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# Responsible Mining Index 2018

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Responsible  
Mining Foundation

## **Acknowledgements**

The Responsible Mining Foundation (RMF) would like to thank the many individuals and organisations that contributed to the development and production of the 2018 Responsible Mining Index. While it is not possible to name everyone here, RMF greatly appreciates their valuable support, expert input, thoughtful perspectives and encouragement.

### **Funders**

Swiss State Secretariat for Economic Affairs  
The Netherlands Ministry of Foreign Affairs  
Omidyar Network Fund  
Wyss Charitable Endowment  
Good Energies Foundation  
Cordaid  
PeaceNexus Foundation

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Access to Nutrition Index  
Access to Seeds Index  
RMF Advisory Council  
SNL Global  
Solaron  
Magnus Ericsson  
Philippe Spicher

### **RMI Feasibility study, roundtable and public comment consultations**

All those who provided comments and recommendations during the feasibility phase, development phase, roundtable consultations and the public comment consultation on the RMI Draft Methodology including mining-affected community members, representatives of local community associations, people's movements, national and international NGOs, government bodies, industry associations, mining companies, multi-stakeholder initiatives, multilateral organisations, investors, academics, expert consultants and others.

### **Report design**

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### **Translations**

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# Responsible Mining Index **2018**









Research Partner:





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# Introduction

## RMI assessment

The Responsible Mining Foundation (RMF) shares the position of many organisations and people around the world who support responsible mining but are concerned about the many urgent and compelling matters that impact societies and environments in producing countries.

Mining is a significant contributor to the GDP and exports of many low- and middle-income economies.<sup>1</sup> As a sector with large-scale and far-reaching potential, mining can also support achievement of the UN Sustainable Development Goals. However, the one-time removal of these non-renewable resources has often failed to catalyse economic development,<sup>2</sup> and for too many people and too many environments, mining brings lasting disruptive consequences.

The Responsible Mining Index (RMI) supports the principle that minerals and metals mining should benefit the economies, improve the lives of people and respect the environments of producing countries, while also benefiting mining companies in a fair and viable way.

With this in mind, the goal of RMI is to encourage continuous improvement in responsible mining across the industry by transparently assessing the policies and practices of large, geographically dispersed mining companies on a range of economic, environmental, social and governance (EESG) issues, with the emphasis on leading practice and learning.

RMI assesses companies from the perspective of what society can reasonably expect of large-scale mining companies, and examines the extent to which companies are addressing a range of EESG issues in a systematic manner across all their mining activities and throughout the project lifecycle.

This first Index, RMI 2018, covers 30 companies from 16 home countries, including publicly-listed, state-owned and private companies. These companies operate more than 700 sites in over 40 producing countries, and the assessment covers most mined commodities, excluding oil and gas. The Index focuses largely on company-wide behaviour, while also looking at site-level actions at 127 mine sites, in order to provide a snapshot of information disaggregated to the level of individual mining operations.

The RMI assessment is based on publicly available information on these companies and mine sites. 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.

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1 Ericsson, M. and Löf, O. (2017). *Mining's contribution to low- and middle-income economies*. United Nations University WIDER Working Paper 2017/148.

2 Lange, G-M., Wodon, Q. and Carey, K. eds. (2018). *The Changing Wealth of Nations 2018: Building a Sustainable Future*. Washington, DC: World Bank.

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## **Findings in context**

Over recent decades, many large-scale mining companies have shown significant improvements in how they manage EESG issues, as evidenced by the introduction of innovative practices and the engagement with partners and multi-stakeholder initiatives on responsible mining. Yet the RMI results indicate that it is still hard to find evidence of systematic, effective action at any one company on the range of topics that society can reasonably expect companies to address.

Although the individual company results indicate that much more can be achieved, the positive message is that it can be done. The RMI 2018 results show that if one company were to attain all the highest scores achieved for every indicator, it would reach over 70% of the maximum achievable score. This implies that existing best practice, if systematically applied by all companies, could already go some way to meeting society expectations.

Many companies have demonstrated that they are establishing responsible policies and practices on particular issues. The fact that 19 of the 30 assessed companies show up at least once among the stronger performers in RMI's different thematic areas, also indicates that performance does not necessarily depend on company size, commodity focus, or geographic location.

RMI commends the thoughtful and innovative approaches to leading practice, and the efforts of many companies to address the range of economic, environmental, social and governance issues covered in this report.

The RMI 2018 report is published free as a public good for use by all stakeholders, and to provide learning and encouragement for more companies to follow responsible practice.

## **This report**

This report summarises the main findings of the RMI 2018 assessment. The full set of results is available in the online RMI 2018 report at [www.responsibleminingindex.org](http://www.responsibleminingindex.org), together with translations in Bahasa Indonesia, Chinese, French, Russian and Spanish.

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# What RMI measures

RMI covers a broad range of economic, environmental, social and governance (EESG) issues related to responsible mining. RMI assesses companies from the perspective of what society can reasonably expect of large-scale mining companies, and examines the extent to which companies are addressing these issues in a systematic manner across all their mining activities and throughout the project lifecycle.

## **The scope of the Index centres on six thematic areas:**

- Economic Development: how companies contribute to national-level socio-economic development in producing countries;
- Business Conduct: how companies demonstrate their commitment to ethical behaviour and good corporate governance;
- Lifecycle Management: how companies manage their impacts throughout all phases of their operations and plan for post-closure viability from the earliest stages;
- Community Wellbeing: how companies engage with affected communities and manage their socio-economic impacts at a local level;
- Working Conditions: how companies provide safe and healthy workplaces, respect the rights of their workers and prevent unethical labour practices;
- Environmental Responsibility: how companies assess and manage their environmental impacts in a systematic, collaborative and transparent manner.

The RMI assessment includes 73 indicators applied at the company-wide level across these thematic areas.

## **In addition, each indicator is categorised as belonging to one of 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 to the company-wide indicators, six indicators are applied at a mine-site level for the individually selected 127 mine sites. Although these indicators are scored to indicate each site's level of performance, these scores are not included in the thematic-area-level scores for company-wide indicators.



## RMI analytical framework

		Measurement Areas		
		Commitment (15%)	Action (56%)	Effectiveness (29%)
Thematic Areas			<b>Economic Development</b>	
			<b>Business Conduct</b>	
			<b>Lifecycle Management</b>	
			<b>Community Wellbeing</b>	
			<b>Working Conditions</b>	
			<b>Environmental Responsibility</b>	

### 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 on a company's policies and practices.
- The RMI results provide a snapshot of company behaviour, 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 likelihood of some margin of error, notwithstanding the careful development of assessment criteria during the analysis of results.
- Each RMI ranking shows company performances not only against the maximum achievable score (of 6), but also relative to current best practice, i.e., the aggregation of best scores achieved for all indicators in the given area, taking into account all company results.
- The RMI methodology had originally included a downgrading of company scores based on the number of incidents each company has been involved in and the severity of the impacts generated. However, due to highly uneven availability of data and other methodological challenges, the decision was taken not to incorporate the results on severe adverse impacts into the scoring system.

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## **What RMI does not measure**

While RMI assesses mining company policies and practices on a broad range of matters, certain aspects and determining factors of company behaviour are beyond the scope and methodology of the Index.

While RMI does look for evidence of companies demonstrating continuous improvement (via the effectiveness indicators), 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 does assess 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.

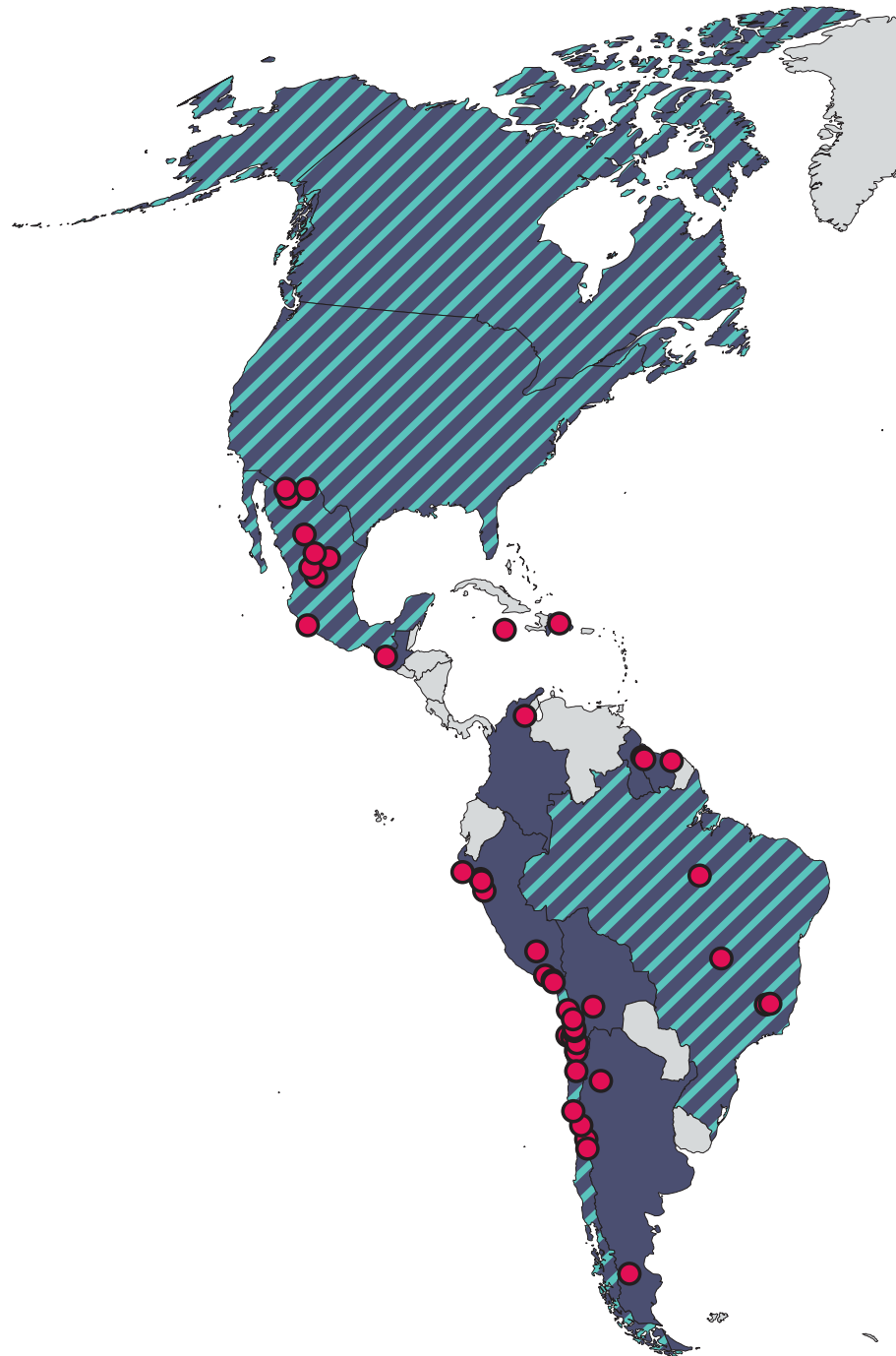
# RMI 2018 process steps

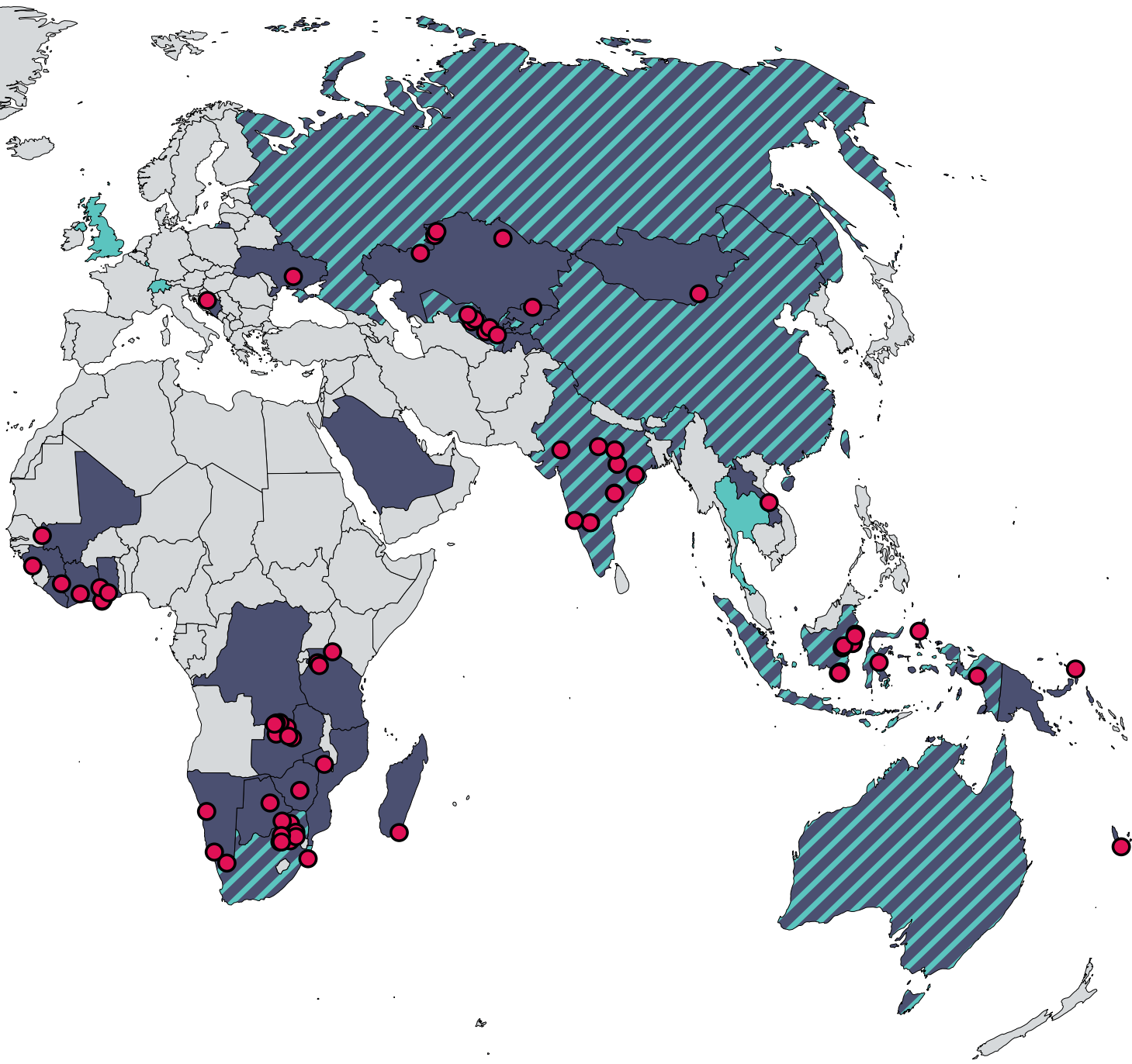





# RMI 2018 geographic and company scope

## Companies assessed

Anglo American  
AngloGold Ashanti  
Antofagasta  
ArcelorMittal  
Banpu  
Barrick Gold Corp  
BHP  
Bumi Resources  
Coal India  
CODELCO  
ERG  
Evraz  
Exxaro Resources  
Freeport-McMoRan  
Glencore  
Gold Fields  
Goldcorp  
Grupo México  
Industrias Peñoles  
MMG  
Navoi MMC  
Newcrest Mining  
Newmont Mining  
NMDC  
Rio Tinto  
Teck Resources  
UC RUSAL  
Vale  
Vedanta Resources  
Zijin





-  Home countries, where companies are headquartered
-  Producing countries, where companies have mining operations
-  Mine sites selected for mine-site-level assessment

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# Key findings

## 1

### **It can be done**

While individual company results still show considerable scope for improvement, the RMI-assessed companies have collectively proven that responsible mining is a realistic goal – it can be done. The RMI 2018 results show that if one company were to attain all the highest scores achieved for every indicator, it would reach over 70% of the maximum achievable score. This implies that existing best practice, if systematically applied by all companies, could already go some way to meeting society expectations.

## 3

### **Commitments need to be realised**

The vast majority of companies have made policy commitments on topics such as business ethics, human rights, occupational health and safety, and environmental impact management. Still, a few companies are yet to make commitments on such well-established international practice. Beyond this, few companies can demonstrate that they have systematically operationalised their commitments into effective actions and fewer still show they are tracking their performance on these issues. In the absence of evidence of such efforts, commitments by themselves might appear as meaningless gestures or simply tick-box exercises.

## 2

### **Diversity of responsible practice**

Nineteen companies rank among the ten strongest performers for at least one of the thematic areas of the Index. Many companies are performing relatively well in certain areas 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. The wide range of companies demonstrating responsible practices on particular issues indicates that performance does not necessarily depend on the company size or commodity focus, the home countries where they are registered, or the producing countries where they operate.

## 4

### **Adverse impacts undermine progress**

The scale and persistence of severe adverse impacts greatly undermine progress made by companies towards more effective management of EESG issues. For example, while many companies have clearly developed systematic approaches to address occupational health and safety and environmental impact management, the most frequent adverse impacts found in the RMI analysis relate to worker fatalities and environmental pollution. Similarly, the widespread existence of commitments on human rights is at odds with the fact that violations of human rights (including forced evictions, land grabs and violent attacks on community members) are among the ten most common types of severe impacts identified in the RMI research.

## 5

### **External requirements improve public disclosure**

National, international and multi-stakeholder reporting requirements clearly lead to more and better reporting and public disclosure. Stronger reporting is evident where companies align their public reporting with, for example, the Global Reporting Initiative (GRI), Extractives Industry Transparency Initiative (EITI), the Carbon Disclosure Project, or mandatory reporting requirements. At the mine-site level, some of the leading practices on performance tracking and reporting are the direct result of conditions set by an investor or a producing country government. By contrast, few companies show they go beyond compliance to proactively disclose public-interest information, and fewer still take the lead to address emerging concerns, such as the impacts of mining on children, where external interest has been slower to manifest.

## 7

### **Site-level data largely missing**

Only a small proportion of mine sites shows evidence of reporting on matters of direct interest to mining-affected communities, workers and other stakeholders. This includes information on how a site performs on local employment, local procurement, grievance, water use and biodiversity impacts. For one-third of the mine sites assessed, no evidence was found of performance reporting on any of these issues. In the absence of publicly reported data, it is more difficult for companies and local stakeholders to develop trust-based relationships or engage in constructive discourse on issues of shared interest.

## 6

### **From case studies to systematic action**

Stronger performing companies generally demonstrate company-wide approaches to managing EESG issues, rather than only being able to show action in a specific country or at a specific mine site. The strongest performing companies have formalised their approaches by establishing company-wide systems (e.g. management standards or guidelines) and tracking the implementation of these systems to ensure they have been effectively integrated across all business units. Companies that take systematic action demonstrate that their individual achievements can be successfully multiplied.

## 8

### **Open data sharing still evolving**

A few companies illustrate the use of open data principles to ensure the reported information is provided in a way that enables users to readily understand it and use it for meaningful assessment and comparison. Adoption of leading practice would ensure that data are disaggregated, provide regular or real-time information, allow change to be seen, allow users to understand the context, and are locally accessible and machine readable. Disclosure of public-interest data in an effective manner can help companies foster more informed engagement with their stakeholders, including governments, investors and civil society.

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# Overall results

## Thematic area results

Performances of the 30 companies vary widely within each of the thematic areas of the Index. The range of performances is greatest for two areas: Economic Development and Lifecycle Management, where one or two companies perform significantly better than their peers. While this variation is partly a function of the smaller number of indicators within these two thematic areas, it also reflects the very different levels of attention companies are paying to these issues.

Conversely, performance levels are broadly similar for two other areas: Business Conduct and Working Conditions. The vast majority of companies show evidence of addressing some elements of these areas. For example, most companies have made formal commitments on business ethics and on occupational health and safety and demonstrate that they have taken steps to operationalise these commitments.

Many companies are performing relatively well in certain areas and leading practices are found even on issues for which performances are generally weak. At the same time, performance levels indicate clear potential for companies to continuously improve their policies and practices on the EESG issues represented in all thematic areas.

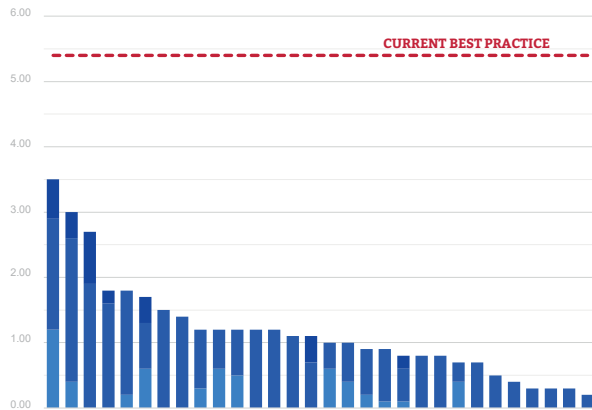
It is important to note that these ranking results show individual company performances not only against the maximum achievable score (of 6), but also relative to current best practice – i.e., the aggregation of best scores achieved for all indicators in a given area, taking into account all companies' results.

*Many companies are performing relatively well in certain thematic areas. At the same time, all areas show clear potential for continuous improvement.*

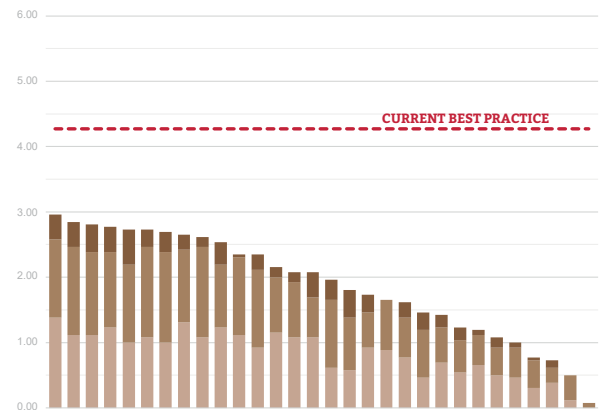


## Overall results

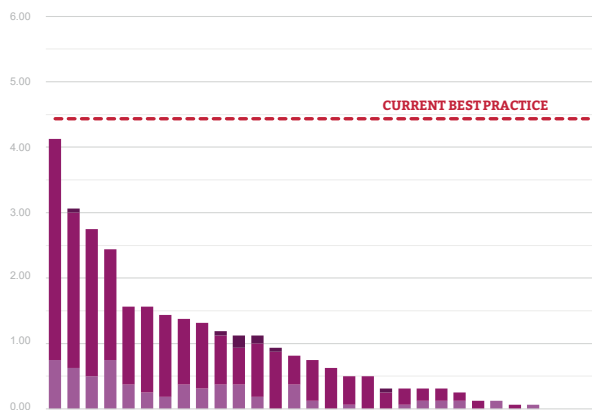
### Economic Development



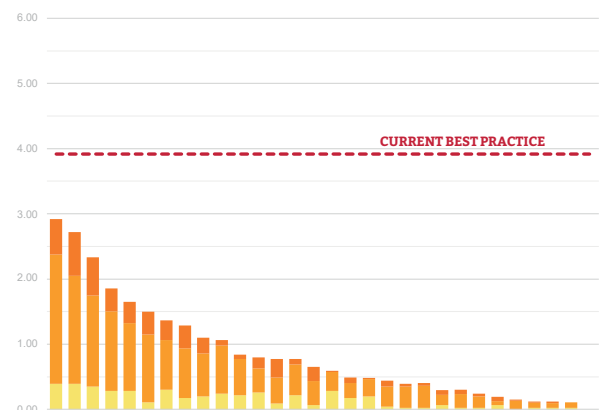
### Business Conduct



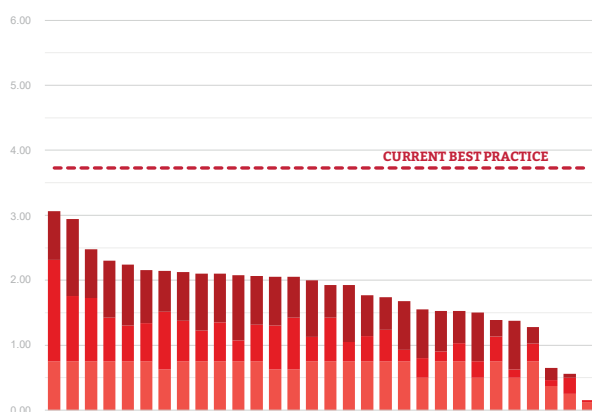
### Lifecycle Management



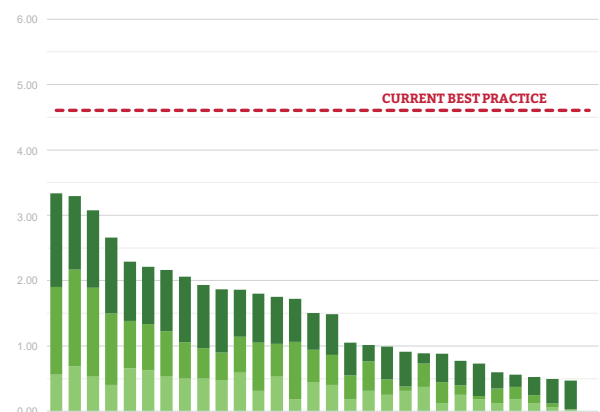
### Community Wellbeing



### Working Conditions



### Environmental Responsibility



--- Aggregation of best scores for all indicators in the given thematic area.

The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results. The maximum value of 6.0 represents the maximum achievable score.

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# Overall results

## Diversity of stronger performers

The companies achieving the ten strongest results vary substantially from one thematic area to another. Overall, 19 of the 30 companies appear at least once, across the thematic areas. This indicates that performance does not depend on the size or commodity focus of companies, the countries where they operate, or the countries where they are registered.

A company's performance in one area is not a strong predictor of its performance in other areas, nor of its overall performance.

Higher performing companies have generally developed systematic, company-wide approaches to managing economic, environmental, social and governance (EESG) issues. They could further improve their performance by applying similar systematic approaches to the full range of EESG issues.

*Overall, 19 of the 30 companies appear among the stronger performers for at least one thematic area. This indicates that performance does not depend on the size or commodity focus of companies, the countries where they operate, or the countries where they are registered.*

## Diversity of companies achieving the ten strongest results

### Economic Development



### Business Conduct



### Lifecycle Management



### Community Wellbeing



### Working Conditions



### Environmental Responsibility



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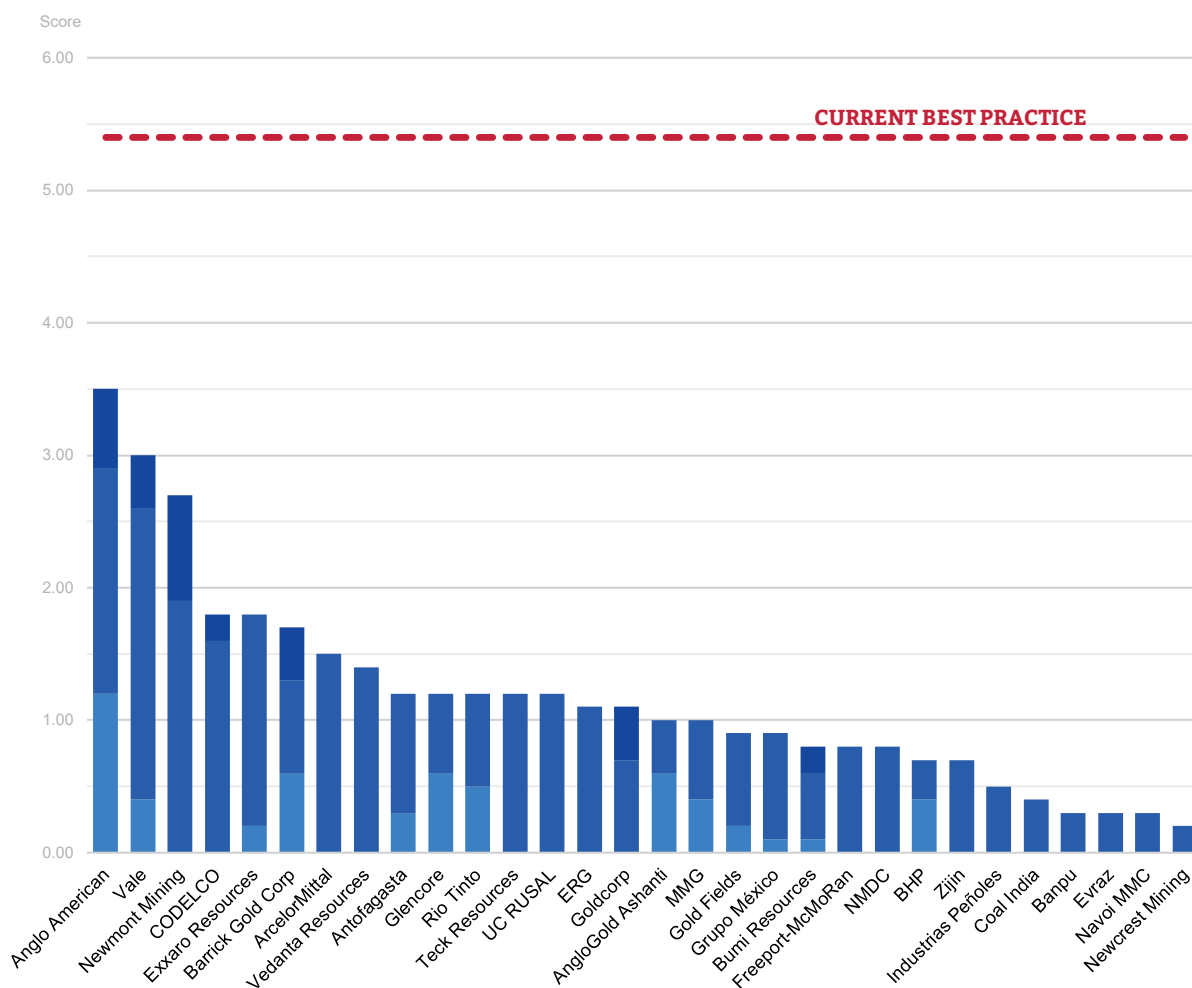
# Economic Development

In **Economic Development**, RMI considers company efforts to ensure their investments and activities catalyse sustained socio-economic development within producing countries – beyond the immediate vicinity of their mine sites. Economic Development indicators assess the extent to which companies consider national development priorities and their potential role in building the capacity of producing countries to supply goods and services for mining operations and cultivate skills and knowledge applicable to other sectors of the economy.

The assessment results reveal only a small proportion of companies systematically addressing these issues. Three companies (Anglo American, Vale and Newmont Mining) significantly outperform their peers. These companies tend to have well-developed corporate-level systems (typically guidelines or management standards) and programmes to support procurement, capacity building and skills development at a national level. Interestingly, three companies that account for some of the ten strongest results for only Economic Development (namely Exxaro Resources, UC RUSAL and Vedanta Resources) show some of the strongest performances for one issue in particular: skills development. These companies show evidence of taking a systematic approach to enhancing the national skills base and employability of local populations around their mine sites.

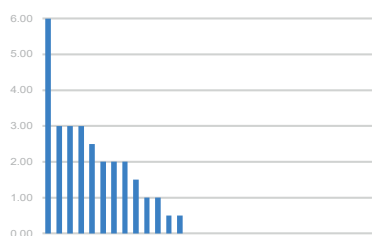
Leading practices in Economic Development generally involve collaborative partnerships between mining companies and in-country stakeholders, with an explicit capacity-building element. This includes, for example, partnerships with government authorities for collaborative planning of development initiatives. On the whole though, these innovative approaches are generally found in one or two producing countries, rather than across all countries where the company in question is operating. And many companies show little or no evidence of taking a national-level perspective to catalysing socio-economic development. Other performance gaps identified in Economic Development include a general lack of evidence of companies systematically tracking the effectiveness of their measures to develop procurement opportunities for producing country suppliers beyond those located in the immediate vicinity of their mining operations.

## Results: Economic Development

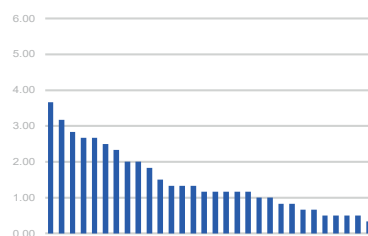


--- Aggregation of best scores for all indicators of this thematic area.

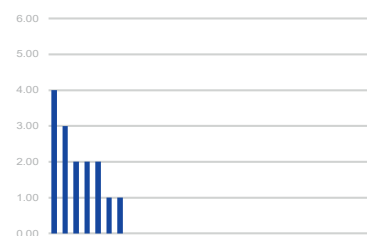
### Commitment (1 indicator)



### Action (3 indicators)



### Effectiveness (1 indicator)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

The maximum value of 6.0 represents the maximum achievable score.

All company results are based on public domain data that have been sourced by RMI analysts or provided by companies. In the case of a few companies, very little information was available. It is important to note that a low score may only reflect a lack of relevant information in the company's publicly available documentation.

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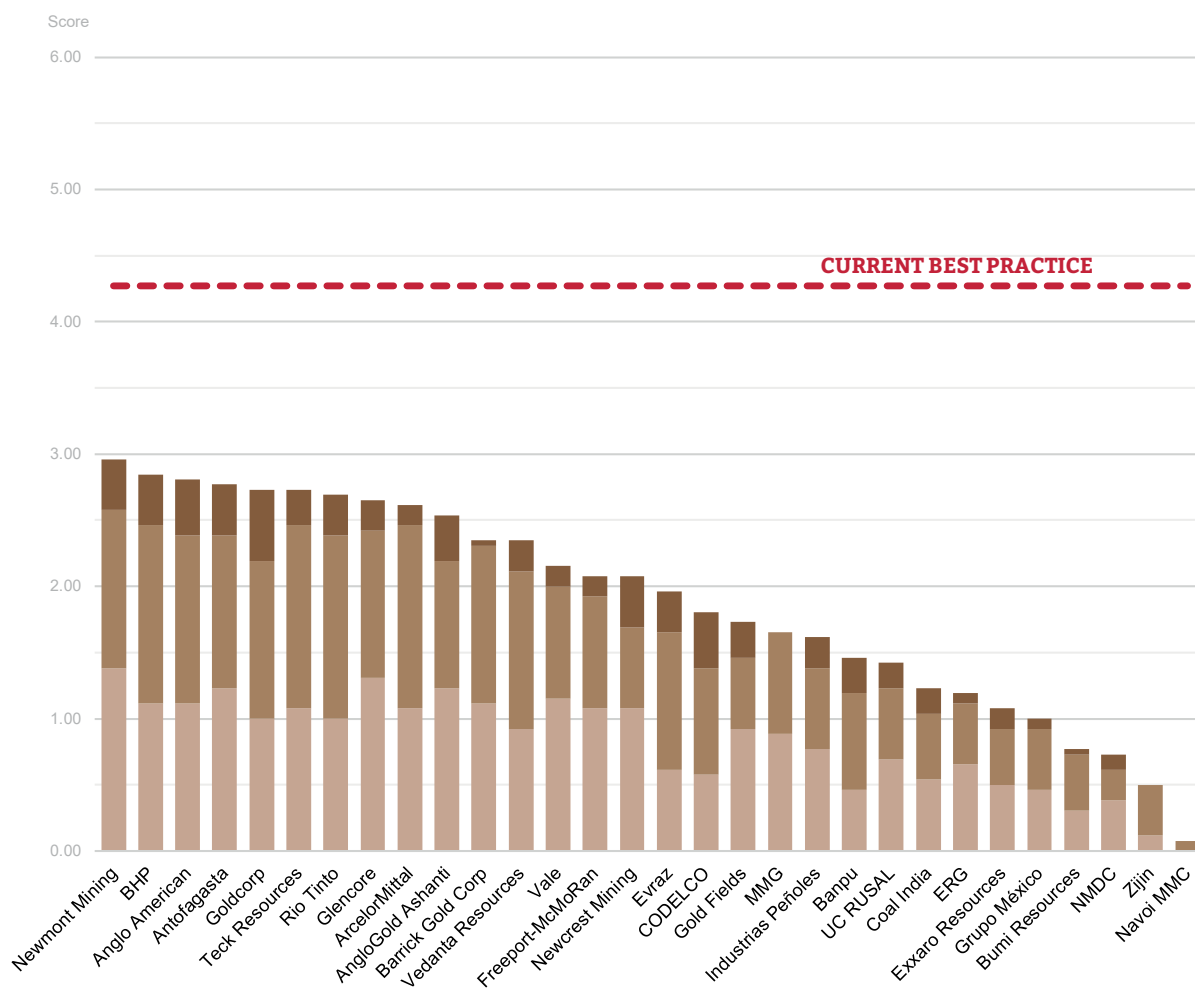
# Business Conduct

In **Business Conduct**, RMI examines companies' application of ethical business practices and sound systems of corporate governance and transparency to their operations. Business Conduct indicators assess the extent to which companies have put in place policies and systems to support a cross-departmental approach to business ethics, prevent unethical conduct, track, report and address any ethics-related issues that arise, and disclose key corporate finance and governance matters.

Performance levels in Business Conduct are relatively evenly spread, with about half the companies showing broadly similar levels of results, at the higher end of the ranking. Indeed, Business Conduct shows the highest average score, compared to other thematic areas. This is primarily due to the fact that the majority of companies have made some level of commitment on business ethics and anti-bribery and corruption. The stronger performing companies go beyond policy commitments and systematically disclose public-interest information concerning the taxes and other payments they make to governments. These companies also tend to show evidence of taking concrete measures to ensure diversity and inclusivity within their Boards of Directors.

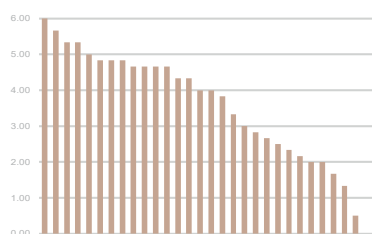
Leading practices for Business Conduct include, for example, target-setting for achieving gender parity, and innovative measures to operationalise a commitment to business ethics. The two main areas for continuous improvement, where performances are currently weakest, relate to the disclosure of beneficial ownership and of the contracts, licences and agreements granted to companies by governments.

## Results: Business Conduct

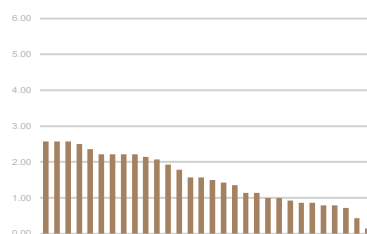


--- Aggregation of best scores for all indicators of this thematic area.

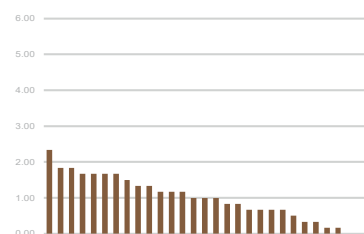
### Commitment (3 indicators)



### Action (7 indicators)



### Effectiveness (3 indicators)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

The maximum value of 6.0 represents the maximum achievable score.

All company results are based on public domain data that have been sourced by RMI analysts or provided by companies. In the case of a few companies, very little information was available. It is important to note that a low score may only reflect a lack of relevant information in the company's publicly available documentation.

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# Lifecycle Management

**Lifecycle Management** focuses on the integration of economic, environmental, social and governance (EESG) issues in business decision-making across all phases of mining operations. Lifecycle Management indicators assess the degree to which companies consider EESG issues from the earliest stage of their involvement in an operation through to sale or closure, and plan for post-closure viability from the beginning in order to best manage the impacts on workers, communities and the environment.

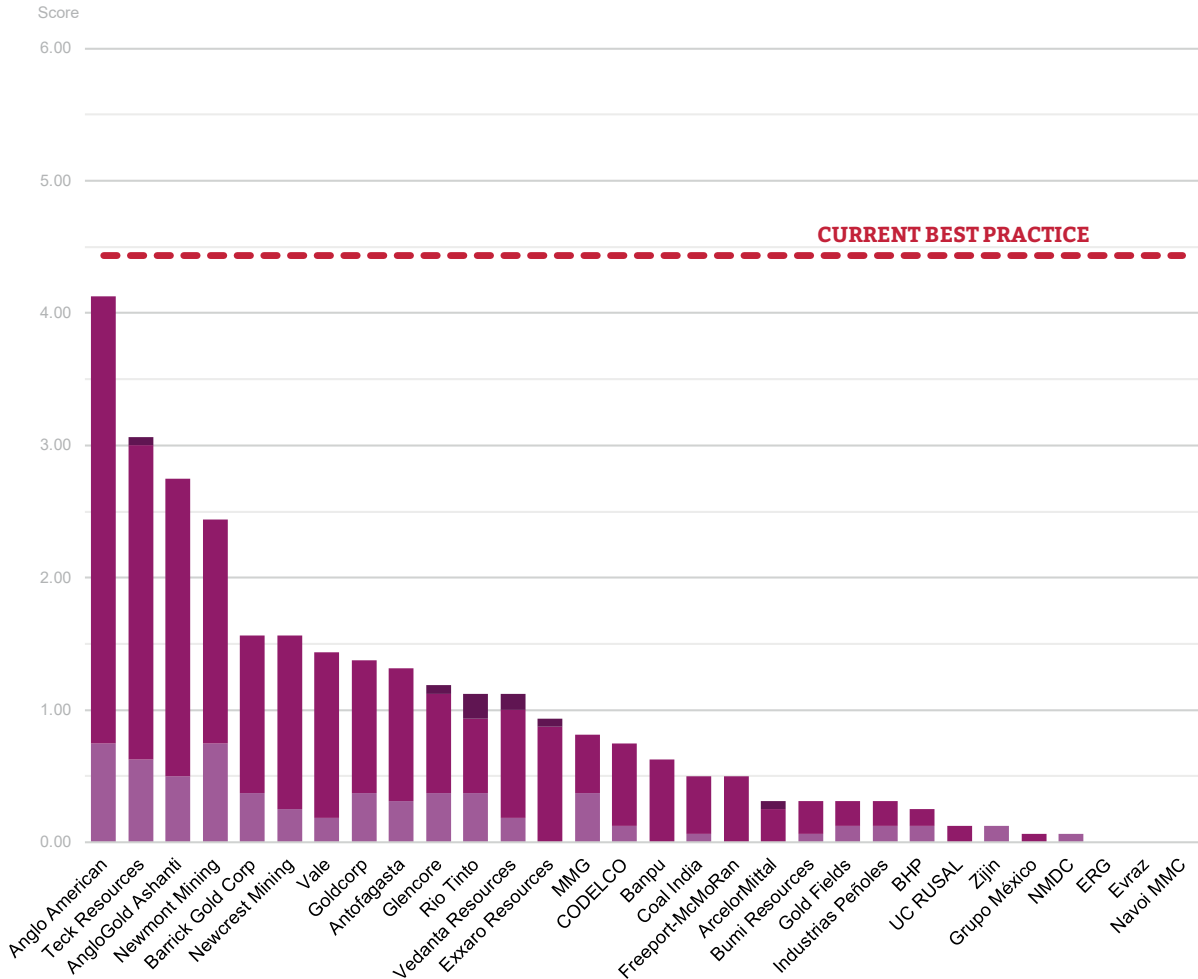
Performances on Lifecycle Management are spread very unevenly across the 30 companies. One company (Anglo American) performs significantly better than the others. This company has demonstrated that it has developed systems to address EESG issues in its decision-making on investments and on potential mergers, acquisitions and disposals, as well as to plan for land rehabilitation and post-mining land-use opportunities. Interestingly, one company (Newcrest Mining) that achieves one of the ten strongest results for only Lifecycle Management, is one of the strongest performers for one issue in particular: having a system for applying socio-economic and environmental criteria during investment decision-making.

Leading practices in Lifecycle Management mostly relate to closure planning and land rehabilitation.

The assessment results for Lifecycle Management show large performance gaps, with many companies showing no evidence of action on a number of issues. The two indicators where performances are lowest concern the provision and site-level disclosure of financial surety for mine closure, and the tracking of effectiveness of company actions to ensure a just transition for workers in the event of any major changes in a mining operation, such as major downsizing. Even the three strongest performing companies in Lifecycle Management show no evidence of such tracking.

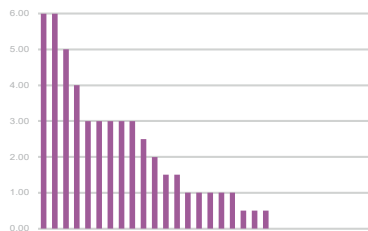


## Results: Lifecycle Management

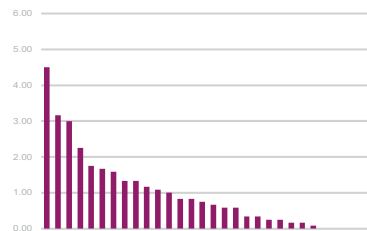


--- Aggregation of best scores for all indicators of this thematic area.

### Commitment (1 indicator)



### Action (6 indicators)



### Effectiveness (1 indicator)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

The maximum value of 6.0 represents the maximum achievable score.

All company results are based on public domain data that have been sourced by RMI analysts or provided by companies. In the case of a few companies, very little information was available. It is important to note that a low score may only reflect a lack of relevant information in the company's publicly available documentation.

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# Community Wellbeing

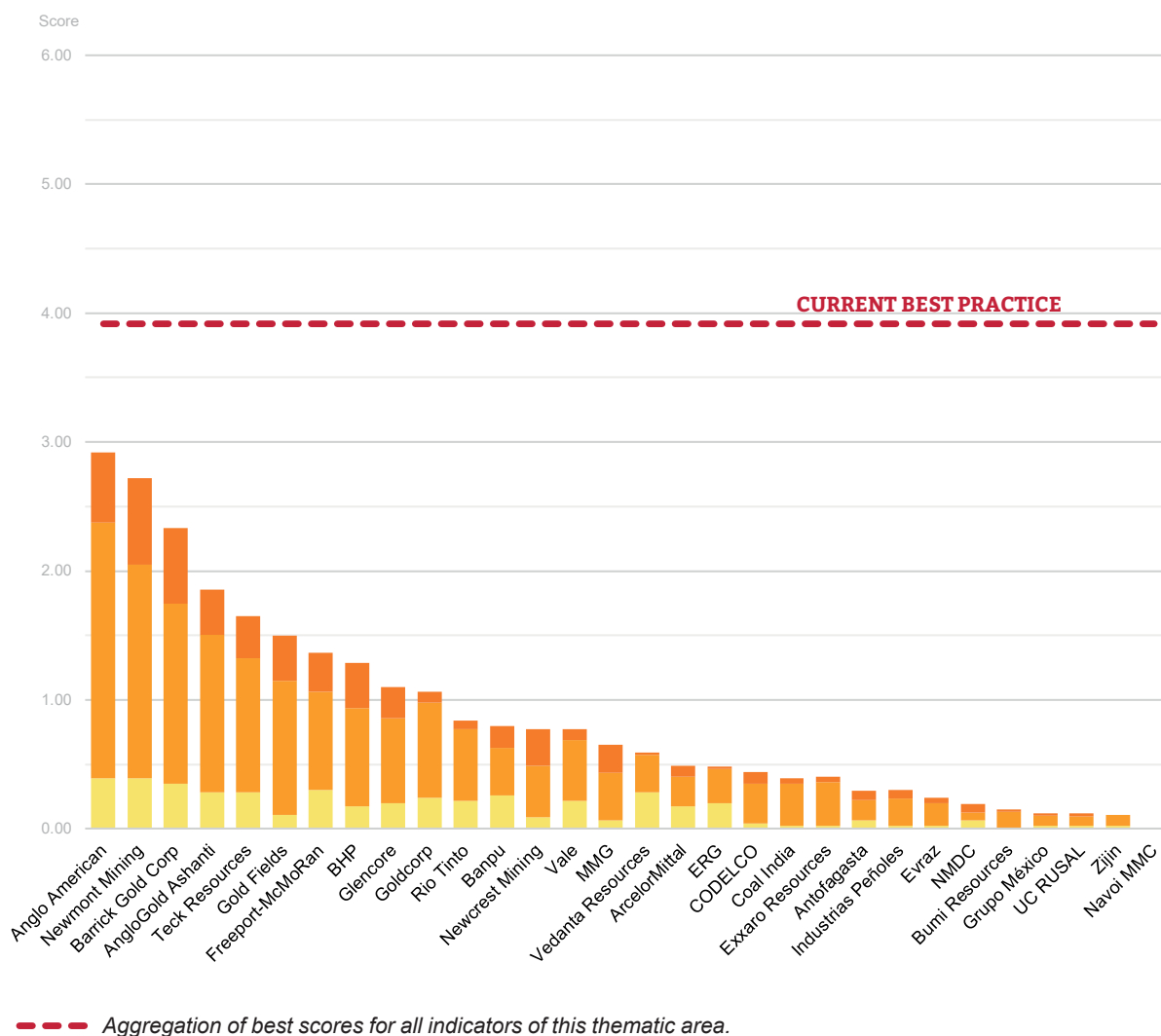
In **Community Wellbeing**, RMI looks at companies' day-to-day interactions with mining-affected communities and key stakeholder groups. Community Wellbeing indicators assess the extent to which companies have policies and systems in place to respect human rights, assess, manage, track and remedy their socio-economic impacts, and ensure meaningful engagement with local stakeholder groups including women, Indigenous Peoples, and artisanal and small-scale miners.

Overall, performances in Community Wellbeing are low, with the largest number of low-performing companies relative to other thematic areas. The three strongest performing companies (Anglo American, Newmont Mining and Barrick Gold Corp) have developed more systematic approaches to address risks and impacts (e.g. human rights due diligence and socio-economic impact assessment), to engage with local communities, and to support local business development.

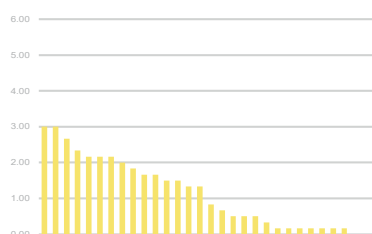
Leading practices for Community Wellbeing include, for example, systematic approaches to develop local entrepreneurship, and innovative efforts to support local suppliers.

Companies perform particularly poorly on their attention to one stakeholder group: hardly any companies have made an explicit commitment to protect human rights defenders. And while some companies may have systems for addressing their impacts on women in local communities, no companies show evidence of efforts to track how well they are managing these impacts. Another area where the vast majority of the 30 companies show no evidence of systematic action is in tracking their performance on ensuring livelihoods are restored or improved following resettlement.

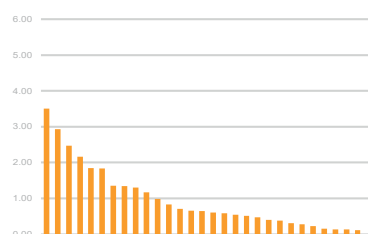
## Results: Community Wellbeing



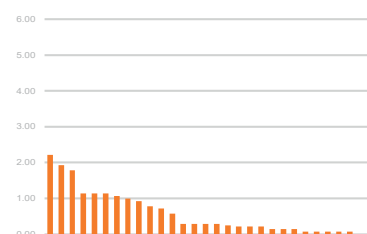
### Commitment (3 indicators)



### Action (13 indicators)



### Effectiveness (7 indicators)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

The maximum value of 6.0 represents the maximum achievable score.

All company results are based on public domain data that have been sourced by RMI analysts or provided by companies. In the case of a few companies, very little information was available. It is important to note that a low score may only reflect a lack of relevant information in the company's publicly available documentation.

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## Working Conditions

**Working Conditions** cover the rights of employees and contract workers to work in safe and healthy conditions, express their concerns and organise on labour matters, and receive fair treatment in recruitment, employment and promotion. Working Conditions indicators assess how companies are ensuring respect for these rights, and the elimination of poor labour practices.

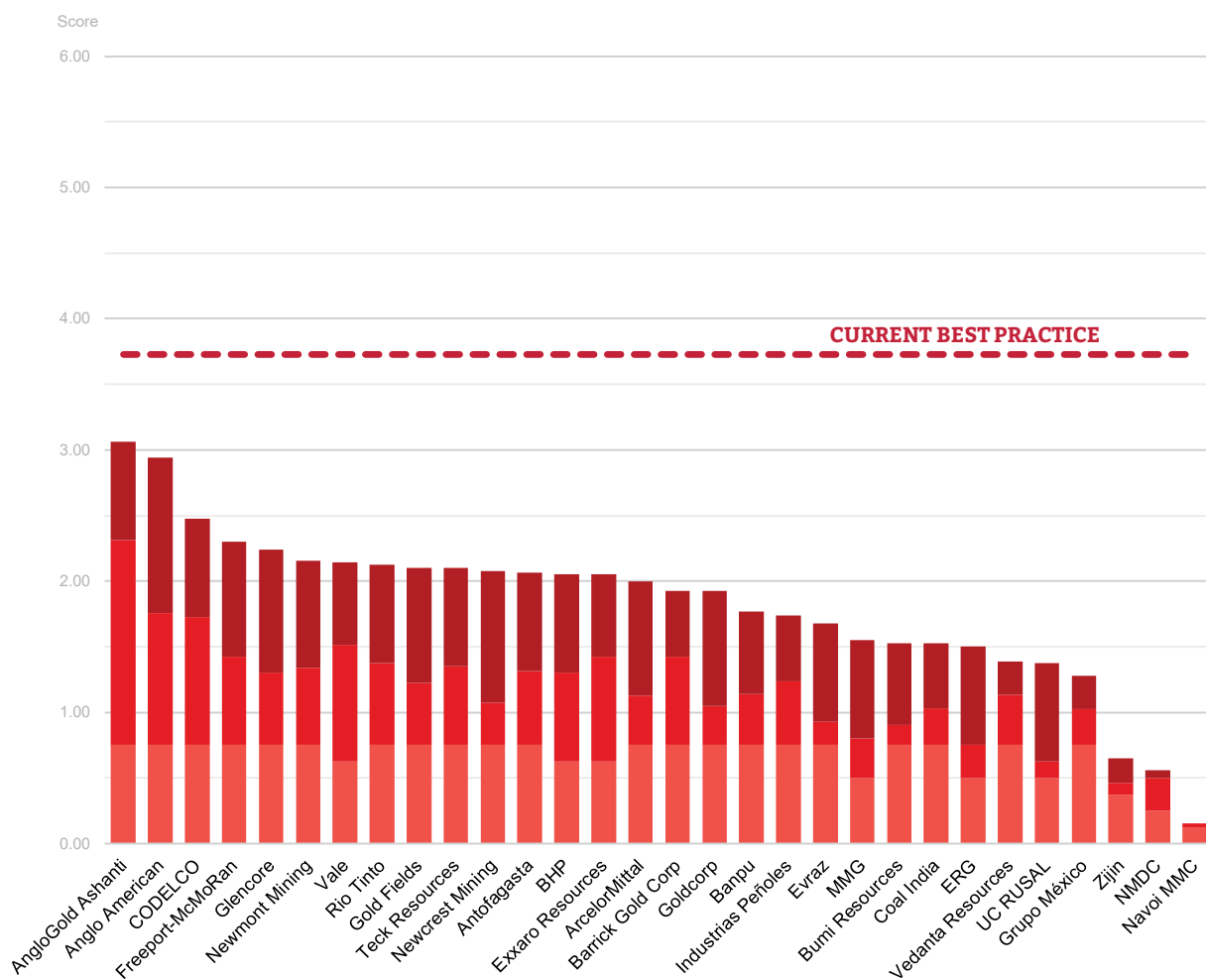
Working Conditions is the lowest performing thematic area overall. Performances are fairly evenly distributed across the 30 companies, with only two or three companies performing significantly better or worse than most. The similarity in performance levels is due largely to the fact that the vast majority of companies are paying attention to a commitment indicator on one issue – occupational health and safety. Nearly all companies have made formal commitments to provide a safe and healthy work environment, and most companies also track and report on their performance in this area and show evidence of efforts to improve their performance on health and safety. However, the number of workplace fatalities noted in the research on adverse impacts (331 were reported for 2015 and 2016), offers pause for thought in the face of the nearly universal commitments on this matter. And many companies show little action on other issues, beyond this core responsibility on occupational health and safety.

The two strongest performing companies in Working Conditions (AngloGold Ashanti and Anglo American) have gone further, to systematically address the risk of poor labour practices, such as the use of forced and child labour.

Leading practices for Working Conditions relate to, for example, special measures to address the needs of women workers and encourage respect for diversity among the workforce.

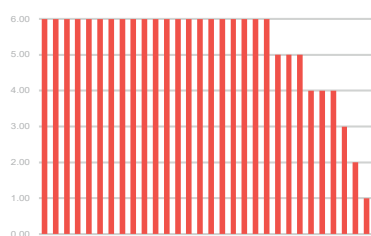
However, large performance gaps still stand out, as barely any companies show evidence of having addressed the following topics: assessing how the wages they pay to workers meet or exceed living wage standards, tracking the performance of their worker grievance mechanisms, and preventing all forms of discrimination in the workplace.

## Results: Working Conditions

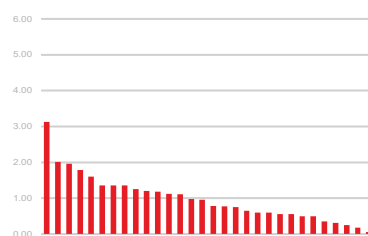


--- Aggregation of best scores for all indicators of this thematic area.

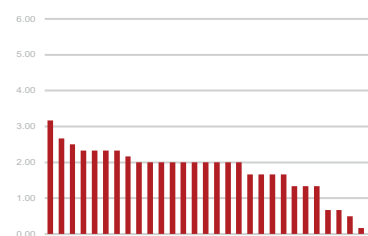
### Commitment (1 indicator)



### Action (4 indicators)



### Effectiveness (3 indicators)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

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# Environmental Responsibility

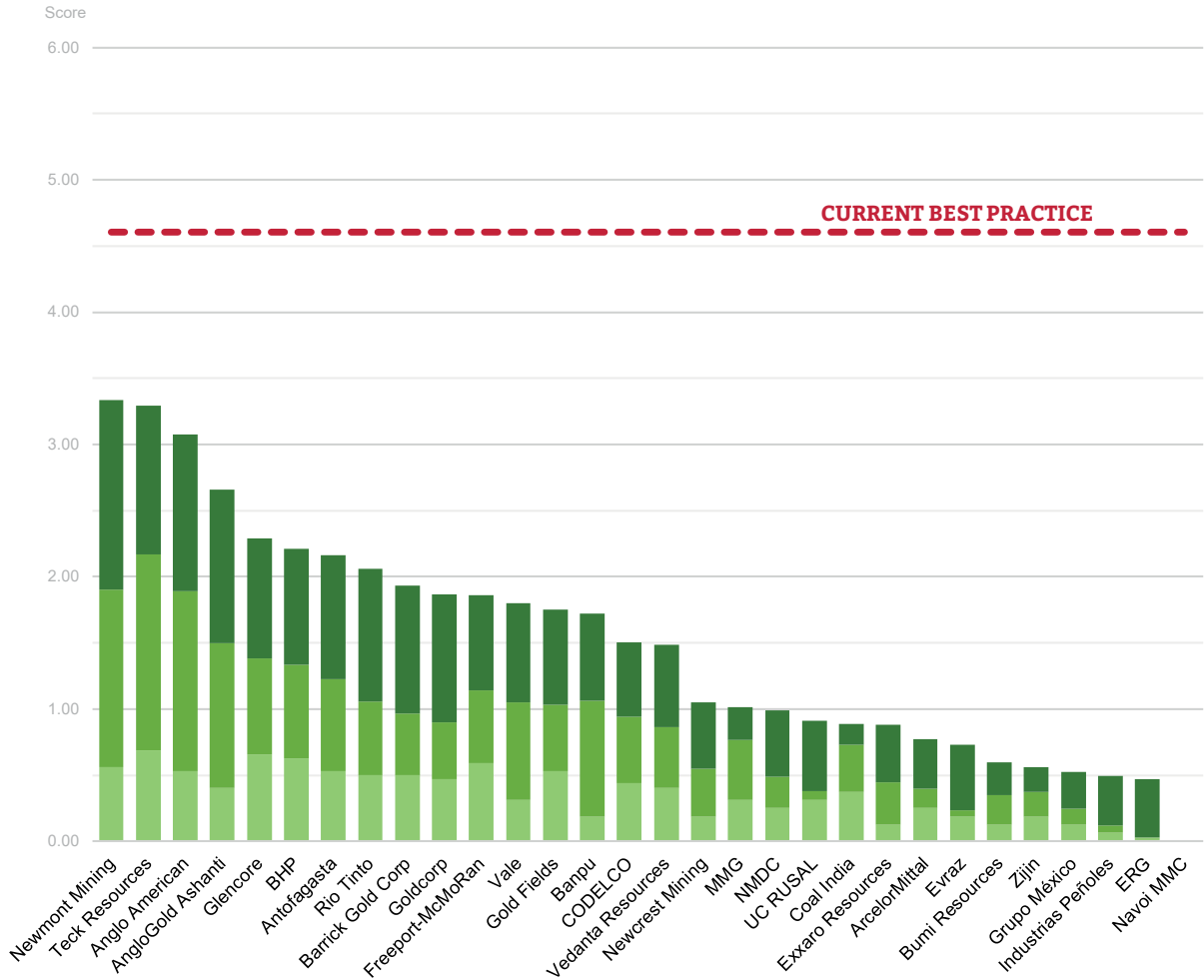
**Environmental Responsibility** deals with the wide range of environmental impacts associated with mining. Environmental Responsibility indicators assess the extent to which companies are meeting their responsibilities to systematically prevent, avoid, mitigate and manage their impacts on, among other issues, air quality, water quality and quantity, and biodiversity as well as their greenhouse gas emissions and noise and vibration resulting from their activities.

Company performances on Environmental Responsibility show a gradual progression from lower to higher performing companies. It is in Environmental Responsibility that a relatively large proportion of companies show evidence of performance tracking, particularly on two issues: their management of greenhouse gas emissions and energy consumption. Stronger performing companies also show evidence of performance tracking on other issues, including their management of tailings-related risks and biodiversity.

Leading practices in Environmental Responsibility include, for example, systematic disclosure of site-level and real-time air quality monitoring data, and innovative measures to track and reduce impacts such as noise and vibration.

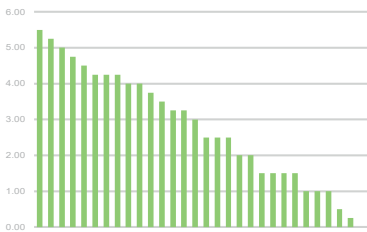
One area where the potential for continuous improvement is high is in the disclosure of site-level financial assurance for disaster management and recovery. Significantly, no evidence was found of disclosure of financial assurance disaggregated by mine site.

## Results: Environmental Responsibility

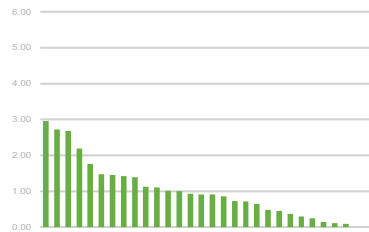


--- Aggregation of best scores for all indicators of this thematic area.

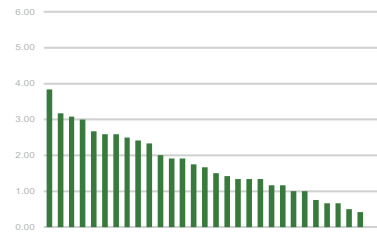
### Commitment (2 indicators)



### Action (8 indicators)



### Effectiveness (6 indicators)



The 'Current Best Practice' value represents the aggregation of best scores achieved for all indicators in the given thematic area, taking into account all companies' results.

The maximum value of 6.0 represents the maximum achievable score.

All company results are based on public domain data that have been sourced by RMI analysts or provided by companies. In the case of a few companies, very little information was available. It is important to note that a low score may only reflect a lack of relevant information in the company's publicly available documentation.

# Individual mine-site results

Most of the RMI indicators apply to company-wide policies or practices and relate to behaviour across the company as a whole. At the same time, six indicators have been applied at a mine-site level, to provide information that is disaggregated to the level of individual mining operations. Although not included in the thematic-area-level company scores, these mine-site indicators help to shine a spotlight on how companies tackle some of the most important issues for workers, local people, local environments, and local economies. These indicators also give an indication of how consistently companies apply their policies and practices throughout their operations.

For each company, up to five sites were selected for assessment. These sites are located in countries with developing or emerging economies and/or high levels of inequality. For those companies with less than five applicable sites, all these sites were selected. A total of 127 mine sites have been assessed, across all 30 companies.

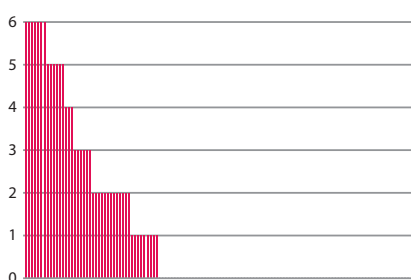
It is important to note that the mine-site indicators cover very specific actions by the mining operations. On each of the six topics covered by these indicators (namely, local procurement, local employment, community grievance mechanisms, workers' grievance mechanisms, water quality and quantity management, and biodiversity management), the indicators assess the extent to which sites:

- Track and report their performance on these issues;
- Use baselines or targets for this tracking; and
- Demonstrate continuous improvement in their performance.

The indicators are designed to capture the extent to which a mine site tracks its performance on a given issue and shows improvement in its performance; they are not intended to measure the actual level of performance in managing these issues, as this is very context-specific and difficult to assess in a fair manner for all sites. It is also important to note that these mine-site indicators have been selected to cover topics on which companies can be reasonably expected to publicly track and report their performance. The assessment results should be read with this in mind.

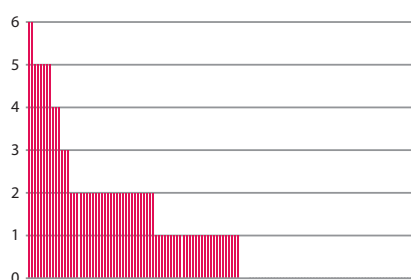
The six charts below show the scores of the 127 assessed mine sites for each of the six mine-site-level indicators.

## Local procurement



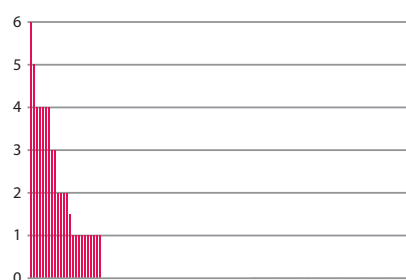
83 mine sites scored 0

## Local employment



57 mine sites scored 0

## Community grievances



103 mine sites scored 0



## Observations

Performance on the mine-site indicators is highly variable. Based on available evidence, it appears that no single company has an effective systematic corporate-wide approach to mine-site level reporting as none of the 30 companies assessed show consistent reporting across all the indicators and all the mine sites assessed. Two sites (Oyu Tolgoi and Alumbreira) perform significantly better than the others in their tracking and reporting of all issues covered by the mine-site indicators. The causal factors behind these stronger performances are more evident for Oyu Tolgoi, which is subject to the reporting requirements of the International Finance Corporation (IFC) as an investor, than they are for Alumbreira.

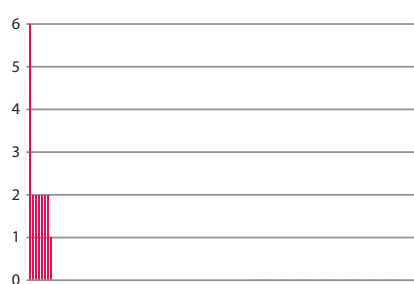
Three indicators stand out because of the widespread lack of evidence found on performance tracking. These relate to performance of community and workers' grievance mechanisms and biodiversity management; the vast majority of mine sites show no evidence of tracking the effectiveness of their work on these issues (see table below). More broadly though, the results for all six indicators show many sites providing no relevant information. Indeed, for approximately one-third (35%) of the mine sites assessed there was no evidence of any performance reporting on any of the issues. In general, very few companies provide information disaggregated by mine site.

## Overview of mine-site assessment results

Mine-site indicator	Number of sites scoring 4 or more (out of 6)*	Number of sites scoring 0*
Local procurement	16	83
Local employment	11	57
Community grievances	7	103
Worker grievances	1	119
Water quality and quantity	3	73
Biodiversity management	7	104

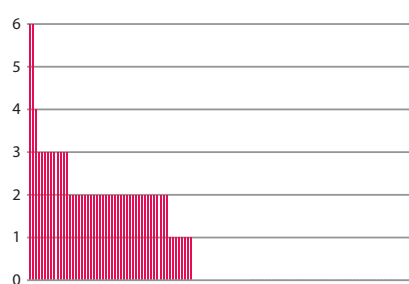
\*Total number of mine sites assessed: 127.

### Worker grievances

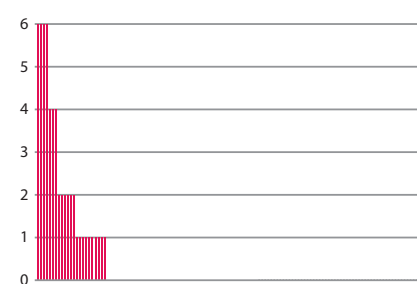


119 mine sites scored 0

### Water quality and quantity Biodiversity management



73 mine sites scored 0



104 mine sites scored 0

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# Observations

The results of RMI 2018 show that companies across the mining industry are at various stages of maturity in their approach to economic, environmental, social and governance issues. This section highlights some of the transversal issues and contextual situations where performances are generally weakest and outlines how more systematic approaches to these areas of focus can benefit the mining industry and mining-affected societies alike.

## Evidence of action

While some companies publicly provide useful and meaningful information on their policies and practices, many others disclose only a limited amount of information. As an evidence-based assessment, the RMI results reflect these differences since companies need to be able to demonstrate, rather than simply claim, that they have established responsible policies and practices. It is reasonable to assume that some companies are doing more than they have publicly reported: performances in the Index could likely 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.

## Perspective on risk and impact

While stronger performing companies assess and address issues salient to the peoples, environments and economies of producing countries, many companies take a more conventional perspective, focusing largely on issues material only to their business. For example, most companies investing in research and development focus their R&D primarily on improving the productivity or cost-effectiveness of their operations. Only a minority of companies pursue R&D aimed at better avoiding and mitigating the risks and adverse impacts of mining or creating opportunities for beneficial EESG outcomes. In line with the UN Guiding Principles on Business and Human Rights, companies can show leadership by systematically considering risks and impacts through the inclusive lens of salience.<sup>3</sup>

## Effectiveness

Companies consistently show much less evidence of tracking their performance than of making commitments or taking action. Even on environmental matters, where performance tracking is more prevalent, there are still significant gaps. For example, one-third of companies show no evidence of tracking their performance on managing biodiversity. More systematic performance tracking of their management of EESG issues can help companies to better 'know and show' – i.e. understand how effective their actions are, and demonstrate this to other stakeholders. Performance tracking can also help companies better direct their efforts towards continuous improvement.

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<sup>3</sup> The term salience is used here in line with the logic of the UN Guiding Principles on Business and Human Rights. It refers to the importance of an issue or impact determined not by the corporate business interest but based on the interests of society at large, including the full range of stakeholders (companies included).

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## **Economic development context**

Less than one-third of companies demonstrate a commitment to take account of producing countries' development plans, beyond the immediate vicinity of their mining operations. While a few companies show evidence of collaborating with governments, partners and other stakeholders to develop strategic approaches to regional or national development, these initiatives tend to be isolated actions rather than part of a company-wide approach. Concerted efforts to work with development partners in producing countries can help the mining industry to better contribute to broad-based economic development and support achievement of the UN Sustainable Development Goals (SDGs).

## **Contract disclosure and beneficial ownership**

No companies (even when operating in EITI-compliant countries) demonstrate that they systematically disclose the contracts, licences and agreements granted to them by governments, and few disclose details of their beneficial ownership. Given the importance and potential of mining for many national economies, systematically disclosing mining contracts and the names of beneficial owners can help to improve the integrity of contracting, prevent corruption, and safeguard the inter-generational economic interests of society.

## **Human rights**

While nearly all companies have stated their commitment to respect human rights, only half the companies have made a formal commitment that explicitly aligns to the UN Guiding Principles on Business and Human Rights. Further, only 30% of companies show evidence of having put in place systems to assess human rights issues in order to avoid, minimise and mitigate adverse impacts. Even fewer companies publicly report on how they are managing their human rights impacts.

As the mining sector is associated with frequent human rights abuses related to security management, it is important for mining companies to show that they are taking this issue seriously. Only seven companies show evidence of tracking or reviewing the effectiveness of their measures to address potential human rights abuses related to security management, in line with the Voluntary Principles on Security and Human Rights.

## **Human rights defenders**

Only one company shows any evidence of making an explicit commitment to respect the rights of human rights defenders in its areas of operation. As public space for civil society shrinks in many parts of the world, it is critical for mining companies to explicitly demonstrate their respect for the rights of human rights defenders.

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## **Grievance and remedy**

With only a few exceptions, there is little evidence of companies tracking and reviewing the effectiveness of their grievance mechanisms for both communities and workers. The widespread lack of evidence of any performance tracking of grievance mechanisms implies that companies do not see the need to demonstrate that these mechanisms are working, and could even suggest that companies are not particularly interested in whether they are working or not. Publicly reporting on how worker and community grievances are addressed and how remedy is provided can help build stakeholder confidence in these mechanisms.

## **Living wage**

Aside from a study at one mine site, none of the thirty companies shows evidence of tracking performance in meeting or exceeding living wage standards. Benchmarking wages to contextualised living wages, even in countries where living wage standards have not been set, can enable companies to demonstrate that they provide workers with the dignity and means to meet their basic needs and participate in society. For those companies that claim to pay above the living wage, there is no systematic evidence to prove that this has been tested.

## **Women**

Very few companies show evidence of systematically ensuring their operations address gender issues. For example, only 20% of companies show any evidence of taking a systematic approach to ensuring women workers are protected from harassment and sexual exploitation. Within mining-affected communities too, systematic action by companies on gender is lacking. This includes, for example, taking measures to facilitate the participation of women in their community engagement activities or to involve women as well as men in local business development activities. None of the companies show any evidence of tracking their performance on managing the impacts of their activities on women. Reviewing and improving how they manage the impacts of mining on women in the workplace and within affected communities can enable companies to better address the serious risks and disadvantages faced by women.

## **Youth**

Only a few companies show evidence of having made provisions to systematically involve mining-affected youth in their local business support and skills development initiatives. Similarly, only about 10% of companies show any evidence of systematically taking special efforts to include youth in their community engagement activities. Empowering and engaging youth can help companies tackle the often-overlooked needs and aspirations of youth, and better ensure the stability and future viability of mining-affected communities.

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## **Children**

No company shows evidence of specifically assessing the impacts of its activities on children. In addition, only about 35% of companies show any evidence of having systems to assess the risks of child labour and manage these risks where identified. Assessing and addressing the risks and impacts of mining activities on children can help companies to protect some of the most vulnerable stakeholders affected by mining.

## **Indigenous Peoples**

While some companies make an explicit commitment to respect the right to free, prior and informed consent (FPIC) for Indigenous Peoples, less than one-third of companies show that, where applicable, they systematically develop plans to respect the rights, interests, needs and perspectives of Indigenous Peoples. Going beyond consultation and systematically seeking the free, prior and informed consent of Indigenous Peoples can help companies to effectively respect their rights and interests.

## **Artisanal and small-scale mining (ASM)**

While eight of the 30 companies claimed that ASM is not a relevant issue for them, only six assessed companies demonstrate they have systems to ensure their operations develop strategies to engage with ASM workers and communities, where ASM activities are taking place near mine sites. Still fewer companies have systems to ensure their operations provide technical assistance or support alternative livelihoods for ASM. Building systematic, constructive approaches to engaging with ASM can help companies support safer and more sustainable livelihoods for ASM workers and communities.

## **Post-closure viability**

There is very little evidence of companies systematically addressing the post-closure viability of livelihoods for local communities and workers. Only one-third of companies have systems to ensure their operations develop post-closure transition plans for local communities, and the same proportion of companies have similar systems to develop transition plans for workers. Ongoing and collaborative planning with these affected stakeholders can help companies to ensure sustainable futures and positive legacies when their mining operations cease.



## Disclaimer

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This 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.

The RMI seeks evidence of companies' policies and practices on economic, environmental, social and governance (EESG) issues, but does not seek to measure the actual outcomes achieved on EESG issues. Results are based only on evidence sourced from the public domain or provided by companies as open data. Whilst this information is believed to be reliable, no guarantee can be given that it is accurate or complete, nor does it preclude the possibility that policies and practices may exist, but which the RMI has not been able to consider for purposes of assessment. In this respect, the results of the low-scoring companies do not necessarily reflect a lack of relevant policies and practices; as they may be due to a lack of public reporting by the companies, limitations in accessing information, and/or any difficulties in accessing the RMI company portal.

It should be noted that, prior to publication, all companies in the Index were invited to check the factual accuracy of the contextual data and evidence upon which the Index is based and to review company information in the RMI document library.

Although every effort has been made to verify the accuracy of translations, the English language version should be taken as the definitive version. The RMI reserves the right to publish corrigenda on its web page, and readers of the 2018 RMI report should consult the web page for corrections or clarifications.

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