RMI Report 2022

Key findings
Observations
& Recommendations

Responsible Mining Foundation

English version

Key findings

Mine-site evidence conspicuously missing

The vast majority of the 250 assessed mine sites across 53 countries cannot demonstrate that they are informing and engaging with host communities and workers on basic risk factors such as environmental impacts, safety issues or grievances. Some 94% of the mine sites score an average of less than 20% on the fifteen basic ESG issues assessed (see Figure 1). At the same time, a few mine sites show better practices on some of these issues, proving 'it can be done'. It is at mine-site level that these issues matter most – for local stakeholders who risk exposure to harmful impacts, for investors who need to know about asset-level risks, for Board members and senior executives to know if risks are being well managed, and for companies seeking to show respect for their neighbours and host communities. All companies are encouraged to move beyond consolidated reporting and aggregate figures to meet stakeholders' needs for relevant information and meaningful engagement.

Some improvement at corporate level

While the results on corporate policies and practices remain low on many issues, companies show an overall average improvement of 11% over the RMI 2020 results. Marked improvements have been achieved by some lower performing companies (see Figure 2) who are to be acknowledged for their efforts to strengthen their ESG practices and transparency. In addition, 37 of the 40 assessed companies show up among the best performers on at least one indicator, offering better practice models for their peers. These are encouraging signs of continued movement on ESG issues, of notable progress in setting basic measures in place, and of widespread good practice models across the different issues. There are now ample opportunities for industry-wide learning on ESG performance. All companies across the industry can use the learning tools embedded in the RMI 2022 digital report to further improve their responsible mining practices.

Slowing momentum among leading companies

Most of the stronger performing companies show limited evidence of improvement in their responsible policies and practices at corporate level since 2020. The 8% average improvement among the first-tier performers contrasts with the 22% and 41% average improvements seen among companies in the second and third tiers, respectively (see Figure 2). The remaining gaps seen among the first-tier companies include a lack of corporate measures on a wide range of key issues. There is a risk of stalling of momentum among the leaders on ESG issues, even as the industry announces ambitious plans on technical issues, such as emissions reductions or efficiency gains. Applying the same level of effort and leadership to, for example, social performance issues or the management and disclosure of local environmental impacts, would do much to help the industry meet society expectations on these critical issues. Companies are encouraged to use the RMI framework and results as a guide to prioritise areas for improvement.

Figure 1 Overall results of the mine site assessment

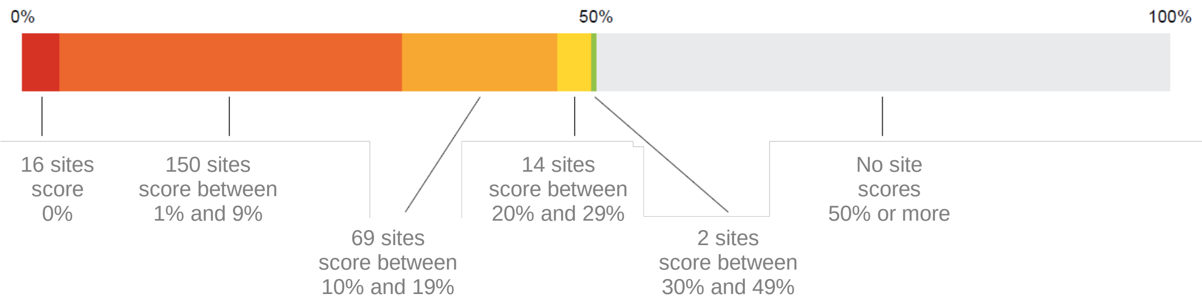
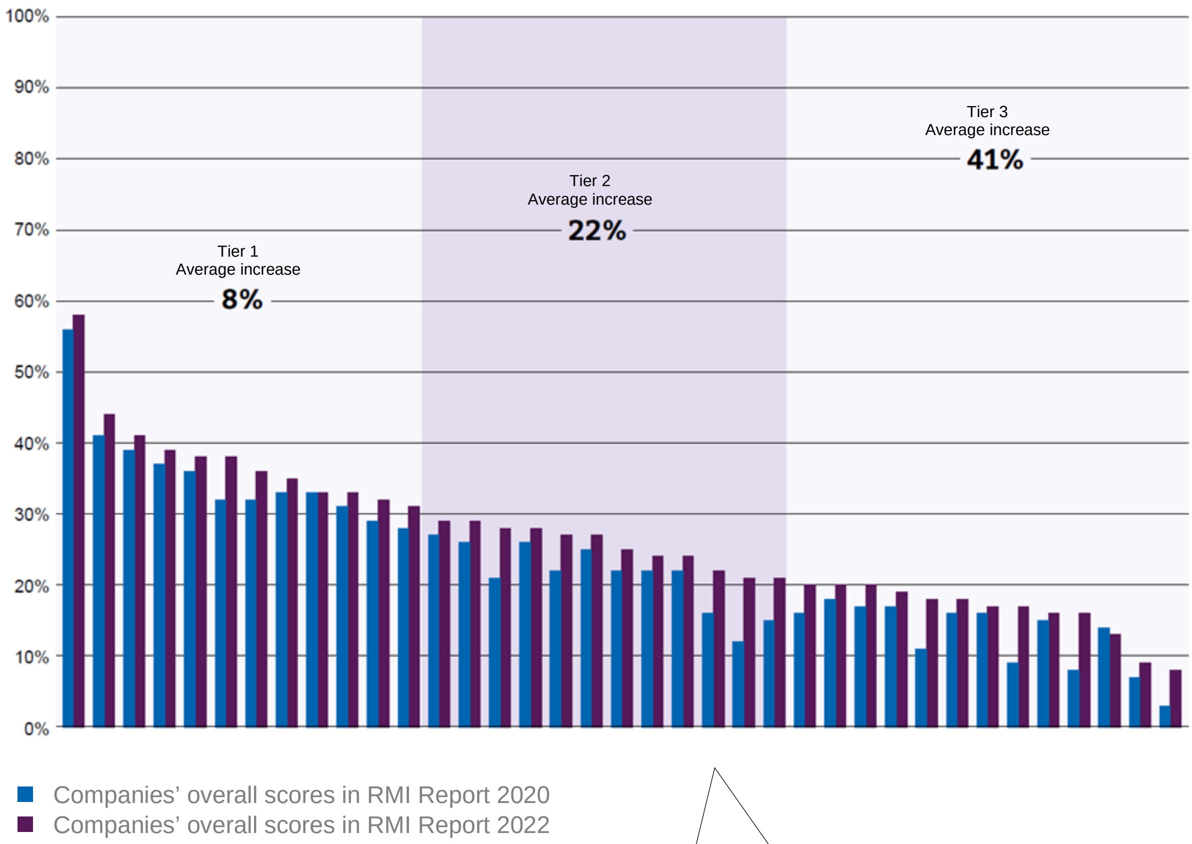


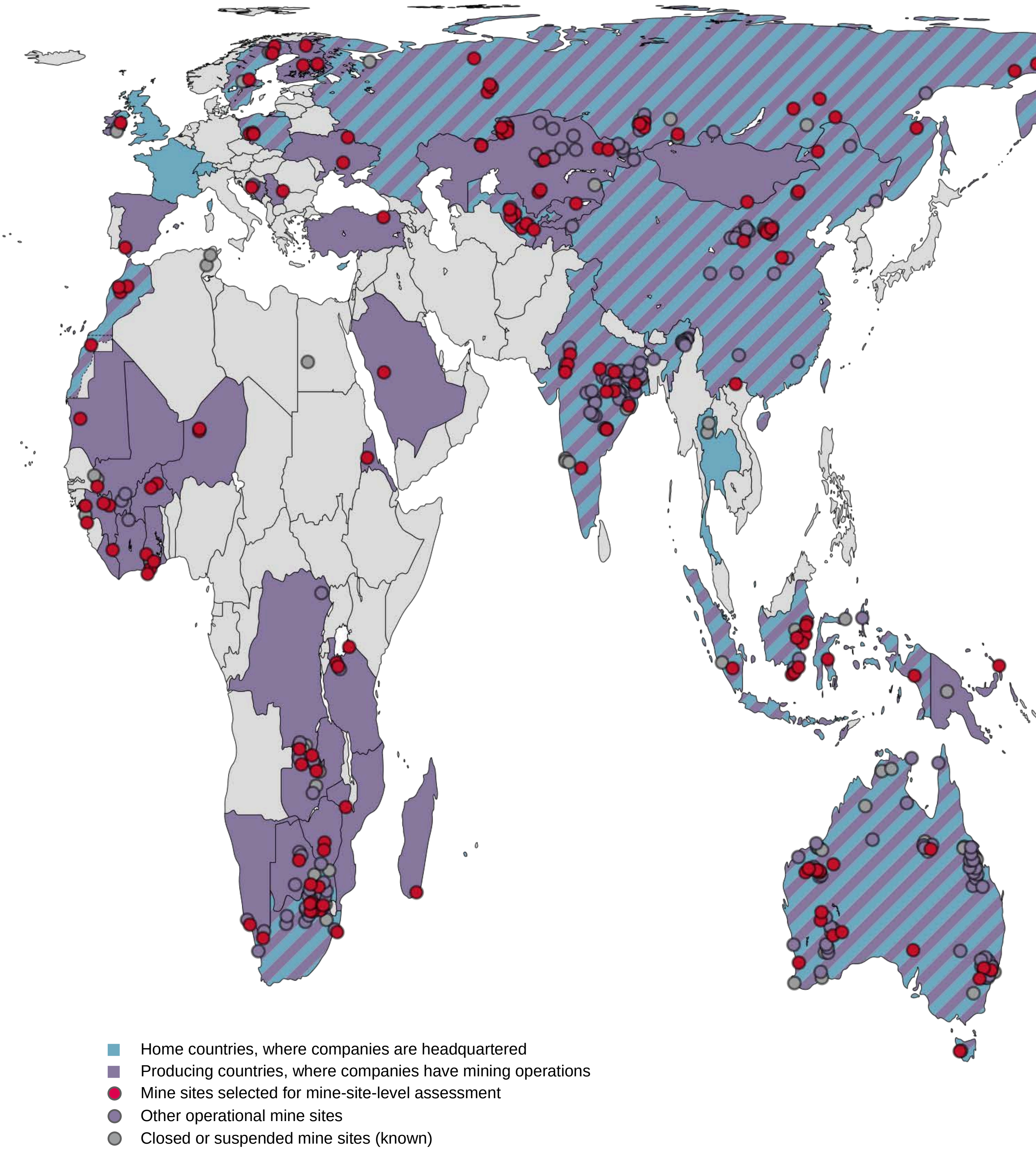
Figure 2 Improvements in corporate results, 2020 to 2022

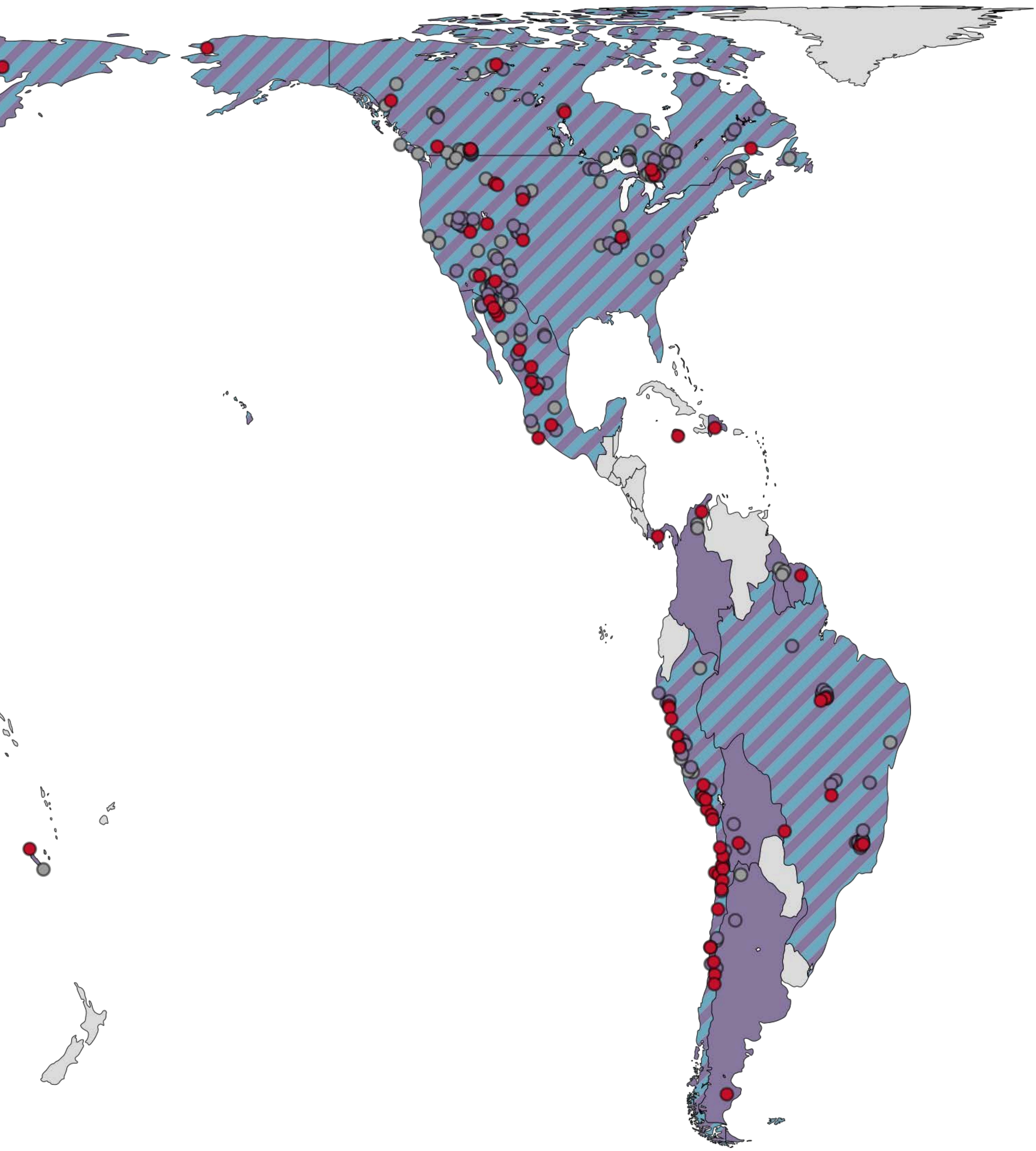


HOW TO READ THIS

This graph shows the performances of the 37 companies that were assessed in both the RMI Reports 2020 and 2022. The companies are grouped into three tiers to highlight the differences in relative improvement levels from the first to third tiers.

Geographic and company scope



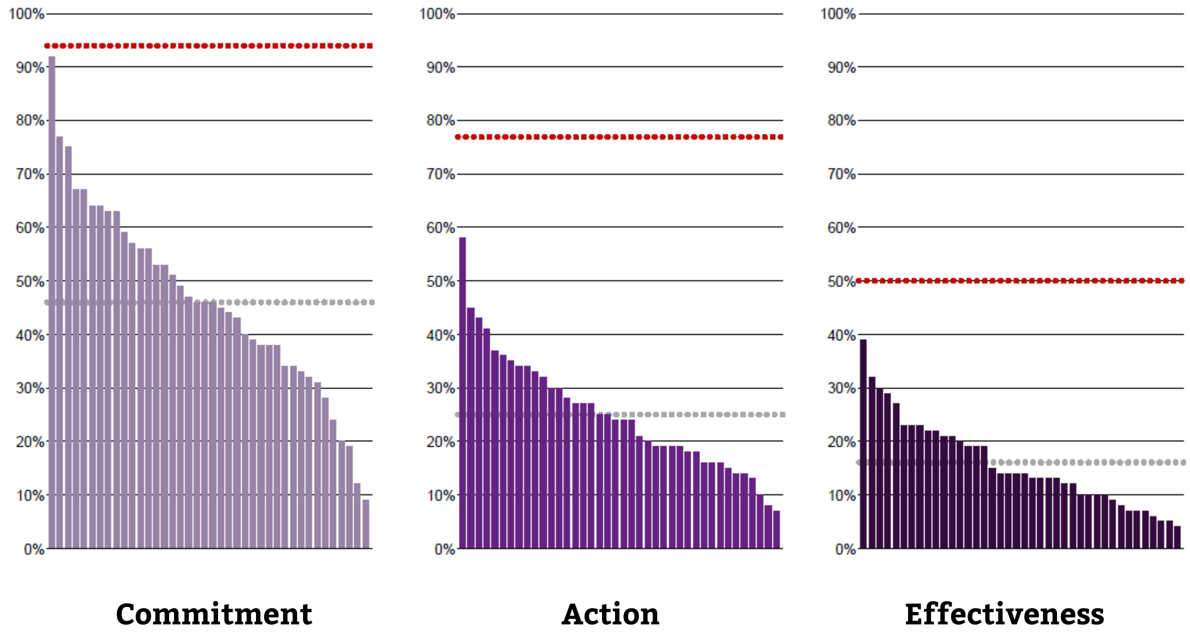


Ten observations

1 Commitment–Effectiveness gap still large

The assessment findings have demonstrated that formal ESG commitments are becoming the norm. The Collective Best Score for commitment indicators, i.e., the sum of the best scores seen on all commitment indicators, stands at 94%. It is clearly within every company's reach to meet society expectations on ESG policy commitments (see Figure 3). In contrast, companies' results are much weaker on effectiveness indicators, which assess companies' efforts to track and improve their performance on particular ESG issues. As long as performance monitoring remains weak, companies will find it difficult to demonstrate that their commitments are making a difference to their management of ESG issues.

Figure 3 **Commitments largely in place, focus on effective actions less evident**



Note: Each bar on the charts represents one company (total of 40 companies)

Collective Best Score
Average Score

2 Corporate systems not evident at mine sites

There is little correlation between the existence of corporate systems on specific ESG issues and evidence of mine-site action on these same issues. For example, most companies show some level of corporate protocols for their operations to engage with other water users on water management and to engage with worker representatives on occupational health and safety. However only a minority of the 250 assessed mine sites show any evidence of having implemented these requirements. Without evidence that corporate systems are being implemented at mine-site level, the credibility of these systems will be limited.

3 Slow adoption of good practices

There is a wide gap between the overall average performance seen across the 40 companies and the much stronger performance that the companies are collectively proving possible, as evidenced by the Collective Best Score (see Figure 4). The Collective Best Score for a given thematic area is an aggregate measure of the best results seen among all the companies across all the indicators in that area. There is much scope for companies to improve their responsible policies and practices by adopting the good examples shown by their peers. This wide gap between average scores and Collective Best Scores has been a feature since the first RMI Report in 2018, showing that, overall, the uptake of existing good practices has been moving slowly.

Figure 4 **Wide gap between average performances and what companies are collectively proving possible**

4 Some notable improvements

Encouragingly, nearly one-quarter of the companies have increased their scores by 30% or more over the last two years (see Table 1). Most of the strongest improvements seen have come from some of the lower-performing companies, which are beginning to catch up by putting in place policies and practices on a range of ESG issues, while increasing their transparency. This includes for example establishing formal commitments to respect human rights and prevent bribery and corruption, improving accountability for ESG performance, conducting due diligence on ESG supply chain risks, and publicly disclosing payments to governments and workplace safety incidents. Importantly, some of these companies have also stepped up their performance monitoring to track and review the effectiveness of some of their ESG measures.

Table 1 **Improvements in company performance**

Companies*	Percentage improvement compared to performance in the RMI Report 2020	Companies*	Percentage improvement compared to performance in the RMI Report 2020
Navoi MMC	182%	ERG	10%
Nordgold	104%	First Quantum	10%
Zijin	79%	Freeport-McMoRan	10%
Grupo México	78%	Vedanta Resources	9%
Buenaventura	56%	CODELCO	8%
Peñoles	37%	ArcelorMittal	8%
Fortescue	35%	RUSAL	8%
Orano	35%	Newmont Mining	8%
Sibanye-Stillwater	30%	Gold Fields	7%
China Shenhua	24%	MMG	6%
Polymetal	21%	BHP	6%
Vale	19%	Teck	6%
Bumi Resources	16%	Rio Tinto	6%
Exxaro	15%	Newcrest	5%
Glencore	14%	Anglo American	5%
Coal India	14%	AngloGold Ashanti	4%
Antofagasta	13%	Barrick	0%
Banpu	12%	NMDC**	-6%
Evraz	11%		

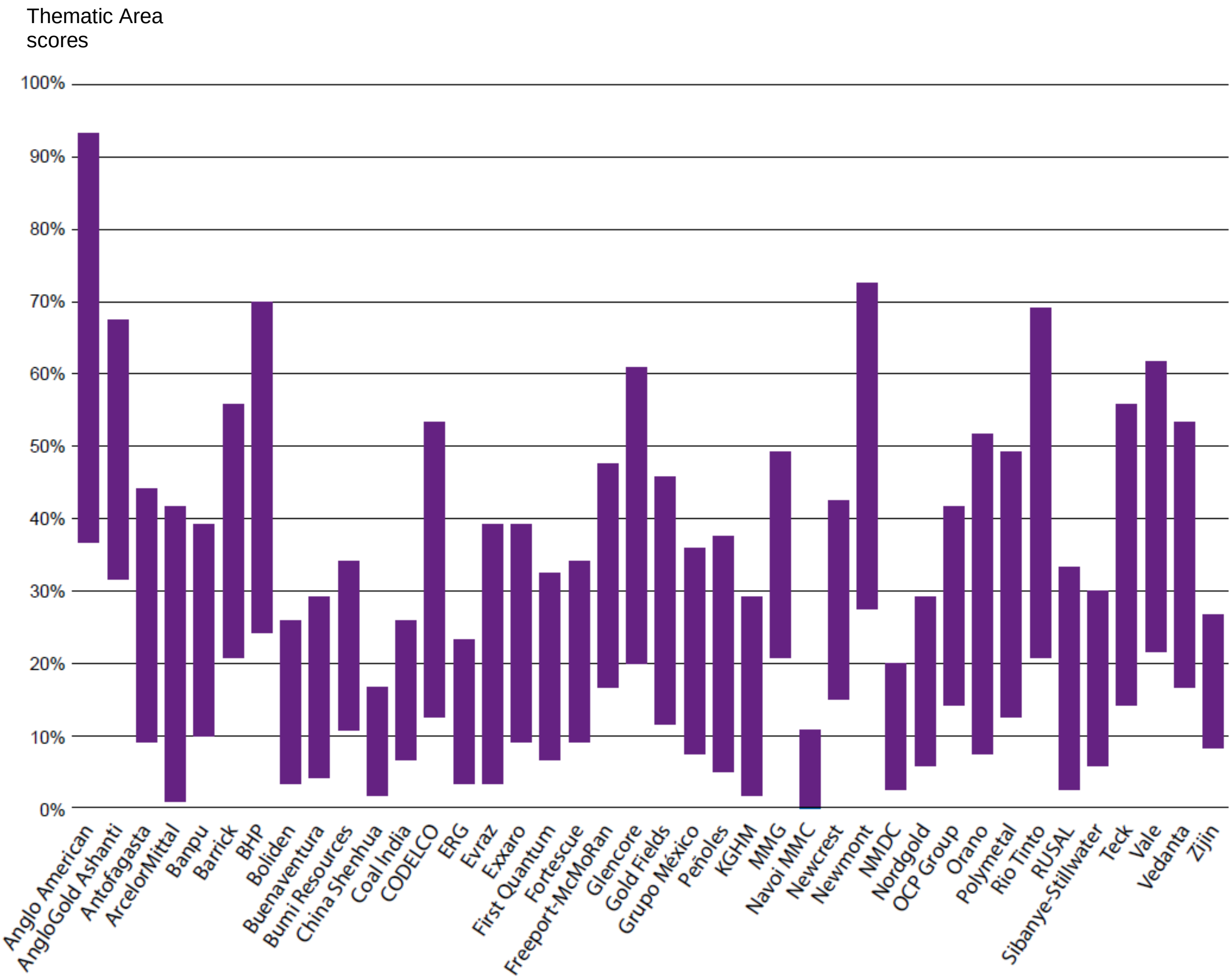
* Boliden, KGHM and OCP Group are excluded as they were not included in the RMI Report 2020.

** The decrease in NMDC's score is due to a lack of updated data related to tracking the implementation or performance of several ESG measures.

5 Inconsistent efforts across different issues

Many companies show a wide range of performance levels across the different thematic areas, with their weakest scores often less than 50% of their strongest scores (see Figure 5). This generally high level of inconsistency suggests that many companies are selective in which types of ESG issues they choose to address.

Figure 5 **Most companies show widely varying performance levels across the different thematic areas**



HOW TO READ THIS

The length of each bar represents, for each company, the level of variation in its thematic area scores. The position of the top of the bar shows the company's best thematic area score and that of the bottom of the bar its worst thematic area score.

6 Targets key for performance tracking

As part of regular reviews of the RMI Report assessment process, additional requirements were included this time to a number of effectiveness indicators, in order to assess the extent to which companies track their performance against specific targets. These newly-added targets relate for example to tracking the implementation of progressive rehabilitation, the functioning of grievance mechanisms, and the management of noise and vibration levels. The evidence for these targets was extremely weak with practically no cases of companies setting targets on these issues, despite the fact that the mining industry is familiar with using targets for tracking other issues, such as greenhouse gas emissions or the gender balance of boards. Given the importance of targets for driving improvement and tracking progress, it is important that companies set specific targets for the full range of their ESG-related initiatives.

7 Good reporting requires detail and substance

Companies are making many more documents publicly available – some 6,550 documents were covered in the assessment (and scrutinised by analysts without the use of Artificial Intelligence) – this is an increase of over 70% on the number of public domain documents available for the RMI Report 2020. While this increase in transparency is to be welcomed, it is a poor indication of the substance of companies' ESG-related policies and practices. Indeed, there is very little correlation between increases in public reporting and increases in company results, suggesting the need for more substantive reporting on ESG issues. More meaningful reporting does not require greater volumes of documentation. For example, one spreadsheet of detailed, mine-site-disaggregated ESG data (as published by a few companies) can provide much more useful information than lengthy reports focused on individual case studies and company-wide statistics.

8 Well-established issues need attention

Some issues, which have been a core part of RMI Report assessments over the last six years, have consistently shown extremely weak results. These issues include for example:

- Disclosing financial surety arrangements for closure-related socio-economic liabilities;
- Disclosing financial assurance for disaster management and recovery;
- Tracking, and acting to improve, the quality of community-company relations;
- Assessing and addressing gender impacts in affected communities;
- Assessing and addressing mining-related impacts on health in affected communities; and
- Ensuring that workers' salaries meet or exceed living wage levels.

These issues are clearly not registering with companies as priority elements of their ESG strategies. While these issues are highly salient to the wellbeing of local mining-affected people, they are still rarely addressed by external requirements or reporting frameworks, and seemingly not noted as significant by ESG investors.

9 Newer issues await leadership

In order to align with evolving society expectations of mining companies, this assessment includes new indicators on for example preparedness for pandemics, assessing the implications for workers of the move to more automation, protecting the deep sea, and reducing waste through circular materials management. The results on these new indicators were surprisingly low, and reflect poorly on the industry's ability to keep pace with emerging expectations on these issues.

10 Positive influence of external requirements

A small number of issues have shown quite widespread improvement in company practices over the last six years. Movement on these issues, which include for example, anti-bribery and corruption, human rights, responsible sourcing and disclosure of payments to governments, can be attributed at least in part to external drivers as the issues have become integrated into legislation, requirements and/or reporting frameworks. By contrast, there is a lack of evidence that voluntary measures such as non-binding expectations have an impact on company practices.

Recommendations

The main objective of the RMI Reports is to encourage continuous improvement in responsible mining with the aim that mining benefits the economies, improves the lives of peoples and respects the environments of producing countries, while also benefiting companies in a fair and viable way. In order to encourage continuous improvement industry-wide, the digital RMI Report includes a set of learning tools that can be used by any mining company to inform its ESG efforts.

In addition, the findings of the RMI assessments over the last six years have shown the key measures that companies can take to significantly improve their ability to meet society expectations. These measures are outlined here.

Properly resource Sustainability departments

If company leadership is serious about ESG and Sustainability, these departments need to be provided with the finances, people, agency and respect required to ensure effective management of ESG issues. In addition, companies can bring Sustainability into the C-suite for stronger governance, accountability and signalling.

Assign high-level responsibility for ESG performance

Companies can show their commitment to responsible practices by designating specific Board members and senior executives as responsible and accountable for the companies' ESG performance. Remuneration of senior managers can integrate ESG criteria, which are publicly disclosed.

Avoid harmful impacts

Companies can avoid harmful impacts by ensuring that ESG risk management systems are implemented consistently across all operations and are addressing all salient risks relevant to specific contexts and jurisdictions. See full set of recommendations in the report on Harmful Impacts of Mining.

Align with the SDGs

Companies can apply SDG-supportive practices consistently across their operations, learning from the good practices of their peers and amplifying good examples from within their own portfolios. Companies can avoid the risk of perceived SDG-washing by proactively reporting data on any negative impacts and explanations of mitigation measures, in addition to sharing positive contributions and success stories. See full set of recommendations in report on Mining and the SDGs.

Show, don't just tell

Companies can publicly disclose full versions of their corporate commitments, management systems, guidelines, and reports of initiatives such as reviews or gap analyses on specific ESG issues, without risking release of sensitive information. Making these documents available, rather than just mentioning their existence, enables such corporate efforts to be recognised and allows other companies to learn from these models.

Track mine site action

By tracking the extent to which corporate systems (guidelines, requirements, management standards, etc,) are being implemented across all mine sites, companies can more readily identify any gaps to be addressed.

Normalise social impact assessments

Companies can extend beyond the regulatory requirements for impact assessment to regularly check for any adverse impacts of their operations on, for example, the health of affected communities and the general wellbeing of both men and women in affected communities as well as specific stakeholder groups (such as youth, children, persons with disabilities). Knowing of any adverse impacts will enable companies to develop appropriate mitigation strategies.

Take systematic action on gender

To meet society expectations on gender equality, companies can develop a strategic approach that covers mining-related issues especially pertinent to women both in the workplace and in affected communities.

Set targets and share progress

Companies can show leadership and ensure more robust performance tracking by systematically setting targets for their management of each ESG issue. Publicly reporting their progress against these targets on a regular basis demonstrates an open and trustworthy approach towards ESG management.

Provide mine-site-disaggregated data

Rather than aggregating ESG data from their operations to show only company-wide statistics in their public reporting, companies can more usefully provide the mine-site-specific data to meet the needs of stakeholders including affected communities, workers, investors and others interested in site-level risks and performances.

Follow open data principles

To make their public reporting more meaningful and useful, companies can align their disclosures with the open data principles. This includes, for example, showing several years' data in the same document to enable comparisons over time, providing data as absolute numbers rather than relative rates, providing contextual information alongside the data (such as highlighting where and when pollutant levels exceeded regulatory limits), and making data as up-to-date as possible.

Use the RMI Framework

Companies can make use of the RMI Framework as a guide for strengthening their ESG strategies. The Framework offers practical guidance on the responsible measures companies can take, and the kinds of evidence that companies can provide to demonstrate responsible practices.

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