

## **Report on the Stakeholder Consultative Round Table For the World Gold Council's Conflict-Free Gold Standard**

Melbourne: 9 July 2012

The Australian Centre for Corporate Social Responsibility convened a group of stakeholders from business, NGOs, academia and government to discuss the World Gold Council's (WGC) development of standards for 'conflict free' gold production<sup>1</sup>. This was the seventh and final stakeholder consultative round table held by the World Gold Council to capture feedback from key stakeholders on the Conflict-Free Gold Standard Exposure Draft. The event was chaired by Serena Lilywhite. Serena Lillywhite is the Mining Advocacy Lead at Oxfam Australia but was not representing Oxfam as the Chair. This report summarises the main themes discussed at the meeting.

### **Clarification of the Title of the Standard**

Participants suggested clarification is needed to the title of the Standard, namely that the Standard represents gold that is produced in accordance with best practice for producers working in armed conflict-affected areas, and does not imply that the gold was produced in non-conflict-affected areas, generally. Although this information is in the draft, users of the Standard would benefit from further clarification that the Standard's aim was to promote 'best practice' for gold miners working in areas impacted specifically by armed conflict. Related to this, the title might incorrectly suggest to the public that gold produced under the Standard was produced only in areas not affected by conflict.

### **Assurance and reporting**

Assurance was seen as the key to the credibility of the Standard which in turn would lead to buy-in and participation from stakeholders. This was considered particularly relevant as the Standard is an industry, rather than third-party initiative.

The development of the assurance framework was discussed in relation to reducing the reporting burden of miners. Of key importance to the process was understanding that much of the information required for assurance would be covered by pre-existing reporting practices. The emphasis should therefore be on working with assurers to develop the assurance framework to take account of pre-existing disclosures and not 'doubling up' data collection or reporting.

Stakeholders suggested that Global Reporting Initiative (GRI) practices would allow for greater ease of reporting and in turn reduce the reporting and disclosure burden on participatory organisations. Furthermore, adopting the reporting style of the GRI framework would allow participants to list material issues and point out where it is not possible to provide information. Although reporting against all aspects of the Standard would be optimal, it is understood that this is not always possible, especially for small miners. A robust and credible process for achieving full disclosure while not reporting against every aspect, such as that used in the GRI reporting framework, was suggested as a viable process. External assurance, as opposed to the existing statement on the 'manager's belief', was identified as important to strengthen assurance and credibility of the Standard. It was recommended the existing 'statement of conformance' be significantly strengthened through greater disclosure.

Stakeholders reiterated that the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk areas, including the gold supplement was the internationally recognised standard of best practice, and would assist in providing detailed disclosure required to assure greater credibility and reputation of the Standard.

### **Community Engagement**

Community engagement was seen as a vital aspect of working in conflict-affected areas. With this in mind the group suggested including information on meaningful community engagement. Demonstrating what 'best practice' in this area looks like would help reduce risk from working in such areas. It was suggested this could include using local assessment teams as outlined in the OECD Guidance.

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<sup>1</sup> ACCSR was pleased to work in a pro bono capacity with the World Gold Council

### **Defining conflict**

Some stakeholders were concerned about the role of the mining companies in defining 'conflict-affected areas'. Due to the relationships mining companies often have with host governments, there needed to be a predetermined method of defining an area's conflict status which was not reliant on the mining companies making this declaration themselves.

The Standard's suggested use of the Heidelberg Institute's Conflict Barometer was considered problematic by some of the stakeholders. The key areas of concern were the timeliness of the Barometer (it is produced annually but conflict situations arise and change far more rapidly) and its geographical clarity (conflict rankings are given by country, which does not necessarily give an accurate enough picture of on-ground events). Mexico was suggested as a good example of a case where a state or province may be in conflict, but where the Conflict Barometer would suggest that the whole country is in conflict.

The key concern is that despite the Standard's suggested sources of information on how to assess conflict, ultimately the decision or assessment is the responsibility of the mining company. This is seen as a major issue for large companies which have existing and on-going relationships with the governments in the countries in which they operate. A company-based assessment of an area impacted by conflict may lead to diplomatic tension and ultimately prevent on-going or recommencement of operations. Further, it was suggested that companies may not have the expertise to assess conflict, and an authoritative independent non-government organisation may be best placed to assess conflict

If a third party were to make the assessment of an area's conflict status on behalf of the mining companies however, there would be less risk of diplomatic issues arising for companies from the conflict assessment. They could then report against their activities in the area as being conflict impacted area or otherwise, from an objective, third-party perspective. This was considered particularly important for areas experiencing civil wars and intra-governmental conflict.

Companies' supply chains and the transport of gold either to or through conflict affected areas was also noted as an area in which further clarification would be helpful. How far along the supply chain should an assessment process take place? If a mineral that has come from an area impacted by conflict is used in the refining process, for example, should this be incorporated into the conflict assessment process?

Some participants expressed a concern that stakeholders may find the title of the Standard misleading since it refers to 'conflict-free' but it is confined to 'armed conflict' rather than broader concepts of 'social conflict'.

### **Human Rights**

Stakeholders suggested further clarification in the Standard of the roles of State and non-State actors, private and public security forces, etc. There was particular concern around the language used in discussing human rights violations, reference to 'serious' human rights violations and whether the difference between violations of company policies relating to human rights issues and violations of international human rights law, was clear enough in the draft. In particular, human rights violations which may be considered R2P under the 'Protect, Respect, Remedy' framework were noted to be of particular importance.

### **Grievance Process**

Given the increased scrutiny of grievance processes and systems it was felt that further clarification would be useful around 'best practice grievance systems'. The Ruggie Principles were suggested as a potential source to reference for what a 'best practice' grievance process should be. These principles state an effective and credible mechanism must be: legitimate, accessible, predictable, equitable, rights-compatible and transparent.



Participants pictured at the World Gold Council's Stakeholder Consultative Round Table hosted by the Australian Centre for Corporate Social Responsibility in Melbourne on 9 July 2012.