

## **Progress Report Q1-Q4 2019**

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Responsible Mining Foundation

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## 1. Society expects responsible mining

Today there is widespread recognition that minerals and metals mining is needed for everyday modern life. However, many people are concerned about the negative impacts of mining, particularly in poorer regions of the world where local communities are more vulnerable to the socio-economic disruption and environmental damage too often associated with the extraction of these non-renewable resources.

As consumers and taxpayers, we all share responsibility for the persistence of mining as an industry – without our lifestyle expectations and socio-economic and political choices, mining as an industry and the manufacturing supply chain would not exist. As global demand for mined commodities remains high and is likely to grow in the transition to green energy, and the concomitant impact on greenhouse gas emissions, there is an urgent need to track and encourage responsible minerals and metals supply chains.

## 2. Responsible Mining Foundation – a systemic response

The Responsible Mining Foundation (RMF) is an independent research organization based in Switzerland, focusing on large scale minerals and metals supply chains. With an emphasis on leading practice and learning, we encourage continuous improvement in responsible mining, and articulate what society can reasonably expect from the minerals and metals industry on economic, environmental, social and governance issues (EESG).

In line with the UN Sustainable Development Goals (SDGs), the Foundation's position is 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 allowing companies and investors to benefit in a fair and viable way.

## 3. Theory of Change

The specific 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 reference frameworks, results and related data to enable constructive engagement between stakeholders and the mining industry.

To contribute to this goal, RMF intends to achieve the following three outcomes in 2018-2020:

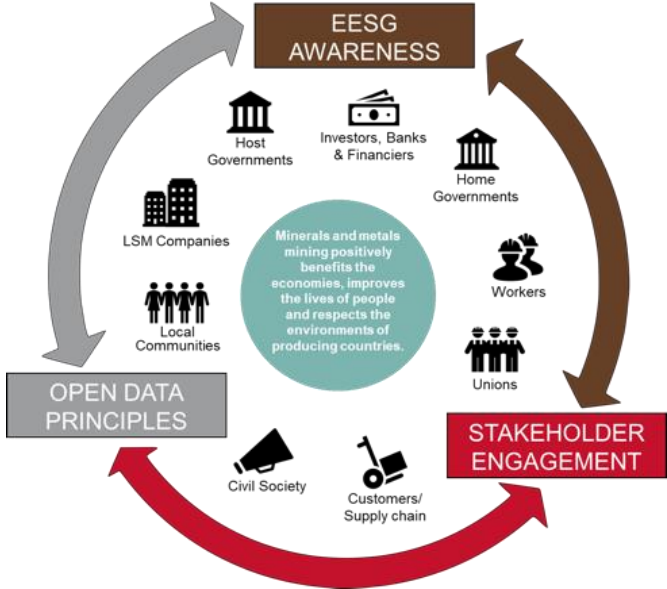
1. Increased awareness by large-scale mining companies and other stakeholders of what society expects from large-scale mining companies on EESG issues.
2. More informed engagement and discourse between large-scale mining companies and other stakeholders.
3. Improvement in transparency and disclosure of public-interest data by large-scale mining companies.

Producing assessments as a tool is only the first step in RMF's approach to encourage continuous improvement in responsible mining. The Foundation has developed a systematic

approach to leverage its main research outputs (methodology, reference framework, assessment results), in order to drive change on the ground.

This approach is encapsulated in the RMF Theory of Change as shown below.

RMF Theory of Change



4. Progress Overview Q1-Q4 2019

1. Mine Site Study

Following the launch in 2018 of the first Responsible Mining Index (RMI) that focused on large-scale mining (LSM) companies, RMF published in early 2019 a study of mine-site ESG data disclosure by small and mid-tier mining companies. This study assessed mine-site-level disclosure by 12 Toronto-listed small and mid-tier mining companies and their 31 mine sites located across 9 countries. The assessment covered 15 key environmental, social and governance (ESG) issues of strong public interest. The study found that while mine-site-level disclosure of ESG data is generally weak, with only three of the 31 mine sites scoring over 25%, stronger disclosure of ESG data is clearly achievable for many of them, and without much additional effort – a finding that resonates with the ‘it can be done’ finding in the RMI Report 2018.

2. Preparation of RMI Report 2020

A process of review and refinement of the methodology used for the RMI Report 2018 was undertaken to remove a few unhelpful indicators, simplify language, distil more incisive scoring metrics and round out a comprehensive and useful set of questions. As part of this review process, RMF hosted a meeting of its Expert Review Committee and the resulting RMI Methodology 2020 was then published in May 2019 including revised text on each topic with full bibliography, a revised mapping of RMI topics to the SDGs and other ESG-related initiatives, the full set of indicators and metric questions, and a new addition: examples of kinds of evidence for each indicator to guide companies and others to know what sorts of evidence might provide a response to the various questions raised.

The months-long data-gathering and assessment process for the RMI Report 2020 covered 38 large-scale mining companies operating in over 50 countries and responsible for over 1000 mine

sites. The team of analysts scrutinised nearly 4000 documents in English, French, Spanish, Russian, Indonesian, Portuguese and Chinese.

The expanded company scope (from 30 to 38) enables the RMI Report 2020 to cover more of the world's largest companies, including some operating solely or largely in high-income-economy countries, and to cover additional private and state-owned companies. The expanded mine-site scope (180 mine sites included in mine-site-level assessment, up from 127 in RMI Report 2018) enables the Report to assess operations in high-income-economy countries and Joint Ventures operations, regardless of the ownership level and of which company actually operates the site.

In late 2019 RMF hosted an External Review Panel to review and advise on the preliminary results of the RMI Report 2020.

### 3. Preparation for new study on Responsible Extractives Trading

Following inquiries from many quarters over the last few years regarding further scrutiny of extractives supply chains and in particular the role of trading companies, RMF initiated scoping and consultations for a new study on Responsible Extractives Trading. Based on emerging international guidance for trading companies the aim is to:

- Articulate what society can reasonably expect from companies undertaking extractives trading;
- Develop a simple, evidence-based measurement tool to assess policies and practices of companies undertaking extractives trading based on public domain data;
- Apply the tool to a portfolio of companies associated with a sufficiently representative geographical footprint and share in the global trade of commodities;
- Through the development of detailed indicators, metrics and kinds of evidence:
  - Support awareness raising of EESG issues in extractives supply chains;
  - Support capacity building for companies, regulators and others;
  - Expand the effectiveness of existing international guidance on responsible supply chains;
  - Support downstream customer efforts towards responsible supply chains.

### 4. Production of additional research products

In response to concerns raised by many investors that they were not always sure what questions to ask companies re. their ESG practices, and what was reasonable to expect from companies on various ESG topics, RMF published the RMI Framework 2020, an extract of the RMI Methodology 2020, including topic outlines, indicators and questions, and examples of kinds of evidence in a special coffee-table format to enable easy access for users, including translations into six languages that were very well received in various parts of the world.

RMF received repeated requests from many trade unions and civil society actors for a complementary but simpler version of the RMI Methodology - easy to comprehend, easy to use, easy to apply, low on technology, and easy to share. And that could be used to engage all mining companies, not only those LSM companies included in the RMI reports, on issues of responsible mining most directly affecting communities and workers. To respond to these requests, RMF developed, through an iterative process, a Mine-Site Assessment Tool, which is still undergoing testing and piloting in different contexts and regions, with public release scheduled for 2020.

### 5. Influencing public discourse

A number of research insights were published in 2019 on issues like tailings management, gender and the power of external requirements. RMF participated at conferences and

discussions on a range of responsible mining topics in Addis Ababa, London, Tanzania, Kyrgyzstan, Mongolia, Ottawa, Cape Town, Paris, Bali, Toronto, Lisbon, Geneva, Berlin and Kampala. RMF made formal submissions to initiatives like ISEAL, the World Gold Councils Responsible Gold Mining Principles, the Global Tailings Review, and the UN Working Group on Business and Human Rights.

6. Strategic stakeholder engagement

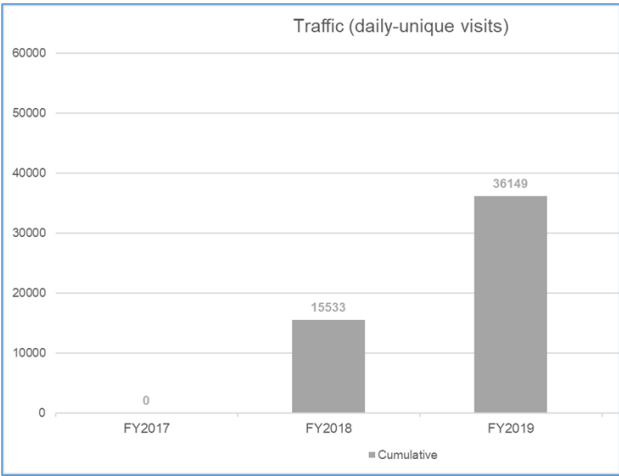
In 2019 RMF continued to invest considerable time and resources in building stakeholder engagement as a means to:

- Share and discuss the results of RMF research;
- Use RMF research and tools to support awareness-raising and capacity-building for all stakeholders;
- Identify and pursue opportunities for collaboration and synergy with other influential organisations and groups;
- Explore how RMF research results can be used by different stakeholders for the purposes of encouraging continuous improvement in responsible mining.

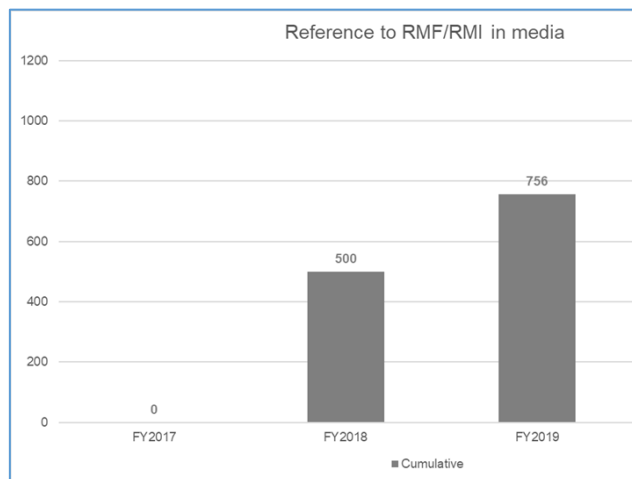
7. Media coverage

In 2019 RMF continued to receive strong media coverage, in response to publication of its research results and its topical Research Insights, and in connection with stakeholder engagement activities and events around the world.

RMI and RMF website traffic in 2019



## Number of media articles in 2019 that mention RMF/RMI



### 8. Influence and initial impacts

The widening evidence base of RMF's positive and practical contributions to responsible mining includes the following examples of signs of impact:

Mining companies are engaging with RMF and expressing appreciation and respect for RMF assessments. RMF has already received direct feedback from companies on the usefulness of the RMI Reports, and their plans to use the results to help drive and track continuous improvement efforts. In other signs of company recognition of RMF:

- Several companies included in the RMI Report 2018 have highlighted their participation in RMI, alongside other ratings and reporting frameworks, in their Sustainability Reports;
- The level of company participation in production of the RMI Report 2020 was very high, with 80+% of RMI-assessed companies participating in the company review period and/or providing other information to RMF for the purposes of the assessment;
- The range of companies engaging with the RMF research team after release of the results range from the best to the poorest performing companies, which shows that it is not only the better performing companies that are keen to improve their ESG performance;
- One company stated that the CEO now includes RMI Report performance in the remuneration calculation of executives, rather than the previously used ranking in the DJSI.

Investors are using the RMI Framework and results as an engagement tool and to inform their expectations of companies' EESG management. The RMI Framework, published in 2019 as a standalone extract of the RMI Methodology 2020, has been warmly welcomed by the investment community. Further, investors have appreciated RMF's full and open disclosure of its assessment results (in contrast to investor indices) and are using these to engage directly with the companies concerned.

Local stakeholders are using Mine Site Assessment Tools to engage with mining companies. This tool, a simple questionnaire regarding basic 'starting point' elements of responsible mining, is proving popular with local communities and labour groups and has been well received by the mine sites where the pilot applications are underway.

RMF is influencing global discourse on responsible mining. RMF brings timely research and hard data to global discussions on responsible mining, something that has been noted time and again as a crucial contribution to these dialogues. This was evidenced for example in the international debate following the Brumadinho tailings disaster, where RMI data provided a touchstone for high-level discussions between investors and mining companies. Similarly, by providing comments on emerging standards and sharing proxy results on levels of company compliance with existing expectations, RMF is able to influence these initiatives and support calls for more rigorous and ambitious norms.

## 5. Progress towards RMF's Theory of Change

The below activities and milestones demonstrate the constructive progress RMF has made towards addressing RMF's theory of change's three main components:

1. Increased awareness by large-scale mining companies and other stakeholders of what society expects from large-scale mining companies on EESG issues.
2. More informed engagement and discourse between large-scale mining companies and other stakeholders.
3. Improvement in transparency and disclosure of public-interest data by large-scale mining companies.

	Overall objectives		
	1	2	3
<i>Activities and Milestones Q1-Q4 2019</i>			
Mine Site Study published (digital and hardcopy)			
RMI Framework published (digital and hardcopy)			
Research Insights published (digital and PDF)			
Expert Review Committee meeting on RMI Methodology 2020			
Research and analysis for RMI Report 2020			
Expert Review Panel meeting on RMI Report 2020 initial results			
Company engagement in RMI Report 2020 assessment			
Engagement with assessed companies			
Broader stakeholder engagement (investors, civil society, etc.)			
Influencing public discourse: events and results extracts			
Scoping and consultations on Responsible Extractives Trading study			
Testing and piloting of Mine Site Assessment Tool			
IT Platform upgrade			
Participation in conferences, panels & roundtable discussions			
Press releases & media response			

Overall, RMF was able to observe and confirm in 2019 signs of its influence and impact responsible mining practices.

## 6. Variation from original plan

In this period, all activities were conducted according to plan. No changes were made.