



## World Bank hosted consultation meeting of World Gold Council's:

### Responsible Gold Mining Principles

World Bank office Washington, DC

16 July 2018

### Participating Organizations:

WGC, World Bank, International Financial Corporation, US Environmental Protection Agency, Enough Project, Asahi Refining, Alliance for Responsible Mining, US State Department, Resolve, Fund for Peace, the US National Mining Association, the Silver Institute, and the International Cyanide Management Institute.

### Summary of meeting:

On the 16 July 2018, the World Bank Extractives unit hosted a consultation meeting on the World Gold Council's draft Responsible Gold Mining Principles, at the Bank's DC offices. Approximately 30 participants from across government, industry, donor partners and non-government organizations contributed to the fruitful discussion.

The event was facilitated by Christopher Sheldon, World Bank Practice Manager for Extractives.

The World Gold Council (**WGC**) introduced the Responsible Mining Principles providing context, drivers and how the principles would interact with existing standards and the proposed approach to public reporting and assurance. The expectation was that an 'exposure draft' would be produced in Q4 2018 but that finalization of the assurance framework and of the Principles was unlikely before Q2 2019. The floor was then open for discussion.

Following the discussion on the context and role the principles could have the WGC introduced the specifics of each principle in three groupings for discussion:

- Governance Principles (Principles 1, 9 and 10)
- Environmental Principles (Principles 6, 7 and 8)
- Social and Human Rights Principles (Principles 2, 3, 4 and 5)

The final part of the meeting was an open discussion on what if anything was missing from or additions to be made to the Responsible Gold Mining Principles.

### Feedback suggestions and ideas

The following captures the ideas and suggestions made by the participants as a group within the five sections of the meeting (Overview, Governance Principles, Environmental Principles, Social and Human Rights Principles and suggested Additions).

## Overview

Starting at a high level, the discussion picked up a few broad themes including assurance, scope and progressive improvement principles. Participants were interested in how WGC had reached the proposed Principles (through a comprehensive benchmarking exercise of key codes, standards and conventions) and suggested the need for the WGC to provide a rationale or background documentation to support implementation when the final version is published (the WGC confirmed that it envisaged producing two support documents – guidance for implementing companies and guidance for assurance providers).

### Suggestions:

- Consider articulating within the Principles document that the implementation process will be moving towards assurance
- Consider implementation through a system of progressive improvement, including transparency of the scores achieved, rather than a binary ‘pass:fail’ approach
- Consider if WGC is in a leadership position for the gold mining sector as a whole so as to go beyond members and encourage other industry participants to also improve transparent reporting and operational cultures.
- Consider working with host countries as partners to build capacity; and with consideration for host countries’ development agendas, for example on benefit sharing, taxation and sustainable development
- Consider a principle on interactions between large scale mining and artisanal and small scale mining (**ASM**)

There are numerous codes that could be applied to the gold mining sector and striking a balance on inclusion in the Principles was highlighted. Specific mention, in association with interactions between large and small scale mining, was on Code of Risk-mitigation for ASM engaging in Formal Trade (**CRAFT**), and OECD’s Sourcing of Gold from Artisanal and Small-Scale Mining. An additional suggestion was to include listing relevant codes or standards in Part B.

With inclusion of codes or standards, comes the requirement for reporting compliance and the suggestion of third party auditing (guidance met, assurance given).

## Governance Principles

Consensus from participants included the aspirational nature of the principles and commended WGC for taking on this challenging task. This includes the challenge of how to verify meeting guidance under the principles and providing assurance that this has been met. Concern was also raised that verification may be challenging and how enforcement would be applied.

On transparency the issue was raised in a number of different ways including having a high standard of transparency through initiatives to publish data, such as through the open data charter for companies. There is also an opportunity to consider the interactions with contractors and subcontractors and how transparency of these business can also provide transparent data on their activities under the Principles.

Then there are the issues around lack of transparency on contract negotiations and beneficial ownership. An idea proposed was that companies could disclose the due

diligence undertaken by the company to determine beneficial ownership or similar complexities associated with contracts and joint ventures.

#### Suggestions:

- Consider including requirement for publication of exploration and mining contract / license and any other agreements
- “comply with applicable laws”, is a given. Consider being specific on mining sector aspects and make these non negotiable.
- Consider principle on large scale mining and ASM relationship
- Consider rephrasing characterization of ASM and linking more explicitly to the OECD 5-Step Framework on Due Diligence and Responsible Sourcing

### Environmental Principles

An agreed important issue in the gold sector is how to discontinue the use of mercury in gold extraction and the storage of any mercury by-product from gold mining and processing. Participants suggested that the proposed principles were a chance for leadership in the sector on these issue. It was suggested not to ban accepting mercury extracted gold from third parties (ASM) but to accept it if a responsible plan is in place from that producer to remove the use of mercury. Or similarly accept mercury extracted gold where engagement on formalization is in place. Participants pointed out that such initiatives are progressive and inclusive of ASM.

#### Suggestions:

- Consider making biodiversity a separate principle
- Consider direct and indirect impacts beyond just the “fence line”
- Consider including a similar statement to the one on cyanide for dealing with mercury by product
- Consider being more specific around tailings good practice (e.g. referencing the Canadian guidelines)
- Look to make positive impacts not just mitigate negative impacts
- Consider widening mitigating measures beyond noise and dust
- Consider replacing the reference to alignment with the principles of the International Cyanide Management Code with a straight compliance requirement
- Consider if the use of World Heritage Sites is too narrow and if other protected areas – such as National Parks – should be included
- Consider how mine ownership transactions may affect mine closure principles

Participants suggested that the WGC should consider rephrasing the Principles on water, so as to emphasize sharing rather than just using water. Water is a resource that is exploited or used by the community and affected stakeholders so the quality of water being released from mines may also need consideration.

### Social and Human Rights Principles

Again, a theme for leadership in the mining sector was raised, with the opportunity for WGC members to be agents for change, including on obtaining and sustaining the support of local communities. There may be an option to include this idea of “agent for change” in Part A of the principles document.

Participants noted that Free, Prior and Informed Consent (**FPIC**) was absent from the principles and suggested its inclusion due to its increasingly wide acceptance as a specific right for indigenous people. The group also pointed out the FPIC should be applied not only to new developments but also to expansions of existing mines.

Participants raised the possibility for grievance mechanisms to be applied to all principles by including the statement in Principle 1. And include remediation responsibility when applicable.

#### Suggestions:

- Consider being specific or clearer on which the “key tenets” of the UNGPs referred to in the Principles are and defining “community” more broadly than just the affected interests or impacted groups.
- Consider more explicitly requiring implementation of the Voluntary Principles on Security and Human Rights
- Keep gender and build on specific references
- Consider taking a more proactive stance on public health
- Consider for health and safety, rephrasing zero harm as it is likely already an objective and use “minimize” instead of “eliminate” in the text

An underlying theme in the discussions from participants was early engagement be it with community groups, women and vulnerable groups to hear their views or first understanding potential risks for the environment or biodiversity. The participants suggested that there may be room within the Principles to capture this “first step” of engagement and information flow. Participants also suggested improving timing of information and engagement for involuntary resettlement and including the requirement of any such exercise being well resourced.

#### Additions

Participants reiterated the aspirational intent and commended WGC again for taking on this task. The group highlighted that there was an opportunity to improve the industry’s reputation through such a process and to be ambitious and progressive. For example, the principles could go beyond “we will do no harm” and “where we do harm we will remediate” to “we will do good”. Similarly, there may be an opportunity to link large scale gold mining with country development. That is, encourage large scale mining to work with governments in development of the nation through engagement with government initiatives such as formalization of ASM, ensuring a fair tax contribution, public private partnerships on infrastructure development and making some of the Principles more pro-active in their aspiration

#### Suggestions:

- Consider giving clearer message on the intent and the purpose of the Principles. This could be done through an associated business case document. This may, in turn, encourage non WGC member companies to participate.
- Consider including the intentions of the principles
- Consider a section on market development
- Consider adding something that speaks to the spirit of collective action. This could include underlining the importance of business working with governments and

- communities on issues like capacity building, including on how revenues generated by mining might be more effectively spent
- Consider a principle on the relationship between large scale mining and ASM, the intention to collaborate or not to marginalize
  - Consider consultation with academia to improve the wording

The group highlighted that filling knowledge gaps may often be a contributing factor to the achievement of more productive engagements and initiatives. Improving community access to information could be assisted through adding a requirement to ensure wider dissemination of information and knowledge.