergenerational impact:** the extent to which the topics will generate long-term impacts for future generations.

## Accounting for exceptions

In general, RMI indicators have been designed to be relevant for, and applicable to, all large-scale mining companies, in order to ensure fair and comparable scoring of companies. At the same time, a small number of indicators, covering issues considered critical to the focus of RMI, will not be relevant in all contexts. These indicators include for example those relating to indigenous peoples and ASM. In these cases, scoring and weighting will take into account this variability. Essentially, companies to which these indicators do not apply will not be marked down.

# 7

## Data collection and analysis process

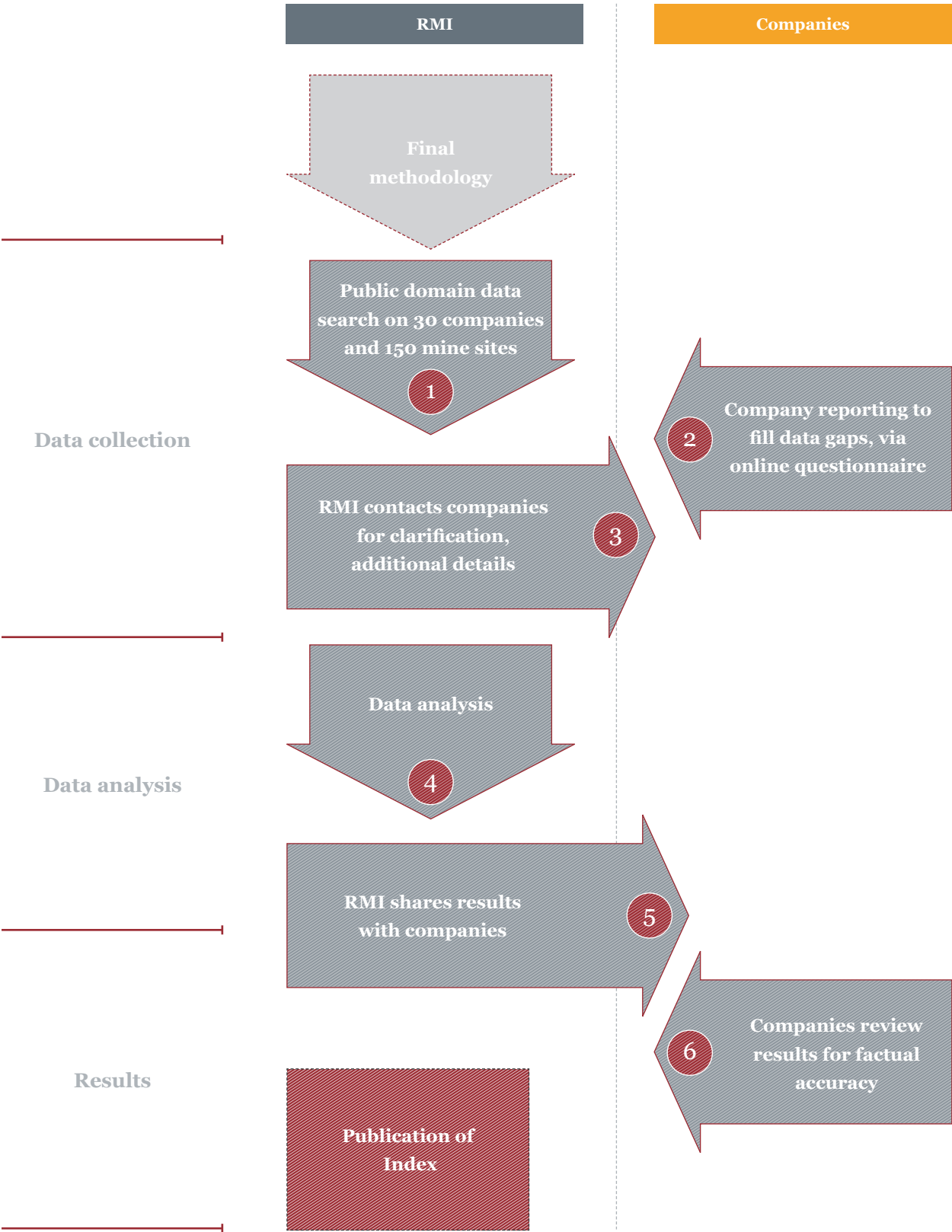
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Following finalisation of the RMI methodology, data collection and analysis for the first RMI Index will commence. The general process that has been developed for implementing these activities is set out in **Figure 3**. The main steps involved include the following:

1. **Public domain data search.** Data analysts undertake a search of public domain data sources on the 30 companies and 150 mine sites included in the Index and pre-populate the questionnaire that will later be sent to companies, with data relating directly to the metrics.
2. **Company reporting.** Companies are sent a personalised questionnaire, via a secure online platform, which includes: (1) specific questions (metrics) with basic guidelines on the kinds of evidence that would be considered relevant for each one; (2) pre-filled fields showing any data that have already been collected on each metric; and (3) any additional comments or questions from the data analysts relating to specific data gaps. Companies complete the questionnaire within a designated time frame.
3. **Review and finalisation of data.** RMI reviews the responses of companies and where necessary contacts companies directly for any clarification or additional details.
4. **Data analysis.** On the basis of all data collected from company reporting and/or public domain search, analysts assign scores for each metric and apply the weighting and aggregation algorithms to arrive at final scores for each company.
5. **Company review.** Prior to publication, companies review the results for factual accuracy and completeness.
6. **Publication of the Index.** RMI publishes the Index and the findings on each company's and mine site's performance.

For transparency purposes all information collected in the public domain and information provided to RMI by companies will be considered as public domain data.

Figure 3 Data collection and analysis process





# 8

## Summary of RMI indicators

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The complete set of 75 RMI indicators is presented in Section 9 together with summary descriptions of the topics.

### Company-wide indicators

Most of the company-wide indicators will look at the extent to which a company's commitments or actions on responsible mining are being implemented across its entire set of operations and throughout its business structure. A more limited number of company-wide indicators, largely within the Business Conduct Issue Area, will look specifically at headquarters-level performance.

### Mine-site indicators

While the majority of RMI indicators will be applied at company level, five of the 75 indicators will be applied at mine-site level in order to assess on-the-ground performance of the 30 ranked companies. A total of 150 mine sites will be selected (approximately five per company) and the specific results obtained for each mine site will be included in the Index report.

The five mine-site indicators, presented on the following page, have been selected on the basis of a number of criteria (as outlined on page 11), with a strong focus given to identifying indicators that will address some of the mining-related EESG issues of highest importance to local stakeholders. In addition, this set of local-level indicators has been developed to touch on the main elements of a management systems approach (discussed on page 17), in order to test company performance across these different areas. These management system elements, and examples of the mine-site indicators which relate to them, include:

- **Assessment:** e.g. the indicator on assessments of impacts;
- **Planning and implementation:** e.g. the indicator on local employment;
- **Engagement:** e.g. the indicator on engagement in emergency preparedness;
- **Response and remedy:** e.g. the indicator on grievance; and
- **Monitoring and evaluation:** e.g. the indicator on water quality monitoring.

## Mine-site indicators

- **MS 1: Assessments of impacts:** The operating company actively and inclusively engages affected communities in regular assessments of its impacts and in sharing the results, throughout the life of the mine.
- **MS 2: Local employment:** The operating company has measures in place to support local employment opportunities, particularly for women and youth.
- **MS 3: Grievance:** The operating company can demonstrate implementation of a grievance mechanism and claimants' effective access to remedy.
- **MS 4: Water:** The operating company actively and inclusively engages local communities in decisions on water management and in implementing and sharing the results of water quality monitoring activities.
- **MS 5: Emergency preparedness:** The operating company engages local authorities, workers and communities in developing, communicating and testing its emergency preparedness and response plans.

# 9

## Full list of RMI indicators

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This section lists the full set of 75 RMI indicators and presents summary descriptions of the topics to which they relate. More in-depth descriptions of the RMI topics are presented in the full-length version of this report. The listing here also presents a selection of the results of the mapping exercise (described on page 14), showing some examples of the related initiatives that have content with substantial similarities to each indicator. The abbreviations of these initiatives are explained on page 42. The mine-site indicators are coded with prefix MS.

The information in this section is displayed in the format as shown below.

Issue Area	
Issue description	
Topic title	
<b>Indicator code</b>	<b>Indicator description</b> <i>(Related initiatives with similar content)</i>
	Topic description summary

## A. | Economic Development

Large-scale mining projects bring with them the promise of significant broad-based and long-term economic and social benefits. Often, however, the promise is not fully realised. Instead, producing countries and communities find themselves overly dependent on temporary jobs and mineral revenues, with few long-term economic prospects.

While economic development is primarily the responsibility of producing country governments, mining companies can actively promote and facilitate sustainable economic outcomes for producing countries and affected communities in ways that are aligned with the UN Sustainable Development Goals (SDG). For example, the mining industry can contribute to the goal of ending poverty (SDG 1) through procurement strategies that build local capacity to provide goods, consumables and services beyond the mine (See A.2); by facilitating the development and transfer of skills and technologies to other sectors (See A.3 and A.4); and strengthening the capacity of producing country institutions to manage mineral resources and tax revenues so that the economic benefits of mineral development are widely shared and sustained (See A.3, B.5 and B.6).

Mining companies can also broaden economic opportunities by leveraging mine infrastructure to spur local and national growth (See A.1), which not only contributes to SDG1, but also promotes the building of resilient infrastructure, sustainable industrialisation and innovation (SDG 9).

Through collaboration with producing country stakeholders and strategic investments in economic, institutional and human capacity building, mining companies can develop mineral resources in a manner that alleviates poverty and promotes sustainable economic growth and social development.

### A.1 Subnational, National and Regional Socio-Economic Development Planning

**A.1.1** | **The company considers how its mining-related investments and business decisions (including those related to infrastructure, accommodation and influx management) contribute to sub-national, national and regional socio-economic development, and aligns these with government planning processes.**

*(GRI G4-EC7; G4-EC8. IFC PS 1, 11)*

Mining companies can help to ensure that they generate lasting benefits for producing countries by harmonising their mine and associated infrastructure planning with national and regional priorities. Aligned and coordinated planning also enables companies to better manage the costs and risks of their investments through, for example, strategic development of shared infrastructure or collaboration on matters such as potential in-migration (influx).

### A.2 Procurement

**A.2.1** | **The company has measures in place to ensure equitable access to procurement opportunities, at subnational, national and regional levels.**

*(GRI G4-EC9. ISO 26000, 6.4.3.2; 6.8.7.2; 6.8.9.2. CCCMC 2.3.3; 2.8.9)*

By procuring goods and services from within producing countries, rather than through imports, mining companies can help to build strong, diversified economies through the creation of jobs, tax revenues, skills and technological capacities. By building up local supply chains, companies may also benefit from reduced production costs and delivery times, and a reduced environmental footprint.

### A.3 Institutional Capacity Building

**A.3.1** | **The company supports institutional capacity building, at subnational, national and regional levels.**

*(SDGs 16; 16.a. CCCMC 2.1.4)*

### A.3.2

#### **The company supports capacity building on socio-economic research and development at subnational, national and regional levels.**

*(OECD MNE VIII.1)*

Communities, countries and companies all stand to benefit when institutional capacity constraints are strategically addressed through collaboration between mining companies, governments and other stakeholders. This capacity building may include strengthening policy development, improving the managerial capabilities of government agencies, and supporting research and development.

## A.4 Enhancing the Skills Base

### A.4.1

#### **The company has systems in place to support skills development and skills transfer, especially at technical, and mid and upper management level, in producing countries.**

*(OECD MNE II.4. GRI G4-LA10; G4-LA11. CCCMC 2.5.7; 2.8.8)*

By developing the skills of its producing country employees, a mining company can help build a sustainable economy and strong skills base at the local and national level, while also benefiting from increased availability of skilled workers. Technical and managerial skills development is particularly valuable, as these skills are also readily applicable to sectors beyond mining and metals.

## B. | Business Conduct

Mining companies, like other global businesses, are answerable to their owners and shareholders. They are also increasingly being held to account by stakeholders and the global marketplace, which expect companies to apply ethical business practices and sound systems of corporate governance and transparency to their operations. In response to this demand some mining companies have made commitments to more responsibly manage the economic, environmental, social and governance (EESG) aspects of their operations.

Just as a mining company's economic development efforts can contribute to the achievement of the UN's Sustainable Development Goals (SDG) (See Section A), responsible business conduct by mining companies can help producing countries progress toward these goals. For example, transparency of mining business practices, especially in countries with weak governance or corruption, not only helps to showcase a company's good practices, but also can contribute to greater producing-country accountability (SDG 16) and a higher potential for mineral wealth to reduce poverty (SDG 1) and provide benefits to the whole population.

Conducting businesses with integrity also enables companies to respect human rights, workers and the environment; protect against corruption; and create value for producing countries and affected communities affected by mining activities, all of which are important concepts within the SDG.

## B.1 Business Ethics

### B.1.1

#### **The company promotes cross-departmental adherence to business ethics.**

*(ISO 26000, 4.4. OECD MNE III.5. CCCMC 1.7)*

### B.1.2

#### **The company has a whistle-blowing mechanism in place for reporting concerns about unethical behaviour.**

*(ISO 26000, 6.6.3.2. CCCMC 2.2.2)*

Committing to conduct business ethically serves as a first step in promoting a culture of responsible business practice, with a responsible approach to economic, environmental, social and governance (EESG)-related issues fully integrated into the company's corporate management. This commitment may be made public, within and outside the company, in the form of binding ethics codes and codes of conduct. Anonymous whistle-blowing mechanisms can further demonstrate the company's commitment to ensuring that its workforce and management behave ethically.

## B.2 Board Level and Senior Management Accountability

**B.2.1** | **The company holds individual board directors and senior managers accountable for responsible business conduct and environmental and social performance.**

*(ISO 26000, 4.2; 4.4; 6.2.3.2. IFC PS 1, 6.; PS 1, 17. CHRBA.2.1)*

**B.2.2** | **The company demonstrates respect for diversity and inclusivity by including a range of gender, expertise and stakeholder interests on its board and in its senior management.**

*(GRI G4-EC6. ISO 26000, Box 2; 6.2.3.2. SDG 5)*

Effective implementation of responsible corporate practices requires commitment at all levels, including the most senior. In the case of responsible mining, this generally involves adoption of internal accountability and incentive mechanisms for performance of individuals at board and senior management levels, in order to ensure the company's strong performance in EESG-related issues. Composition of the corporate board will also demonstrate the company's commitment to diversity and inclusivity on the basis of gender, expertise and stakeholder interests.

## B.3 Contracts Disclosure

**B.3.1** | **The company publicly discloses all contracts, licences and agreements that grant it access to the extraction of mineral resources and associated projects.**

*(CHRBA D.3.2. ASEAN 3.4)*

By disclosing its contracts for exploration and exploitation, a mining company can support civil society efforts in producing countries towards holding their governments accountable for the responsible stewardship of natural resources. Contract disclosure also provides government officials with more incentive to seek better deals for their citizens in future contract negotiations with mining companies, and enables companies to maintain their social licence to operate and manage citizen expectations.

## B.4 Beneficial Ownership

**B.4.1** | **The company publicly discloses the beneficial ownership of each entity within the company that bids for, operates or invests in extracting mineral resources.**

*(ISO 26000, 4.3. OECD CEVC Ch. 1, p. 17; Ch. 5, p. 86)*

It is becoming an increasingly accepted norm that companies disclose the identity of individuals who stand to benefit from the ownership of particular securities (e.g. shares in the company), regardless of nominal ownership of those securities. Disclosing beneficial ownership can help improve transparency, prevent corrupt and unethical behaviour, and contribute to a strong investment climate for mining.

## B.5 Tax Transparency

**B.5.1** | **The company practices tax transparency in all its tax jurisdictions.**

*(OECD CEVC Ch. 5, p. 80. SDG 1; 16.4)*

**B.5.2** | **The company publicly discloses all tax benefits and tax holidays it receives from local and national governments.**

*(GRI G4-EC4. OECD MNE II.5. SDG 1)*

Tax revenues from mining present a significant source of potential income for mineral-rich countries, offering funding for long-term poverty reduction and social and economic development. By declaring their taxes in a transparent manner and disclosing any tax benefits they receive, companies can help to ensure that this revenue is paid and distributed fairly. Tax transparency also fosters stable investment climates and supports the prevention of corruption.

## B.6 Payments to Producing Countries

### **B.6.1 The company publicly discloses all the payments that it makes to subnational and national governments, providing disaggregated data on a project-level basis.**

*(GRI G4-EC1. OECD CEVC Ch. 1, p. 16. OECD MNE IV.5. CHRB D.3.2)*

The payments that mining companies make to governments, be they taxes, royalties, licence fees, bonuses, or other contributions, can represent a significant contribution to the economies of developing countries. By disclosing such payments, mining companies can help to prevent the misuse of funds and revenues, and promote transparency in producing countries.

## B.7 Lobbying Practices and Political Contribution

### **B.7.1 The company publicly discloses its lobbying practices and positions.**

*(ISO 26000, 6.6.4.2. OECD CEVC Ch. 1, p. 16)*

### **B.7.2 The company publicly discloses its direct and indirect political contributions.**

*(GRI G4-SO6. OECD CEVC Ch. 1, p. 16. OECD MNE II.11; VI.6)*

Lobbying and political contributions can yield significant influence on policy-making in companies' home countries as well as in producing countries. While an important part of the democratic process, lobbying is often highly unregulated and can lead to negative social and environmental outcomes. By disclosing their lobbying practices and political contributions in a publicly accessible way, mining companies help to promote a climate of transparency and trust in public decision-making processes.

## B.8 Bribery and Corruption

### **B.8.1 The company demonstrates commitment to prevent all direct and indirect forms of bribery and corruption, and it has systems in place to achieve this objective**

*(GRI G4-SO3; G4-SO4; G4-SO5. ISO 26000, 6.6.3.2. OECD MNE VI.5)*

Bribery and corruption are highly damaging, hindering economic development and exacerbating inequality in many countries. Mining is a high-risk sector for bribery and corruption, partly due to the frequent high-stake interactions between companies and government officials during licensing and approvals processes. Companies can promote a more stable investment climate for mining and reduce their own reputational risks by implementing robust anti-corruption due diligence and compliance programmes.

## B.9 Responsible Contracting and Sourcing

### **B.9.1 The company incorporates requirements for responsible environmental, social, human rights and governance practices into formal agreements with contractors, subcontractors, suppliers and business partners, and has systems in place to ensure adherence.**

*(GRI G4-EN32; G4-EN33; G4-LA14; G4-LA15; G4-HR1; G4-HR10; G4-HR11; G4-SO9; G4-SO10. RJC 5.2. IFC PS 1, 9.; PS 1, 10.; PS 2, 24.; PS 2, 25.; PS 6, 30. ISO 26000, 4.4; 6.3.3.1; 6.4.3.2; 6.5.2.2; 6.6.6.2)*

The increasingly widespread use of contract labour in mining has potentially negative consequences for the contract workers themselves, as well as local communities and the mining companies. In addition, mining companies face risks related to the performance and practices of their suppliers. Companies can minimise these risks by ensuring that contractors and suppliers follow high social and environmental standards, and by building the capacity of these firms to meet these standards.

## C. | Lifecycle Management

The lifespan of a mine can be decades long, and there are a number of discrete lifecycle phases in the development and responsible closure of a mine. Generally, the initial phase – after a company has identified a viable ore deposit – is the design phase, where a company investigates the technical and financial feasibility of developing a mine. If a corporate decision is made to move forward with a project, and the appropriate regulatory approvals are received, the mine enters the development or implementation phase, which involves constructing and operating the mine. Finally, when the economically retrievable ore has been extracted, the mine enters a closure phase, which can last many years or even decades if there are long-term environmental issues remaining at the site.

During every lifecycle phase, a mining company should be carrying out due diligence to ensure that risks to the company and communities are minimised, and that safeguards are put in place to guarantee the sustained and long-term (post-mining) social and economic health of affected communities and protection of the environment.

In some cases, a single mining company will not shepherd a mining project through its entire lifecycle. Whenever there is a transfer of mine ownership, a due diligence process is necessary to ensure that risks and liabilities are disclosed and understood, and that adequate financial security is in place to prevent and manage social and environmental impacts.

### C.1 Mine Lifecycle Management

#### C.1.1 **The company commits to adopt a lifecycle approach that integrates mine closure throughout project development and operations.**

*(ISO 26000, 6.5.2.2. OECD MNE V.3. CCCMC 2.7.12)*

#### C.1.2 **The company provides financial surety for mine closure and post-closure liabilities. It publicly discloses corresponding arrangements, ensuring that these arrangements are perpetually accessible to communities.**

*(GRI G4-DMA (additional reporting); MM2; MM10. CCCMC 2.7.4)*

Leaving positive environmental and social legacies requires that companies plan effective measures relevant for all stages of a mine's lifecycle. From the exploration stage onwards, this involves assessing and planning for the potential impacts of all their projects, while also putting provisions in place for the closure and rehabilitation of mine sites. This will typically involve making closure plans, setting funds aside early in the mine lifecycle to cover closure costs related to environmental rehabilitation and socio-economic impact mitigation, and engaging affected communities. Disclosure of financial surety arrangements further eases the transition to the post-closure stage.

### C.2 Project Approval Process

#### C.2.1 **The company integrates economic, environmental, social and governance factors into the stage-gating process at investment committee level**

*(OECD CEVC, Ch. 4. CCCMC 2.8.1. RJC 31, 32.1)*

Robust, informed decision-making during a mining project's approval process necessitates the integration of EESG-related issues as part of the stage-gating process, including them in 'go/no-go' decision points alongside technical and financial considerations. Early identification and analysis of social risks, for example, can enable pre-emptive mitigation strategies to be developed or highly damaging projects to be avoided.

### C.3 Post-Closure Community Viability

#### C.3.1 **The company plans for land rehabilitation and post-mining land-use opportunities.**

*(RJC 40.1. GRI G4-DMA (additional reporting); MM10)*



**C.3.2 The company designs and plans operations to ensure the transition and continued viability of livelihoods and company-funded shared infrastructure, both around the mine and in labour sending areas, where applicable.**

*(GRI G4-DMA (additional reporting); MM2. ISO 26000, 6.4.7.2; 6.8.7.2. SDG 1; 4; 7.b.; 9.a)*

The closure of a mine can have devastating effects on communities, including high levels of outmigration, soaring unemployment, and economic stagnation. Strategies for minimising the negative impacts of closure typically involve planning from the outset of mining development, engaging with local communities in planning for closure, and subsequent land rehabilitation. Companies may also demonstrate their commitment to leaving a positive legacy by exploring post-closure land use opportunities. They may ensure that livelihoods remain viable and that shared infrastructure continues to function after mining operations have ceased.

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**C.4 Mergers, Acquisition, and Disposal Due Diligence**

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**C.4.1 The company performs due diligence on mergers, acquisitions and disposals, evaluating both historical and future development, to ensure environmentally and socially responsible conduct.**

*(OECD MNE X. OECD CEVC Ch. 3, p. 2. ISO 26000, 6.3.3.1)*

Mergers, acquisitions and disposals of mining entities and properties may involve significant environmental risks, and social, economic and human-rights risks for communities and workers. By assessing and integrating these risks into strong due diligence procedures, mining companies can ensure a high level of protection for the environment and communities while also benefiting from better management of their own financial, legal or reputational risks.

**D. | Community Wellbeing**

Mining projects have the potential to transform communities in positive and negative ways. Some economic benefits may be created through the provision of jobs and opportunities for local businesses to supply services or products to the mine.

On the other hand, mining may also diminish or destroy natural resources that provide food, livelihoods and services to communities. The social character of a community may also shift with the influx of migrant mine labour, and mining-related income and benefits may be distributed in an inequitable manner, which can create conflicts within communities and even families.

As with any long-term relationship, company-community relationships are complex. Mining companies are often faced with the challenge of satisfying the wishes of disparate groups, and without thoughtful planning and interventions it is inevitable that conflicts will arise. Companies that approach communities early in the project lifecycle, and demonstrate a willingness to engage with all stakeholders in an open, respectful manner are more likely to build trust; and those that put in place effective systems to receive and remedy community complaints will be more likely to maintain positive relationships.

The creation of positive economic, environmental and social benefits requires active engagement with communities throughout the mine lifecycle. Through ongoing collaboration with women, men, youth, marginalised and vulnerable groups in the planning, design and implementation of mine-sponsored community investments and mining-related opportunities, mining companies can better ensure that they will leave behind healthy, viable communities when a mine closes.

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**D.1 Community and Stakeholder Engagement**

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**D.1.1 The company has management systems in place to facilitate ongoing and inclusive stakeholder engagement activities and to enable participation of affected communities and rights holders, including women and youth.**

*(GRI G4-DMA (additional reporting). UNGP (RF) C.2.2. RJC 30.1)*

**MS 1** | **The operating company actively and inclusively engages affected communities in regular assessments of its impacts and in sharing the results, throughout the life of the mine.**

*(IFC PS 1: 15, 19. OECD SEEI, Steps 3, 6. CCCMC 2.4.4)*

Building relationships with mining-affected stakeholders not only enables local communities to raise concerns and become better informed about the mining project but also benefits the company by, for example, improving the management of social and environmental risks. Effective engagement processes are implemented from an early stage in the project's development, and actively involve all segments of affected communities, including women and youth.

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## D.2 Economic and Social Viability

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**D.2.1** | **The company conducts regular and ongoing social impact assessments to identify baseline conditions and changes, assess positive and negative impacts and identify measures to manage these impacts.**

*(GRI G4-EC8; G4-DMA (additional reporting); G4-SO1; G4-SO2. CCCMC 2.8.1. SDG 10)*

**D.2.2** | **The company has measures in place to support local business development, and encourages entrepreneurship, particularly for women and youth.**

*(OECD SEEI Box 4. OECD MNE II.3; IV.5)*

**D.2.3** | **The company facilitates the participation of women and youth in the design, implementation, monitoring, evaluation, and reporting of measures to manage social impacts, including community development projects.**

*(ISO 26000, Box 2; 6.3.8.2. SDG 1.4; 5.a)*

**D.2.4** | **The company publicly discloses its local development agreements and benefit sharing agreements.**

*(OECD SEEI Box 1. SDG 1; 8)*

**MS 2** | **The operating company has measures in place to support local employment opportunities, particularly for women and youth.**

*(CCCMC 2.8.7. OECD MNE, II.4)*

Mining projects have the potential to transform, positively or negatively, the social and economic character of affected communities, neighbouring communities and labour-sending areas. Approaches to mitigate negative impacts and promote the economic and social viability of communities include the implementation of social impact assessments, benefit-sharing agreements, and local business and community development projects. Monitoring, evaluation and publicly reporting on the efficacy of the company's strategies in managing impacts, is vital to ensuring that the company leaves a positive legacy.

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## D.3 Community Health

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**D.3.1** | **The company has systems in place to implement and document integrated community health and safety assessments and management plans.**

*(OECD MNE V.1.a. IFC PS 4, 5.; PS 4, 6.; PS 4, 8)*

**D.3.2** | **The company develops and implements policies, business practices and targeted initiatives to mitigate the impact of high-burden diseases such as HIV, Tuberculosis, Malaria and others that are applicable in the context of its operations.**

*(ISO 26000, 6.8.8.2. OECD SEEI Box 4. CCCMC 2.8.10. SDG 3.3)*

Mining presents particular health risks to affected communities, ranging from exposure to contaminants in air, water or soil to increased risk of sexually-transmitted diseases due to the influx of migrant workers. Companies can collaborate with local governments and public health professionals to identify and monitor health risks and mitigate adverse impacts. Company investment in community health initiatives can create significant positive health benefits. Care needs to be taken to ensure these initiatives can be sustained after mine closure.

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## **D.4 Gender Equity**

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**D.4.1** | **The company acts on the results of regular assessments of the impacts of its activities on women.**

*(GRI G4-SO1. RJC 32.2. SDG 5)*

Men are more likely than women to benefit from mining-related employment opportunities and from any social programmes supported by mining companies. Women, on the other hand, bear a greater share of the social, economic and environmental risks associated with mining. Responsible mining seeks to leave a positive legacy with equitable benefit for all stakeholders by taking a gender-equity approach to issues such as employment, impact assessment and engagement.

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## **D.5 Indigenous Peoples**

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**D.5.1** | **The company identifies all indigenous peoples' groups located near current and potential mines and associated facilities, including those in potential areas to be affected by the mining operation (e.g. mine tailings dams). It identifies their particular rights, interests and needs through inclusive meaningful participation.**

*(GRI MM5. IFC PS 1, 32.; PS 7, 8. CHRBA.1.3; D.3.5)*

**D.5.2** | **The company implements a plan to address the particular rights, interests and needs of indigenous peoples' groups through inclusive meaningful participation.**

*(IFC PS 1, 32.; PS 7, 9.; PS 7, 10.; PS 7, 18.; PS 7, 20. CCCMC 2.8.2. RJC 31.1)*

Indigenous peoples have both individual and collective rights that may be affected by the development of a large-scale mining project, such as rights to participation and rights to land and natural resources. These rights are often not recognised by governments, meaning that indigenous people are particularly at risk of negative impacts from mining activities. Companies can demonstrate respect for indigenous peoples' rights by engaging with these groups from an early stage, establishing a relationship based on mutual trust and benefit.

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## **D.6 Free, Prior and Informed Consent**

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**D.6.1** | **The company supports the principle of free prior and informed consent (FPIC) through its policies and implementation guidelines.**

*(GRI G4-DMA (additional reporting). IFC PS 1, 32.; PS 7, 11.; PS 7, 12.; PS 7, 14.; PS 7, 15.; PS 7, 16.; PS 7, 17.; PS 8, 14. ASEAN 2.3. CHRBA.1.3; D.3.5)*

Free, Prior and Informed Consent (FPIC) is an internationally recognised right of indigenous peoples and therefore a key component of responsible mining, particularly for projects that may negatively impact the rights of these groups. Companies can therefore demonstrate their commitment to responsible mining by having an explicit policy on FPIC, which will form the basis of engagement with indigenous peoples. In addition, many civil society groups are beginning to apply FPIC more broadly, which is why companies might consider also employing it in their relationships with groups other than those officially designated as indigenous peoples.

## D.7 Land Rights, Resettlement and Remedy

**D.7.1** | **The company has management systems in place, including assessment and planning, for avoiding, minimising and addressing the impacts of the physical and/or economic displacement of project-affected people.**

*(IFC PS 5, 19. CCCMC 2.4.3)*

**D.7.2** | **The company engages project-affected people, including women and youth, in land rights and resettlement decision-making and implementation, and evaluates the extent to which livelihoods, livelihood security and living standards have been improved or restored.**

*(IFC PS 5, 8.; PS 5, 9.; PS 5, 10.; PS 5, 14.; PS 5, 19.; PS 5, 20.; PS 5, 21.; PS 5, 22.; PS 5, 25.; PS 5, 27.; PS 5, 28. ISO 26000, 6.3.5.2. ILO 169 Art. 14, 1.; Art. 15, 1.; Art. 16, 4)*

Mining involves transforming large areas of land, making it unusable or unsuitable for other activities. Mining-induced displacement and resettlement often causes serious damage to the social fabric and economic viability of communities. Responsible mining companies will address this by avoiding such resettlement wherever possible and setting in place safeguards and engagement processes to minimise and mitigate the worst negative impacts of any resettlement.

## D.8 Artisanal and Small-Scale Mining

**D.8.1** | **Where applicable, the company establishes formal engagement agreements with artisanal and small-scale mining (ASM) communities and operations in and around mines to regulate the relationship between itself and ASM.**

*(RJC 33.1. CCCMC 2.8.8)*

**D.8.2** | **Where applicable, the company assesses and enables technical assistance programmes and/or alternate livelihood opportunities for ASM miners to encourage economic viability.**

*(CCCMC 2.3.4; 2.8.8. SDG 1. ISO 26000, 6.8.7.2)*

Artisanal and small-scale mining (ASM) operations provide livelihoods for many people in low-income countries. ASM can generate negative social and environmental impacts and pose reputational risks for large-scale mining operations, but also has the potential to alleviate poverty for affected communities. Historically, the relationship between ASM and large-scale mining has frequently been antagonistic. However, by taking a collaborative approach to ASM, mining companies can help limit the negative impacts of ASM, and improve the livelihoods and wellbeing of ASM workers and local communities.

## D.9 Human Rights

**D.9.1** | **The company seeks to enhance community wellbeing and to respect human rights, for example through alignment with the UN Guiding Principles on Business and Human Rights.**

*(RJC 6.1. CHRB A.1.1. CCCMC 2.4.1)*

**D.9.2** | **The company publicly reports on human rights management and performance, in line with the UN Guiding Principles on Business and Human Rights.**

*(GRI G4-HR9. UNGP C5.1)*

**D.9.3**

**The company records and publicly reports, including to appropriate producing country government authorities, any credible incidents of human rights violations and any identified risks for human rights defenders in its areas of operation**

*(VPs Responses to human rights abuse (Public Security); Interactions between companies and private security (Private Security). UNGC P1, P2. UNGP (RF) C.3.2)*

Mining has the potential to negatively impact the human rights of community members, workers, human rights advocates and others. Indigenous peoples and human rights defenders are at particular risk of suffering human rights abuses. There is a global expectation for companies to respect human rights throughout their areas of operation. Companies may act to prevent violations and protect human rights by engaging communities, by cooperating with governments to address concerns, and implementing international guidelines such as the UN Guiding Principles on Business and Human Rights.

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**D.10 Security**


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**D.10.1**

**The company takes measures to minimise the risk of human rights abuses linked to its security management, in line with the Voluntary Principles on Security and Human Rights.**

*(RJC 11.3. CHRB A.1.3; D.3.7. CCCMC 2.4.2)*

**D.10.2**

**When operating in conflict-affected and high risk areas, the company has specific systems in place for managing security risks for workers and communities.**

*(VPs Conflict Analysis. ISO 26000, 6.3.4.1; 6.3.4.2. GRI G4-HR9)*

Communities in conflict-affected and high-risk areas are especially vulnerable to human rights abuses. While governments bear the ultimate duty to protect their citizens' human rights, companies may need to account for the fact that enforcement may be weak in some areas. To counteract this, companies may put measures in place to assess and manage security risks, both to their own operations, as well as to workers and communities. Furthermore, companies may implement strategies to minimise risk of abuse by security forces, in line with the Voluntary Principles on Security and Human Rights.

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**D.11 Grievance and Remedy**


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**D.11.1**

**The company has formal community grievance mechanisms in place for affected stakeholders to raise concerns in an easily accessible manner and have them addressed.**

*(ISO 26000, 4.4; 6.3.6.2. UNGP (RF) C.6.1. CHRB C.2; A.1.5. CCCMC 2.8.4)*

**D.11.2**

**The company monitors and publicly reports on the effectiveness of the operational-level grievance and remedy mechanisms.**

*(GRI G4-EN34; G4-HR12; G4-SO11. UNGP (RF) C.6.5. CHRB C.7; A.1.5. OECD SEEI 3. A)*

**MS 3**

**The operating company can demonstrate implementation of a grievance mechanism and claimants' effective access to remedy.**

*(GRI G4-SO1. CHRB, C.2. CCCMC 2.8.4)*

Operational grievance and remedy mechanisms are particularly important in the mining sector, given the potentially profound impacts of a company's mining activities. Effective remedies will counteract or make good any harms that have occurred, and may take the form of apologies, restitution, rehabilitation or compensation, as well as measures to prevent reoccurrence of the harmful act. Mining companies can promote confidence in the grievance and remedy mechanisms by facilitating stakeholder-led monitoring and feedback and by publicly reporting on grievances and their resolution.

## E. | Working Conditions

Large-scale mining operations can provide jobs for hundreds of workers. However, 'decent work,' as defined by the International Labour Organisation, encompasses more than a steady job. It involves work that delivers a fair income; safety, health and security in the workplace; social protection for families; freedom for workers to express their concerns, organise and participate in the decisions that affect their lives; and equality of treatment and opportunity for advancement for all workers.

Many of these concepts are entrenched in internationally recognised core labour standards that protect the fundamental rights of workers. Globally, however, hazardous working conditions persist, child labour or forced labour can be found at mines and in mining supply chains, and discrimination and gender inequality remain a challenge at mining operations.

Some mining companies recognise that respecting the rights of workers and promoting decent work are good for business and society. Mine productivity improves when workers are physically well, and when they feel respected and supported in the work that they do. Additionally, through the creation of safe and secure jobs and training opportunities mining companies can help to reduce poverty and provide equitable opportunities for economic and social development.

### E.1 Living Wage

#### E.1.1 The company pays wages that meet or exceed verified living wage standards.

*(ISO 26000, 6.4.4.2. SDG 10.1. CHR B D.3.1)*

A living wage is a level of pay that allows workers and their families to afford a decent lifestyle above the poverty level, and to be able to participate in social and cultural life. It is recognised as a human right. Companies can demonstrate respect for the rights and needs of their local labour force by ensuring that all their workers receive a living wage, as per established and recognised standards.

### E.2 Occupational Health and Safety

#### E.2.1 The company commits to promote safe and healthy working conditions.

*(GRI G4-DMA (additional reporting); G4-LA8. ISO 26000, 6.4.4.2; 6.4.6.2. IFC PS 2, 23)*

#### E.2.2 The company has management systems in place which ensure a safe and healthy working environment for employees and contractors.

*(GRI G4-DMA (additional reporting); G4-LA5; G4-LA6; G4-LA7; G4-LA8. ILO 176 Art. 6; Art. 7; Art. 9; Art. 10; Art. 11; Art. 12; Art. 13, 1. ISO 26000, 6.4.4.2; 6.4.6.2. IFC PS 2, 23.; PS 2, 28)*

#### E.2.3 The company regularly trains and tests its employees in good health and safety practices.

*(RJC 21.5. ILO 176 Art. 10. ISO 26000, 6.4.6.2)*

#### E.2.4 The company provides for health and safety measures specific to women workers.

*(IFC PS 2, 23. ISO 26000, 6.4.6.2. CHR B A.1.3)*

Given the hazardous nature of mining, it is standard practice for mining companies to take concrete measures to ensure the health and safety of their workforce, including risk assessments, trainings, monitoring and regular inspections, contributing to a culture of safety-consciousness at all levels. As part of a gender equity-based approach, they may also pay specific attention to the requirements of women in the workforce, including equipment and sanitation facilities and protection against sexual harassment and violence.

### E.3 Collective Bargaining and Freedom of Association

#### E.3.1 **The company respects the rights of workers to freedom of association and collective bargaining.**

(GRI G4-DMA (additional reporting); G4-HR4. OECD MNE IV.1.a. IFC PS 2, 10.; PS 2, 13.; PS 2, 14. UNGC P3)

Freedom of association and collective bargaining are recognised as fundamental rights of workers in international law, allowing workers to form organisations such as unions, and negotiate terms of employment. They are important tools in addressing power imbalances in employment relations and creating stable operating environments. While different countries may vary in their legislation regarding workers' organisations, companies committed to ensuring fair and safe working conditions will have policies in place to uphold the rights to collective bargaining and freedom of association.

### E.4 Worker Recourse

#### E.4.1 **The company has formal grievance mechanisms in place for workers (and their organisations, where they exist) to raise workplace concerns in an easily accessible manner and have them addressed.**

(GRI G4-LA16. IFC PS 2, 20.; PS 2, 26. ISO 26000, 4.4; 6.3.6.2)

Grievance mechanisms are key to respecting human rights in any business context. Making these mechanisms transparent and accessible to workers allows workplace-related concerns, both minor and serious, to be addressed at an early stage. Where the rights of workers have been infringed, effective mechanisms will also provide access to appropriate remedy, without precluding additional access to judicial remedies.

### E.5 Non-Discrimination and Equal Opportunity

#### E.5.1 **The company bases employment relationships on the principles of equal opportunity, and actively prevents all forms of discrimination in the workplace.**

(IFC PS 2, 11.; PS 2, 15.; PS 2, 16. ISO 26000, Box 2; 6.3.7.2; 6.3.10.3; 6.4.3.2. GRI G4-LA1; G4-LA3; G4-LA12; G4-LA13; G4-HR3. SDG 8.5; 10.3)

The equality of all people and freedom from discrimination form the basis of international human rights law. Respecting the rights of workers will entail taking concrete steps to ensure non-discrimination and equal opportunity in the workplace, regardless of age, race, ethnicity, gender, religion, political opinion, indigenous or social origin, disability, sexual orientation or other characteristics. Companies may demonstrate their commitment by going beyond what is required by law, establishing programmes and policies that create a diverse workforce while keeping all their workers free from discrimination and harassment and able to pursue professional opportunities in accordance with their qualifications and personal experience.

### E.6 Elimination of Forced Labour and Child Labour

#### E.6.1 **The company works to prevent all forms of forced, compulsory, trafficked and child labour at its mine sites and in its supply chains.**

(GRI G4-HR5; G4-HR6. UNGC P4, P5. OECD MNE IV.1.b;c. CHRB A.1.2)

Forced or compulsory labour and child labour stand in opposition to human dignity and are severe violations of fundamental human rights. They currently affect hundreds of millions of people, and contribute to poverty and inequality on a worldwide scale. Responsible mining companies will therefore conduct due diligence and take other concrete steps to eliminate and prevent all forms of forced, compulsory, trafficked and child labour, both at their own mines and in their supply chains.

## F. | Environmental Responsibility

Large-scale mining typically involves the removal of vegetation and soil, the diversion of watercourses, and the movement of massive amounts of rock. These activities create temporary impacts such as noise, and water and air emissions, and can permanently transform landscapes and ecosystems.

Where responsible environmental practices are in place, impacts are minimised, and the lands and waters disturbed by mining can subsequently be rehabilitated into functioning and productive ecosystems that support wildlife and human activities. When poorly managed, however, mining can have devastating impacts on the environment, in some cases creating pollution issues that can last hundreds of years, or destroying forever the resources upon which communities depend.

Responsible mine management requires that companies understand the important environmental values and take steps to avoid impacting threatened ecosystems and resources that are of high significance to social and economic wellbeing of communities. Where impacts are not preventable, responsible mining nevertheless requires that they be minimised to the greatest extent possible.

### F.1 Environmental Stewardship

**F.1.1 The company has management systems in place to conduct assessments of environmental impacts through an integrated approach, and to disclose them.**

*(ISO 26000, 4.3; 5.2.2; 6.5.2.2; 6.5.3.2. GRI G4-EN33; G4-SO1. CCCMC 2.1.3; 2.7.2)*

**F.1.2 The company has systems in place for monitoring, evaluating and reporting on the management of the environmental impacts of its operations.**

*(CCCMC 2.7.1; 2.7.5; 2.7.7. GRI G4-EN)*

As mining operations have the potential to cause far-reaching environmental damage, respecting and protecting the environment is a major pillar of responsible mining. Possible environmental impacts will therefore need to be identified, avoided, and, where avoidance is not possible, minimised. To ensure that this is done effectively, companies may conduct integrated assessments of environmental impact throughout the lifecycle of a project. Disclosing these impact assessments helps companies to engage communities and empower them to participate in mitigating environmental impacts that may affect them. Additionally, companies may monitor, evaluate and report on the management of their environmental impacts, in order to demonstrate that their strategies have been effective.

### F.2 Tailings Management

**F.2.1 The company has systems in place for tailings management, including regular internal and external review and assurance processes.**

*(TSM Tailings management performance.2)*

**F.2.2 The company designs its tailings, waste and process facilities to prevent seepage and tailings dam failure and to protect the environment and communities from contamination and other impacts, including through the management of risks associated with potential changes.**

*(GRI G4-DMA (MM additional reporting); G4-EN24. SDG 3.9; 6.3; 11.6; 12.4)*

The milling (beneficiation) process, when minerals are extracted from the ore, creates large quantities of solid waste, much of which will take the form of a slurry of ground rock and chemicals known as tailings. As tailings present several risks to the environment, notably acid mine drainage and heavy metals contamination, mining companies create facilities such as tailings dams to store and manage tailings. However, these facilities may themselves present significant risks. Impoundments may take up land that would otherwise be used as farmland or habitat, waste may escape via seepage, causing contamination, and tailings dam failures can cause catastrophic damage to surrounding communities and ecosystems. Therefore, companies may wish to set up independent oversight mechanisms to ensure the security and integrity of their facilities, and plan their tailings management systems in collaboration with affected communities and other stakeholders.



### F.3 Air

#### **F.3.1 The company publishes mine-site level air quality monitoring data in a timely manner.**

*(GRI G4-DMA (MM additional reporting); G4-EN21. IFC PS 3, 10. ISO 26000 4.3; 6.5.3.2)*

Mining activities can have significant impacts on local and regional air quality, including the release of dust and particulate matter. Such impacts can negatively affect nearby communities and ecosystems, and may also contribute to climate change. Companies seeking to avoid these problems will address air quality issues as part of their environmental impact assessments. Furthermore, companies seeking to leave a positive social and environmental legacy will also monitor air quality at all mine sites, and share the disaggregated data with affected communities, civil society, governments and other stakeholders.

### F.4 Water

#### **F.4.1 The company implements a water management system that reflects its commitment and accountability to the rights and needs of the affected area, including the environment, communities, farmers, and water-dependent industries.**

*(IFC PS 1, 7.; PS 3, 6.; PS 3, 9. ISO 26000, 6.5.4.1; 6.5.4.2. CHRB D.3.8)*

#### **F.4.2 The company publishes mine-site level water quality monitoring data in a timely manner.**

*(SDG 2; 6.3. GRI G4-EN22; G4-EN26. IFC PS 3, 10)*

#### **MS 4 The operating company actively and inclusively engages local communities in decisions on water management and in implementing and sharing the results of water quality monitoring activities.**

*(ISO 26000, 6.5.3.2; 6.8.8.2. OECD SEEI, Box 1)*

Water is a key resource for all human activities, and access to clean water is a human right. Mineral extraction typically requires large quantities of water, potentially limiting water availability for communities, agriculture and ecosystems. Furthermore, discharge from mining activities may contaminate water supplies, causing further damage to livelihoods, human health and the environment. Companies may avoid and mitigate these problems by implementing a water management strategy. They may also build trust in their water management practices by making mine-site level water quality monitoring data accessible to affected communities and the general public.

### F.5 Noise and Vibration

#### **F.5.1 The company has systems in place to limit the impacts of noise and vibration on communities, properties, and wildlife.**

*(ISO 26000, 6.5.3.2)*

Mining activities typically generate considerable noise and vibration on an ongoing basis, whether through blasting, drilling, processing or transportation. This can have a severe disruptive effect on the health and wellbeing of nearby communities and local wildlife. Companies may prevent these issues by addressing noise and vibration as part of their environmental impact assessments, and by creating a noise mitigation strategy. Transparency and community engagement can draw the company's attention to areas of concern, while empowering communities.

## F.6 Biodiversity

### F.6.1 The company applies a mitigation hierarchy approach for biodiversity management.

(GRI G4-DMA (MM additional reporting); G4-EN11; G4-EN12; MM2. IFC PS 1, 14.; PS 6, 7.; PS 6, 10.; PS 6, 14.; PS 6, 15.; PS 6, 17.; PS 6, 20. ISO 26000, 6.5.6.2. RJC 36.3)

Due to their highly transformative nature, mining operations pose a potential threat to the biodiversity of nearby ecosystems, both terrestrial and aquatic. Mining companies seeking to leave a positive environmental legacy will therefore develop strategies to limit and mitigate impacts on biodiversity, including through the application of the mitigation hierarchy framework. This will involve identifying all possible impacts and avoiding negative ones. Impacts that cannot be avoided may be mitigated, restored or (as a last resort) offset.

## F.7 GHG Emissions and Energy Efficiency

### F.7.1 The company monitors and minimises GHG emissions generated by its activities.

(GRI G4-EN15; G4-EN16; G4-EN17; G4-EN19. IFC PS 3, 7.; PS 3, 8)

### F.7.2 The company monitors and improves energy efficiency throughout its operations.

(GRI G4-EN3; G4-EN6. IFC PS 3, 6. CCCMC 2.7.7. SDG 7.3; 12.2; 13)

Preventing anthropogenic climate change and mitigating its impacts is one of the major ongoing challenges of the international community. While it is a global phenomenon, its impacts are disproportionately borne by poor and vulnerable communities. Mining companies can contribute to climate change mitigation by minimising their emissions of greenhouse gases (GHGs), including those produced directly through mining activity as well as indirect emissions from energy production for the mining operations.

## F.8 Hazardous Materials Management

### F.8.1 The company systematically identifies and manages potential risks linked to the handling, storage, emission and disposal of hazardous materials.

(IFC PS 3, 12.; PS 3, 13.; PS 4, 7. GRI G4-EN23; G4-EN25; G4-DMA)

Mining activities employ or generate significant quantities of hazardous materials, thereby causing occupational health and safety, environmental and social risks. Mining companies will therefore generally have policies and strategies in place to contain, transport and dispose of these hazardous materials in a manner that minimises damage. They may also seek to find alternative mining techniques that require the use of fewer hazardous materials.

## F.9 Emergency Preparedness

### F.9.1 The company has systems in place for developing and maintaining emergency preparedness and response plans.

(CCCMC 2.6.1. IFC PS 1, 20)

### F.9.2 The company engages local authorities, workers and communities in developing, communicating and testing emergency preparedness and response plans throughout its operations.

(IFC PS 1, 21.; PS 2, 23.; PS 4, 11. ISO 26000, 6.5.3.2. GRI G4-DMA (additional reporting). RJC 35.1)

### F.9.3 The company makes public all relevant information about financial assurance that is provided for disaster management and recovery.

(SDG 11.b)

**MS 5****The operating company engages local authorities, workers and communities in developing, communicating and testing its emergency preparedness and response plans.**

*(GRI G4-DMA (Additional Reporting). RJC 35.1. CCCMC 2.7.3)*

Even with optimal policies and strategies in place to prevent accidents and incidents, mining is an inherently risky endeavour. Mine-site emergencies caused by human error or unforeseen outside circumstances (such as natural disasters) can cause catastrophic damage to the health and wellbeing of workers, communities and the environment. Companies therefore plan for a wide range of worst-case scenarios, creating guidelines and training programmes to prevent or mitigate the most severe impacts, should other safety procedures fail. They will also have financial assurance in place to cover any potential damage. In order for a company's emergency preparedness policies to be truly effective, it will engage local authorities, workers and communities in developing and testing publicly available response plans for each of its mines, and publicly disclose all relevant information on financial assurance.



# Abbreviations used in Section 9

<b>ASEAN</b>	The Framework for Extractive Industries Governance in ASEAN
<b>CCCMC</b>	China Chamber of Commerce of Metals, Minerals & Chemicals Importers and Exporters, Guidelines for Social Responsibility in Outbound Mining Investment
<b>CHRB</b>	Corporate Human Rights Benchmark
<b>GRI</b>	Global Reporting Initiative
<b>IFC PS</b>	International Finance Corporation, Environmental and Social Performance Standards and Guidance Notes
<b>ILO 169</b>	International Labour Organization, Convention 169 – Indigenous and Tribal Peoples Convention, 1989
<b>ILO 176</b>	International Labour Organization, Convention 176 – Safety and Health in Mines Convention, 1995
<b>ISO 26000</b>	International Organization for Standardization, ISO 26000 – Social Responsibility
<b>OECD CEVC</b>	Organisation for Economic Co-operation and Development, Development Policy Tools: Corruption in the Extractive Value Chain
<b>OECD MNE</b>	Organisation for Economic Co-operation and Development, Guidelines for Multinational Enterprises
<b>OECD SEEI</b>	Organisation for Economic Co-operation and Development, Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractives Sector
<b>RJC</b>	Responsible Jewellery Council Code of Practices
<b>SDG</b>	Sustainable Development Goals
<b>TSM</b>	Towards Sustainable Mining (sustainability toolkit of the Mining Association of Canada)
<b>UNGC</b>	United Nations Global Compact
<b>UNGP RF</b>	UN Guiding Principles on Business and Human Rights (Reporting Framework)
<b>VPs</b>	Voluntary Principles on Security and Human Rights



