

PRESS RELEASE

Responsible Mining Index 2018 highlights leading practices, and shows what is still to be done by large-scale mining companies

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The Responsible Mining Index 2018, covering companies that produce 25% of all mined commodities globally, is launched in Geneva, Switzerland today. Among the key findings are:

- The vast majority of the assessed mining companies show responsible policies or practices on several economic, environmental, social and governance (EESG) issues. However, very few companies show systematic action across a range of key issues.
 - Little or no action is found even on some issues on which companies would be expected to act, such as monitoring the impacts of mining on children, tracking whether community grievances are being dealt with appropriately, or checking that workers' wages meet or exceed living wage standards.
 - Too often, companies have not put into practice some of their own policy commitments on responsible mining, such as on the management of human rights issues.
- Importantly, few companies keep track of how effectively they are managing EESG issues and fewer still can demonstrate that they are working to improve their performance.
 - At the same time however, companies are collectively demonstrating responsible mining across many issues and strong cases of leading practice are evident, providing valuable models for other companies.
- More widespread adoption of existing practices could see the mining industry go some way to meeting society's expectations.

The Responsible Mining Index 2018, aims to encourage continuous improvement in responsible mining and support leading practice and learning. The Index, which is independent of the industry, covers 30 large-scale mining companies that together represent a quarter of the global production of mined commodities and operate over 700 mines in more than 40 countries.

The Responsible Mining Index 2018 is the first of a multi-year initiative by the Responsible Mining Foundation. The Index assesses and compares company policies and practices across six different EESG areas: economic development, business conduct, lifecycle management, community wellbeing, working conditions and environmental responsibility. As an evidence-based assessment, the Index measures the extent to which companies can demonstrate, rather than simply claim, that they have established responsible policies and practices. In order to support transparency and open data principles, the RMI results, and the information sources used in the assessment, are provided free as a public good.

The Index results show that responsible mining is a realistic goal – it can be done. If a single company were to achieve the highest score recorded for each indicator, it would reach more than 70% of the maximum achievable score. The results also reveal a wide range of companies demonstrating responsible practice on particular issues. Indeed, some 19 of the 30 companies rank among the ten strongest performers for at least one thematic area of the Index. And leading practices are found even on issues for which performances are generally weak, such as addressing the needs of vulnerable groups in mining-affected communities. These results all point to the strong potential for continuous improvement based on existing practices already demonstrated by a number of different companies.

On the other hand, the results show some marked limitations in current practice. Companies tend to put in place policy commitments without always backing these up with systematic, effective company-wide action. This is seen even for topics where commitments are common and commonly expected, such as human rights and occupational health and safety. Further, the scale and persistence of severe adverse impacts is at odds with the widespread existence of such commitments. For example, worker fatalities and violations of human rights are among the most frequent adverse impacts found in the RMI analysis. In the face of such evidence, strong company commitments are sometimes not matched by company actions, which clearly need to be more effective.

Companies typically show a lack of systematic attention to monitoring their performance on EESG issues and reporting their performance to other stakeholders, including mining-affected communities. This lack of ‘knowing and showing’ their own performance is most evident at the mine-site level. The vast majority of the 127 sites assessed provide little or no data on key issues of direct interest to local communities, workers and other stakeholders. This includes information on how a site is managing local employment, local procurement, grievance, water use and biodiversity impacts. Without open sharing of such data, it is very difficult for companies to build trust with local communities. Nonetheless a few companies and a few sites are showing the way by putting into practice open data principles to ensure the information reported is easily accessed, understood and used by local communities.

A lack of public reporting is most likely one of the main factors limiting company scores in the Index. Performances might be considerably higher if companies were more transparent about their management of EESG issues. Greater openness would also enable more learning and sharing of good practices.

Hélène Piaget, Chief Executive Officer of the Responsible Mining Foundation said: “With the launch of the Responsible Mining Index 2018, we aimed to create a strong knowledge base that is open to all, and encourages leading practice and learning across the mining industry. We will continue to engage with all stakeholders to support responsible mining, and encourage constructive dialogue between companies and stakeholders – whether they be communities that neighbour mining operations or large institutional investors.”

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Editor's Notes

THE RESPONSIBLE MINING FOUNDATION

The Responsible Mining Foundation supports the principle that mining should benefit the economies, improve the lives of peoples, and respect the environments of producing countries, particularly in some of the world's poorest regions, while also benefitting mining companies in a fair and viable way.

RMF defines responsible mining as mining that demonstrably respects and protects the interests of peoples and the environment, and contributes discernibly and fairly to broad economic development of the producing country.

The goal of the Responsible Mining Foundation is to encourage continuous improvement in responsible mining by large-scale minerals and metals mining companies (LSM) across a range of economic, environmental, social and governance (EESG) issues. In support of this goal, the Foundation focuses on research, stakeholder engagement, and the transparent publication of methodologies, results and related data, based on open data principles.

The Foundation approaches its work and research from the perspective of what society at large can reasonably expect from mining companies on economic, environmental, social and governance matters.

THE RMI 2018 REPORT

The RMI 2018 report, which is attached to the covering email, is a high-level summary of the research and findings. More detailed results on the assessed companies and mine sites, together with a library of some 2000 documents used in the assessment, can be viewed and downloaded on the RMI website from the launch day (April 11, 2018).

ANALYTICAL FRAMEWORK

A graphic showing the analytical framework is attached to the covering email.

The six thematic areas comprise 73 individual indicators, distributed among three measurement areas:

- Commitment indicators assess the extent to which companies have: (i) formalised their commitments on particular issues; (ii) assigned responsibilities and accountabilities for the implementation of these commitments; and (iii) provided resources and staffing to operationalise the commitments;
- Action indicators assess the extent to which companies have developed systematic approaches to address particular issues and disclose key aspects of their activities;
- Effectiveness indicators assess the extent to which companies track, and report on, their performance in managing particular issues and demonstrate continuous improvement on these issues.

In addition, six mine-site level indicators were used to assess the selected 127 mine sites on local procurement, local employment, community grievance mechanisms, workers' grievance mechanisms, water quality and quantity management, and biodiversity management.

SCORING

Company results are presented in relation to: (1) the maximum achievable score (of 6); and (2) the current best practice by all assessed companies, taken together. The value of the current best practice benchmark is the sum of the best scores achieved for all indicators, taking into account all companies' results.

KEY PRINCIPLES OF RMI

When reviewing the RMI results, it is important to bear in mind that:

- The RMI assessment is evidence-based. This means that companies need to be able to demonstrate that they have policies and practices in place to address the topics covered by the Index. For companies showing weak results across the thematic scope of the Index, very little evidence has been found. For this reason, low scores may be a reflection of the level of public reporting of a company's policies and practices.
- The RMI results provide a snapshot, showing the status of relevant policies and practices at the time of the assessment (mid-2017), based on the most up-to-date information available at the time.
- The RMI assessment criteria are largely qualitative. This means that very small differences in company scores should not be viewed as significant, given the potential for some margin of error, notwithstanding the careful development of assessment criteria during the analysis of results.

LIMITATIONS OF RMI

- While RMI looks for evidence of companies demonstrating continuous improvement, the Index does not attempt to measure the actual outcomes (positive or negative) achieved on EESG issues. Assessing company performance in this way would be highly problematic, as outcomes are not directly comparable between companies: they could depend, for example, on the number and size of a company's mine sites, the stage of production of these operations, and the economic, environmental, social and governance conditions in the surrounding areas.
- RMI assesses how consistently companies apply their own requirements and processes across their business and their operations. However, the Index does not examine in detail how practices vary from one operation to another within the same company. The mine-site assessments provide illustrative examples of this intra-company variation, but a full assessment would require a much wider coverage of sites and site-level indicators, as well as on-the-ground verification.
- RMI recognises, but does not attempt to measure, the influence of external institutions on company behaviour, such as laws and regulations established by producing country governments, conditions set by investors, or frameworks and standards provided by voluntary initiatives.
- The Index report is intended to be for information purposes only and is not intended as promotional material in any respect. The report is not intended to provide accounting, legal, tax or investment advice or recommendations, neither is it intended as an offer or solicitation for the purchase or sale of any financial instrument. In order to fully understand the methodology of the 2018 Responsible Mining Index, the respective sections on the website should be consulted.