



RESPONSIBLE
MINING FOUNDATION

ANNUAL REPORT 2014



**RESPONSIBLE
MINING FOUNDATION**

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MESSAGE FROM THE BOARD

The goal of the Responsible Mining Foundation is to encourage continuous improvement in responsible mining in the minerals and metals industry, so that the people in producing countries, particularly in some of the world's poorest regions, can benefit positively from minerals and metals mining. The Foundation will do this by transparently ranking the performance of large mining companies on environmental, economic, social and governance issues and highlighting leading practice. This ranking, the Responsible Mining Index, will be published biennially and include listed, state-owned and private companies.

In 2014, the governance, conceptual and fundraising elements were put in place for the development of the Responsible Mining Index. Following the completion of the feasibility study in 2013 and the recommendation of the Steering Committee to go forward with the development of the Responsible Mining Index, 2014 was dedicated to further research, writing the strategic and operational plan, stakeholder relations, governance and fundraising.

With the commitment of multi-year financial support from the Netherlands Ministry of Foreign Affairs, we ended the year ready to embark on the development of the Index methodology in 2015, the collection and analysis of data in 2016, and publication of the first Index early 2017.

We are grateful for the financial support of our funders during the feasibility study phase: the Netherlands Ministry of Foreign Affairs, Cordaid and PeaceNexus.

Original signed by:

Isabelle van Notten

Chair

Arnoud Kuijpers

Secretary

Paul Bijleveld

BOARD COMPOSITION AND CHANGES

CHAIR

Until January 29, 2014:
Wim Leereveld

From January 29, 2014:
Isabelle van Notten

From December 1, 2014, Isabelle van Notten is also the CEO of the Responsible Mining Foundation.

SECRETARY

Arnoud Kuijpers (from November 15, 2012)

MEMBER

Paul Bijleveld (from August 4, 2014)

ACTIVITIES

During the first quarter of 2014, further research was conducted on the recommendation of the Feasibility Study Steering Committee, namely on the identification of the top companies in the minerals and metals market, the role of emerging corporations in transnational mining operations, and on methodological challenges for the Index.

The Strategic and Operational Plan for the period 2014-2018 was approved by board in June and has formed the basis for fundraising proposals. The Plan foresees the development of the Index methodology in 2015, the collection and analysis of data in 2016 and the publication of the Index early 2017. Thereafter the Index will be published biennially.

In December 2014, the Netherlands Ministry of Foreign Affairs approved a three-year grant, which was matched by a commitment of the Swiss government to do the same. With the approval of the Dutch grant, the Responsible Mining Foundation formally started its work on the development of the Index in January 2015.

During 2014, the statutes were revised to enable the transition in 2015 from a one-tier governance structure to a two-tier board, consisting of a Supervisory and an Executive Board. In June 2014, the Responsible Mining Foundation was registered as a not-for-profit entity in the Netherlands, known as ANBI status.

With its recommendation to develop the Responsible Mining index, the Steering Committee that guided the Feasibility Study ended its oversight. The Board would like to thank Cordaid, the Netherlands Ministry of Foreign Affairs and the Access to Medicine Foundation for their guidance and support.

In order to provide the Responsible Mining Index with independent expert advice, the Foundation created an Advisory Council. The Advisory Council is chaired by H.R.H. Jaime de Bourbon de Parme and currently has 7 members from diverse backgrounds relevant to responsible mining.

As of December 1st, 2014, the project leader of the Responsible Mining Index, Isabelle van Notten, was appointed CEO. Helene Piaget was recruited for the position of COO, primarily responsible for the development of the Index itself.

OUTLOOK 2015

The main activity for 2015 is the development of the Responsible Mining Index methodology. Developing the methodology requires consultations with all the mining sector stakeholders, the selection of a research partner for data collection and analysis, the identification of major issue areas and issue topics, the development of indicators and the identification of data sources.

In parallel, the Foundation will engage with interested parties who are likely to use the index in future.

Finally, with the recruitment of new board members, the governance structure of the Responsible Mining Foundation will transition in 2015 to a two-tier board, with the CEO and COO forming the Executive Board.

BUDGET 2015

Statement of income and expenses

	Revised Budget 2015 EUR	Constrained Budget 2015* EUR
Income		
Grants	950,000	500,000
Expenses		
Salaries & wages	518,938	363,504
Social securities	91,962	34,113
Other personnel expenses	20,000	3,804
Travel	36,200	15,600
Governance	21,000	9,653
Consultancy	143,000	48,954
Office expenses	13,310	2,720
Housing expenses	15,300	15,988
Depreciation	2,420	-
Contingency	86,213	5,665
Total expenses	948,343	500,000
Result	1,657	0

* based on secured funding on date of this Report. The Foundation, however, expects that grants covering the "Revised Budget" will be formalised in June 2015.

RISK

The Foundation is exposed to limited risk factors. Price and market risk are not applicable, as the organisation is not involved in commercial transactions. Counterparty risk is concentrated around the funding partners. These partners are considered of high creditworthiness and hence no further measures are taken. Liquidity risk is managed by tight administrative procedures. The organisation updates the administration on a weekly basis and the board members receive periodic reports for review and discussion. No financial instruments are used for risk management purposes.

EQUITY

The Foundation had a positive equity position of €195 on 31 December 2014. This amount will be spent in 2015 in line with the goals of the Foundation.

BALANCE SHEET AS AT 31 DECEMBER 2014

(AFTER APPROPRIATION OF RESULTS)

	Note	31-dec-2014		31-dec-2013	
		EUR	EUR	EUR	EUR
Assets					
Current assets					
Receivables	4				
Receivables, prepayments and accrued income	5		118,609		50,419
Cash and cash equivalents	6		700		61,640
			119,309		122,060
Equity and liabilities					
Equity					
	7		195		(16,919)
Current liabilities					
Trade payables	8	5,150		78,307	
Taxes and social security contributions	9	-		-	
Deferred income	10	-		44,747	
Other debts and accruals	11	113,964		5,925	
			119,114		128,979
			119,309		112,060

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Budget 2014 EUR	Results 2014 EUR	Results 2013 EUR
Income				
Grants & subsidies	13	94,747	219,702	245,775
Financial income	14	-	109	296
Exchange difference	15	-	-	(136)
Total income		94,747	219,811	245,935
Expenses				
Salaries and wages	16	-	108,030	-
Social security contributions	17	-	1,950	-
Other personnel expenses	18	33,907	38,462	59,769
Travel expenses		2,023	7,637	3,953
Governance expenses	19	-	8,157	7,383
Consultants and similar expenses	20	44,114	37,635	191,292
Office expenses	21	-	650	309
Housing expenses	22	-	-	-
Depreciation of plant, property and equipment		-	-	-
Financial expenses		-	176	147
Total expenses		80,044	202,697	262,854
Net result		14,703	17,114	(16,919)
Distribution of net result				
Addition to general reserve			17,114	(16,919)
Net result			17,114	(16,919)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

1.1 Activities

Stichting Responsible Mining Foundation (the "Foundation"), domiciled in Amsterdam, the Netherlands, is a foundation ("stichting") incorporated according to Dutch law. The registered office of the Foundation is: Barbara Strozilaan 101, 1083 HN Amsterdam.

The ultimate aim of the Responsible Mining Foundation is to help translate the full potential of minerals and metals mining to positively benefit the economies, improve the life of people, and respect the environment of the producing countries, particularly in some of the world's poorest regions.

To this end, the goal of the Responsible Mining Foundation is to encourage continuous improvement in responsible mining in the minerals and metals industry by transparently ranking the performance of mining companies on environmental, economic, social and governance issues and highlighting leading practice. This ranking, the Responsible Mining Index, will be published biennially and include listed, state-owned and private companies.

1.2 Financial reporting period

The current reporting period concerns the period from Jan. 1, 2014 to Dec. 31, 2014. The previous reporting period concerns the period from the registration date of the Foundation on Nov. 5, 2012 to Dec. 31, 2013.

1.3 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies.

1.4 Going concern

The Responsible Mining Foundation conducted a feasibility study during 2013 and 2014, which concluded that the creation of a Responsible Mining Index was viable and that it would contribute to more responsible mining practices.

From April 2014, the Foundation has actively engaged in fundraising. In December 2014 the Netherlands Ministry of Foreign Affairs approved a three-year grant. In February 2015, the Swiss State Secretariat for Economic Affairs indicated a commitment to funding the Foundation for three years as well. This grant is expected to be formalized by May 31, 2015. Until then, expenses will be limited to the amount of funding secured.

2 Accounting policies for the balance sheet

2.1 General information

The financial statements have been prepared in accordance with Dutch law and the general accepted accounting policies for non-profit organisations in the Netherlands (also referred to as "Richtlijn voor de Jaarverslaggeving 640").

In general assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

2.2 Prior-year comparison

The accounting policies have been consistently applied to all the years presented. For comparison purposes a reclassification of some prior year figures has taken place.

2.3 Foreign currencies

2.3.1 Functional currency

The financial statements are presented in euros, which is the functional and presentation currency of the Foundation.

2.3.2 Transactions, assets and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions.

2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives. Allowance is made for any impairment losses expected on the balance sheet date.

2.5 Financial fixed assets

Financial fixed assets like deposits are valued at historical cost or manufacturing price. Impairment losses are deducted from amortised cost and expensed in the income statement.

2.6 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

2.8 Current liabilities and deferred income

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest in the income statement over the period of the borrowings using the effective interest method. All donor payments received by the Responsible Mining Foundation but not spent, are presented as 'deferred income' under current liabilities.

3 Accounting policies for the income statement

2.8 General information

The result is determined as the difference between total income and total expenses. Income and expenses are recognised in the income statement in the period that they are realised.

3.2 Grants and subsidies

Donations, grants and subsidies are recognised as income when there is reasonable assurance that they will be received and that the Foundation will comply with the conditions associated with these contributions. Donations, grants and subsidies that compensate the Foundation for expenses incurred are recognised as income on a systematic basis in the same periods in which the expenses are recognised. Donations, grants and subsidies that compensate the Foundation for the cost of an asset are recognised in income on a systematic basis over the useful life of the asset.

3.3 Financial income

Interest income is recognised on a time-weighted basis, taking account of the effective interest rate of the assets concerned.

3.4 Other income

Other income refers to other incoming amounts than donations, grants and subsidies and is recognised in income when there is a reasonable assurance that the contribution will be received.

3.5 Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they arise.

3.6 Expenses

Development costs for the Responsible Mining Index are recognised in the income statement, since no future benefits are expected.

The Foundation is the owner of the intellectual property rights of the Responsible Mining Index. These rights are internally developed and on that basis not capitalised (in accordance with Dutch law).

3.7 Employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

3.8 Depreciation

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated future useful life.

3.9 Financial expenses

Interest paid is recognised on a time-weighted basis, taking account of the effective interest rate of the liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

3.10 Taxes

The Foundation is exempt from both income taxes and VAT.

4 Receivables

The fair value of the receivables equals the book value, given the short-term character of these receivables.

5 Receivables, prepayments and accrued income

	31-Dec-2014 EUR	31-Dec-2013 EUR
Receivables from funding partners	118,500	27,003
Prepayments	-	23,120
Interest to be received	109	296
	118,609	50,419

6 Cash and cash equivalents

Cash and cash equivalents are at the Foundation's free disposal.

7 Equity

Movements in the Foundation's reserves can be broken down as follows:

	General Reserve EUR
Opening Balance 1-1-2014	(16,919)
Movements:	
Result for the year	17,114
Balance as at 31 December 2014	195

8 Current liabilities

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

9 Taxes and social security contributions

	31-Dec-2014 EUR	31-Dec-2013 EUR
Wage tax	-	-

10 Deferred grant income

Deferred grant income amounts to EUR 44,747. This amount was paid by Cordaid and is intended to cover the costs of the remainder of phase 1 (2014).

11 Other debts and accruals

	31-Dec-2014	31-Dec-2013
	EUR	EUR
Accrued auditor's fees	3,933	4,750
C/A Access to Medicine Foundation	-	1,144
Accrued expenses	97,500	-
Interim account net wages	11,700	-
Vacation allowance	780	-
Other liabilities	51	31
	113,964	5,925

12 Contingencies and commitments

12.1 Financial obligations

The Foundation has not committed to any financial obligations.

13 Grants and subsidies

	Results 2014	Results 2013
	EUR	EUR
Cordaid	101,202	126,772
Dutch Ministry of Foreign Affairs	118,500	119,003
	219,702	245,775

14 Financial income

	Results 2014	Results 2013
	EUR	EUR
Interest	109	296

15 Exchange difference

	Results 2014	Results 2013
	EUR	EUR
Exchange rate differences	-	(136)

16 Salaries and wages

	Results 2014	Results 2013
	EUR	EUR
Gross salaries and wages	107,250	-
Holiday allowance	780	-
	108,030	-

17 Social security contributions

	Results 2014 EUR	Results 2013 EUR
Social security charges and pension costs	1,950	-

18 Other personnel expenses

	Results 2014 EUR	Results 2013 EUR
Management fees	36,718	57,649
Other personnel expenses	1,744	2,120
	38,462	59,769

19 Governance expenses

	Results 2014 EUR	Results 2013 EUR
Board expenses	1,200	600
Legal expenses	1,320	766
Auditor fees and administrative expenses	5,638	6,016
	8,157	7,383

20 Consultancy expenses

	Results 2014 EUR	Results 2013 EUR
Research consultants	33,804	186,452
Public relations and communications	-	4,840
Web & graphics design	3,831	-
	37,635	191,292

21 Office expenses

	Results 2014 EUR	Results 2013 EUR
Telecommunication expenses	217	85
Print expenses	260	214
Office supplies	126	-
Other office expenses	46	11
	650	309

22 Housing expenses

	Results 2014 EUR	Results 2013 EUR
Office rent	-	-
Energy	-	-
Other housing expenses	-	-
	-	-

23 Audit fees

The following audit fees were expenses in the income statement in the reporting period.

	Results 2014 EUR	Results 2013 EUR
Statutory audit of annual accounts	3,933	4,750

24 Average number of employees

During the financial year, the average number of employees, based on full time equivalents, was 0 (2013: 0).

25 Board remuneration and expenses

During the start-up phase, the Foundation is governed by a one-tier board. Board members receive a stipend of € 200 per meeting for the work in their capacity as board member. While the Foundation had no paid staff members, board members of the one-tier board were paid a management fee for significant operational tasks.

On January 29, 2014, board member Wim Leereveld was replaced by Isabelle van Notten. Ms. Van Notten was not a board member in 2013.

Payments made to board members were as follows:

Wim Leereveld: stipend 2014 €200 (2013 € 0), management fee 2014 € 5,150 (2013 € 10,769);

Arnoud Kuijpers: stipend 2014 € 1,000 (2013 € 600), management fee 2014 € 3,592.50 (2013 € 5,857.50);

Isabelle van Notten: stipend 2014 € 0, management fee 2014 € 74,430.

In 2013 and throughout 2014, Ms van Notten worked as a consultant for the Responsible Mining Foundation through her consultancy company Pontenova as the Foundation did not have the long-term funds to contract her as an employee. The Responsible Mining Foundation paid in 2014 €103,605 excl. VAT in fees to Pontenova for work executed by Ms. van Notten and others contracted by Ms van Notten through Pontenova.

The Foundation was not in a position to pay Pontenova for its work and its out-of-pocket costs during the period March 13 - June 30, 2014. Ms. van Notten has waived the total amount of € 60,519 excl. VAT owed to her for this period to the benefit of the Foundation. Total payments received by Ms. Van Notten personally for her share of the Pontenova work in 2014: € 74,430 excl. VAT.

Amsterdam, 1 June 2015.
Stichting Responsible Mining Foundation

The Board

Original signed by:

Isabelle van Notten
Chair

Arnoud Kuijpers
Secretary

Paul Bijleveld

JPA Van Noort Gassler & Co

opgericht 1 september 1919

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Auditing



INDEPENDENT AUDITOR'S REPORT

To: the Board of Stichting Responsible Mining Foundation

We have audited the accompanying financial statements 2014 of Stichting Responsible Mining Foundation, Haarlem (statutory seat), which comprise the balance sheet as at December 31st, 2014, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the annual report both in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board. Furthermore management is responsible for such internal control as it determines as necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Responsible Mining Foundation as at December 31st, 2014, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

Bloemendaal, June 1st, 2015

JPA Van Noort Gassler & Co B.V.

Original signed by

Drs. J.P. Walter
Registeraccountant

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MINING FOUNDATION**

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Foundation date:
15 November 2012

Netherlands Chamber of Commerce
registration nr: 56483503

ANBI/ Public Benefit Organisation
registration: File 92 102, 30 June 2014

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