Mining and the SDGs: How to address the materiality mismatch?

Most of the largest mining companies in the world now mention the UN Sustainable Development Goals (SDGs) in their sustainability reporting. It is encouraging to see such take-up by one of the few sectors that can claim strong linkages with all 17 of the SDGs. However, much of the SDG-related reporting is superficial and cosmetic and, worryingly, there is virtually no public reporting by companies on the negative impacts they can have on achievement of the SDGs. While there is no evidence that companies are deliberately misrepresenting their influence on the SDGs, accusations of ‘SDG-washing’ may persist while reporting remains unbalanced. And beyond reporting, there is limited evidence that large-scale mining companies are taking practical measures that will contribute to the achievement of the SDGs.

Introduction

With just ten years left to achieve the SDGs by their target date of 2030, the Responsible Mining Foundation and the Columbia Center on Sustainable Investment have published a status update of what large-scale mining companies are currently doing to integrate the SDGs into their business strategies and to take proactive measures that will help deliver these Goals. The report, following on from the 2016 Atlas¹ that mapped mining to the SDGs, concludes that most mining companies still have significant room for improvement in taking the necessary strategic steps towards fulfilling their considerable potential to help deliver the SDGs.

While the report focuses on the interlinkages between large-scale mining and the SDGs, important parallels exist with the artisanal and small-scale mining (ASM) sector, which likewise has potential positive and negative impacts on all 17 SDGs.²

The findings on the extent of large-scale mining company action on the SDGs are based on the results of the RMI Report 2020 by the Responsible Mining Foundation. The RMI Report
2020 assesses the policies, practices and mine-site-level actions of 38 geographically dispersed large-scale mining companies, which together account for around 28 per cent of the global value of mining production.

A few frontrunners stand out as performing relatively better than their peers, in the sample of 38 mining companies. But there are striking disconnects between the SDG-supportive measures companies can demonstrate having in place and how they prioritise those same SDGs. For example, SDG 3 (Good Health and Wellbeing) and SDG 6 (Clean Water and Sanitation) are both among the most frequently prioritised SDGs and are strongly highlighted in materiality analyses, but show some of the weakest levels of action by mining companies.

Three examples of SDGs that companies rank as material but often show limited action

This Research Insight dives into the results found for three topics that have been on the list of “material” issues of most mining companies, shareholders, investors and lenders for years: Communities, Water and Gender. They all show a significant gap between what is being addressed by mining companies and what society expects, as framed in the SDGs.

SDG 3: Ensure healthy lives and promote wellbeing for all at all ages

SDG 3 is a good example of how one SDG can be mistakenly mapped to activities that have very limited linkage with its original intent and targets. Most mining companies and associations³ attribute a large part of their contribution to SDG 3 through their Occupational Safety and Health (OSH) policies and practices. For decades the reduction of fatalities and incidents has rightly been a strong priority and a “material” issue for most mining companies.

But while some aspects of OSH are related to SDG 3 (e.g. AIDS, TB and communicable diseases in the workplace, health coverage for all, and hazardous chemicals management), OSH is more explicitly addressed by SDG 8 on economic growth, employment and decent work.⁴ For its part, in the context of mining, SDG 3 focuses largely on the wellbeing of affected communities.

And while many companies report on the support they provide (directly or indirectly) to the local health infrastructures and personnel (e.g. building a hospital, or training X number of nurses and doctors), tangible information on the impacts of their activities on community health is very hard to find.
In fact, in the RMI Report 2020, the indicator that assesses the extent to which companies’ operations conduct and disclose regular assessments of their impacts on community health and implement plans to managed these impacts is one of the lowest-scoring ones, with an average score of only 8% across the 38 companies assessed. Some 22 companies scored 0 on this indicator, with no relevant evidence found.

Taking into account the results for all six indicators related to SDG 3 in the RMI Report 2020, companies show an overall average score of only 12% (See Figure 1). This relates to actions such as the provision of health services for women workers, hazardous material management, water quality management and air quality monitoring.

SDG 6: Ensure access to water and sanitation for all

SDG 6 also presents challenging aspects for the mining industry. In a similar pattern as for SDG 3, mining companies often publicise their positive contribution to SDG 6, in the context of community projects on water and sanitation, whereas there is little evidence of companies systematically addressing their potential adverse impacts on water or disclosing data on water quality impacts their operations generate, on-site and downstream.
This is particularly concerning, as SDG 6 is one of the three SDGs for which mining companies pose the highest risk of negative impacts, according to S&P Global (together with SDG 14 on Life Below Water and SDG 15 on Life On Land).\(^5\)

And it is important to note that, while the disposal of tailings (mining waste) in rivers, lakes or marine environments poses a threat to both SDG 6 and 14, only one company in the RMI report 2020 can demonstrate it has a formal commitment in place to not use this disposal method. The other 37 companies show no evidence of any such commitment and at least eight of the companies are actively discharging tailings to rivers or marine environments or are storing them on the seabed.

Overall, little or no evidence was found for many of the companies on measures to, among other things: reducing their adverse impacts on water quality and water quantity; disclosing mine-site-level data on water quality; and designing and implementing water stewardship strategies in consultation with other water users.

Taking into account the results for all seven indicators related to SDG 6 in the RMI Report 2020, companies show an overall average score of only 14% (See Figure 2).
SDG 5: Achieve gender equality and empower all women and girls

Gender inequality has been on the agenda of mining conferences, events and workshops for years. And the SDG 5 icon can be found in corporate reporting of more than half of the companies assessed. But the results of the RMI Report 2020 reveal a lack of action where it matters the most.

The lack of measures on gender equality contrasts with the fact that mining companies frequently refer to their positive contribution to SDG 5, in the context of their programmes to improve the gender balance of their Boards of Directors and senior management teams. While these programmes are important, companies are showing much less action on avoiding adverse impacts on gender equality within their mining workers and within mining-affected communities on more fundamental issues such as ensuring women workers have gender-appropriate PPE or ensuring women-led businesses are not excluded from local procurement support activities.

Overall, there is a lack of evidence from mining companies on measures to: protect women workers from harassment and gender-based violence; ensure women workers are provided with gender-appropriate personal protective equipment (PPE); conduct gender impact assessments in mining-affected communities; and include women entrepreneurs and women-led businesses in local business development and local procurement support activities. Taking into account the results for all nine indicators related to SDG 5 in the RMI Report 2020, companies show an overall average score of only 11% (See Figure 3).
Encouraging examples of leading practices and transparency measures

- At the Serra Azul mine in Brazil, ArcelorMittal developed a programme, through the concept of co-responsibility with health and safety at work, that seeks to raise employees’ awareness on the consequences of alcohol and other drugs abuses for occupational safety and general health issues. This involvement of all employees and the management chain resulted in a massive drop in positive results from alcohol and drugs tests, and ultimately led to a reduction of absenteeism and days lost. (SDG 3)

- At the Mount Isa Mines in Australia, Glencore developed a smartphone app and an online real-time air quality portal to give the community access to a comprehensive air quality monitoring network. (SDG 3)

- CODELCO adopted a Gender Diversity Strategy in 2015. Some practical actions on the ground include modifications of infrastructures to provide safety, hygiene and comfort conditions for women (including pregnant women) as well as men, such as separate changing rooms and bathrooms, rooms for expressing and storing breast milk, and gender-appropriate Personal Protective Equipment. (SDG 5)

- Antofagasta’s Los Pelambres mine in Chile provides online data for seven surface water and three groundwater monitoring points around the mine site, for levels of copper, molybdenum, coliforms, faecal coliforms, and sulphate in surface and groundwater (and iron levels in surface water) over a ten-year period. (SDG 6)

Recommendations

The SDGs offer a useful mirror for the developmental and transformative role that companies can play in the areas around their mine sites and in the countries where they operate. With this in mind, companies are encouraged to consider the following practical steps that can help demonstrate commitment and action on the SDGs.

1. **Demonstrate responsible mining as the business model.**
   Companies can show leadership on the SDGs as part of their regular way of doing business, rather than as add-on efforts.

2. **Raise the status of sustainability in the hierarchy.**
   Bring sustainability into the C-suite for stronger governance, accountability and signalling. Consider assigning the Chief Sustainability Officer role to the CEO.
3. **Resource sustainability departments.**
   Equip sustainability departments with enough people, resources and influence at both the corporate and operational level to enable momentum across the organisation.

4. **Show courageous leadership and attract aspirational talent.**
   Companies can gain stronger trust and respect in the long term by being open about the challenges they face in addressing economic, environmental, social and governance issues and the SDGs. Honest and balanced reporting on SDGs together with courageous targets will retain and attract ambitious and talented staffs.

5. **Integrate the SDGs into existing work on economic, environmental, social and governance issues.**
   Companies which have already put in place responsible mining policies and practices can go further by demonstrating meaningful integration of the SDGs into their business strategies, corporate governance and into their sustainability monitoring and reporting processes. Importantly, the SDGs are not an additional requirement for companies beyond their efforts on economic, environmental, social and governance issues; effective action on the SDG issues translates into effective performance on responsible mining.

6. **Leverage the SDG target and indicator framework to set progressive measurable targets for SDG action.**
   The SDGs are data-driven through an indicator and target framework. Rather than viewing the SDGs as a menu of a set of options, use the Goals as a framework to measure performance against a baseline and towards progressive ambitious quantitative targets to drive and track their progress to 2030 and beyond.

7. **Apply SDG-supportive practices consistently across the company.**
   Companies can learn from the good practices of others and amplify good examples from within their own portfolio across their operations. Positive case studies are inspiring but need to be copied and normalised as standard practice, even across mine sites with the same company.

8. **Disclose public interest data points on SDG-linked activities.**
   Companies can provide disclose: (1) the actions they are taking related to the SDGs, via their management of economic, environmental, social and governance issues; (2) information on their positive actions, data on their negative impacts and explanations of mitigation measures; and (3) results of their performance monitoring and efforts they are taking to improve their performance.

9. **Use the momentum of the SDG Decade of Action to enable transformative change for society, for future generations, and for the mining industry.**
4 See SDG 8, Promote inclusive and sustainable economic growth, employment and decent work for all on: https://www.un.org/sustainabledevelopment/economic-growth/
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