

# **Framework for Responsible Mining: A Guide to Evolving Standards**

## **Executive Summary**

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## EXECUTIVE SUMMARY

The Framework for Responsible Mining is the result of a call by NGOs, retailers, investors, insurers, and technical experts working in the minerals sector to create a basis for developing responsible sourcing and investing policies. The framework outlines environmental, human rights, and social issues associated with mining and mined products, and explores state-of-the-art social and environmental improvements, providing recommendations for retailers and others seeking to source or invest responsibly, as well as regulate and encourage responsible mining practices. The framework document is a first draft, open to debate and discussion; the authors encourage feedback and hope that the framework can be improved with stakeholder input.

This executive summary introduces the issues involved; the principles guiding the framework; and the methodology, target audience, approach, and organization of the framework; and provides quick links to the sections of the framework which discuss recommendations (labeled “Leading Edge,” or improved practice, in contrast to the “Norm,” or existing practice). Summaries of the Leading Edge issues are included here so that the reader has quick access to a master list of all recommendations.

### **The Impacts of Mining**

Mining effects environmental and social change no matter where it occurs. Mining-related disruptions can impact the physical environment (through, for instance, loss of habitat and contamination of surface and ground waters) or local communities (through, for instance, cultural adjustments to the presence of miners). Although some degree of disturbance is inevitable even in the best-managed mines, *nearly all negative social and environmental impacts are avoidable* if companies would operate according to the best possible standards. Unfortunately, existing frameworks have not consistently ensured responsible behavior in mining operations, and negative environmental and social impacts occur more frequently than they should.

Over the last 10 years civil society groups have successfully campaigned for more responsible corporate behavior, focusing on promoting sustainable forestry, ending the trade in conflict diamonds, and protecting labor rights in the apparel industry, among others. Retailers and other businesses understand the risks from association in the consumer mind with irresponsibly sourced products. Indeed, consumers in some industrialized countries try to make environmentally and socially responsible choices when they buy products or services, and investors and insurers have begun to respond to that; they understand that lowered environmental and social risks can translate into lowered costs of doing business.

Recognizing these trends, some corporations have moved to distinguish themselves from competitors by subjecting their operations to independent scrutiny and establishing a verifiable chain of custody for products. Many have come to realize that compliance with the laws of the countries in which they operate may not be sufficient to protect the environment or vulnerable communities. Some corporations acknowledge the need for compliance with international codes, protocols, covenants, declarations, instruments, and customs that protect basic human rights, self-determination, cultural integrity, labor and social rights, and the natural environment.

In an effort to assess the environmental and social impacts of mining, in 2002 the International Institute for Environment and Development published a comprehensive review of major issues facing the mining sector, a result of a two-year research project known as “Mining, Minerals and Sustainable Development” (MMSD). The report was commissioned by the World Business Council on Sustainable Development (WBCSD) and was sponsored and funded in large part by major mining companies. A number of these companies also formed a new industry trade association, the International Council on Mining and Metals (ICMM), with a mandate to promote sustainable development in the sector.

This industry-led research effort was subsequently followed by detailed and sector-specific initiatives aimed at addressing the environmental and social impacts of mining in a variety of contexts, including:

- An independent review of the impacts of the World Bank’s lending in the extractive industries sectors, resulting in a final report containing recommendations for future lending activities in these sectors;
- A voluntary code of conduct known as the Equator Principles to provide guidelines for all project finance in excess of \$50 million. Some of the largest private banks have since followed up with more detailed sector guidelines, including for mining;
- A dialogue between the World Conservation Union (IUCN) and the International Council on Mining and Metals (ICMM) to address biodiversity conservation and mining issues;
- Government-sponsored initiatives in the extractive industries sectors to promote greater transparency and protection of human rights;
- Private sector initiatives, such as mining industry codes of conduct, which seek to set conditions for more responsible behavior in the mining sector;
- A variety of declarations, demands, and policy position papers prepared by civil society groups that aim to improve the practices of mining companies around the world; and
- Publication of a mining sector supplement to the Global Reporting Initiative (GRI) aimed at standardizing the way mining companies report their environmental and social impacts.

These initiatives and many others form the basis of the Framework for Responsible Mining. However, while collectively covering a broad range of issues related to mining, these initiatives by themselves do not provide a comprehensive basis for the development of environmentally and socially responsible mining standards. The objective of the framework is to provide the research background and to recommend principles for consideration by a broader range of stakeholders interested in promoting responsible mining.

## **The Principles Behind the Framework for Responsible Mining**

The recommendations highlighted in this framework are based on seven common principles stemming from international agreements, such as Agenda 21 and the Rio Declaration, which have been incorporated into many domestic jurisdictions around the world. The principles are sustainable development, equity, participatory decision making, accountability and transparency, precaution, efficiency, and polluter responsibility (the “polluter pays” principle).

The Leading Edge issue recommendations of the framework are aligned with UN conventions and other agreements governing human rights, basic labor rights, right to development, right to a healthy environment, indigenous people’s rights, and women’s rights. In many cases, the Leading Edge issue recommendations are also consistent with the demands by many NGOs that governments and the private sector respect and promote these basic human rights.

Although many international instruments have recognized that all human beings, regardless of gender, ethnicity, age, race, religion, political views, or sexual orientation are entitled to universal claims that cannot be taken away or exchanged, it has been necessary to single out the rights of indigenous peoples and women because these groups are often marginalized and/or disproportionately impacted by mining activities.

Specific rights recognized by international instruments for indigenous peoples include their rights to existence as peoples, self-determination, control over their territories, cultural integrity, a healthy and productive environment, political organization and expression, and fair compensation for damage to their lands. These international agreements form the basis for the rights of indigenous peoples to free, prior, and informed consent to any development activities that affect their territories and livelihoods.

Recognition of the disparity between men and women in their access to and enjoyment of human rights has led to several declarations and international instruments that seek to promote the empowerment of women. Specific objectives set forth in these instruments include increasing their participation in decision making, eliminating violence and abuse, and providing equal access to health care and education.

## **Framework Scope, Methodology, and Limitations**

The framework addresses issues related primarily to hard-rock mining (base and precious metals and gemstones). Although coal mining presents some of the same environmental and social challenges as hard-rock mining, it is also associated with additional problems (e.g., climate change) which fell beyond the scope of this research effort. Therefore the authors chose not to include the fossil fuel industries in their analysis. However, some issues outlined in the discussions on no-go zones, social issues, and governance are broadly relevant to all extractive industries and even to many major development projects (e.g., dam construction).

In preparing the framework, the authors summarized positions on varying topics and organized these according to constituent support. An earlier draft of the framework was reviewed by more than 20 experts from NGOs, industry, government, labor, and the research community. As noted

above, the issues covered in the framework are divided into widely accepted practices (“the Norm”) and desired future standards (“the Leading Edge”). These are defined as follows:

*The Norm* refers to environmental and social practices that companies commonly adopt to comply with regulations or to ensure more cost-effective site management in industrialized nations. For example, liners are universally used for ore processing at heap leach mines. Other accepted norms in industrialized nations include the development of a mine reclamation plan, with financial provisions; emergency plans for the safe transport and storage of cyanide; and plans to prevent surface and groundwater contamination. There may, however, be disagreement as to the degree and means by which these norms should be implemented.

*Leading Edge* practices are those that, in the opinion of the authors, could generate significant environmental and social improvements if implemented. They are also typically supported by the literature and may be promoted by several of the four audiences identified below. The authors consider that Leading Edge issues need to be addressed in the context of identifying conditions for “responsible” mining, but further dialogue among stakeholders is necessary to develop a common and accepted approach to environmentally and socially responsible mining. *This draft document does not substitute for such a process.*

Although the framework drew from a wide array of documents, position statements, codes of conduct, and expressions of “best practice” in the mining sector, it does not include a comprehensive review of existing government regulations in the sector. Where possible, the authors referenced existing government regulations, but a comprehensive review of all legislation related to mining was not undertaken for this project.

Because governments have not developed a common approach to addressing the social and environmental impacts of mining, capturing the position of governments would require an exhaustive comparative analysis of legal and regulatory frameworks. This was not possible given the timeframe and resources of this project, and therefore government practices and positions are reflected only with respect to specific cases the authors encountered during their research. In addition, the authors were limited by the public availability of information as to the positions of the institutions involved.

Notwithstanding the authors’ inability to fully represent government legislation and practice, many of the issues outlined in this framework will require government involvement and buy-in. The establishment of voluntary standards is not sufficient to ensure that mining maximizes benefits and minimizes costs to the environment and local communities. Many of the Leading Edge issues outlined in this framework require a functioning government context, including strong regulations and the will and capacity to enforce laws. The authors envision the issues outlined here as a contribution to the development of such legal and policy frameworks, and consider that governments will also need to be at the table during future stakeholder engagement processes. It is especially critical to engage developing-country government representatives during the initial stages of this process. New mining legislation is being drafted in many such countries, presenting a key opportunity to establish the appropriate legislative and governance frameworks early on.

## **Target Audience and Organization of the Framework**

The framework targets four audiences: (1) governments and government agencies; (2) civil society groups, including NGOs; (3) the mining industry; and (4) financial institutions, including public and private banks as well as insurers.

Following this executive summary, the framework offers a more comprehensive evaluation of current practices and exploration of Leading Edge recommendations. The document identifies areas where opinions converge, recommending specific principles, standards, or criteria where appropriate. It also highlights issues where considerable debate remains. Although the authors expect that most readers will focus their attention on the executive summary and recommended options, these should be considered in light of the supporting research.

The framework's exploration of Norms and Leading Edge practices is presented in four parts of the main portion of the document, grouped by the following main themes:

*Deciding whether a mine is an appropriate use of land.* Chapter 1 addresses the need to preserve ecologically and culturally significant areas and to weigh land and resource use options. While many other technical and social issues may lead stakeholders to decide that mining should not proceed, these issues are considered in subsequent parts of the framework.

*Ensuring environmentally responsible mine development.* Once a decision to mine has been made, certain environmental provisions should be in place to capitalize on benefits while avoiding negative outcomes. Chapter 2 details the environmental issues that need to be addressed at each stage of mine development.

*Ensuring that mine development results in benefits to workers and affected communities.* Chapter 3 covers issues related to social acceptability and free, prior, and informed consent for mining by community men and women and indigenous peoples, respectively; health and safety provisions; broader capture of benefits; artisanal miners; and relocation and security concerns at mines.

*Ensuring that appropriate corporate governance structures are in place.* Chapter 4 explores broader corporate or national governance provisions to ensure transparency in revenue payments between governments and companies, and reporting company progress made toward implementing responsible practices.

## **Leading Edge Issues**

This section of the executive summary presents a compact list of Leading Edge issues covered in the main portion of the framework. The grouping mirrors that of Chapters 1–4, and each of the four headings includes an introduction to the corresponding part of the framework.

The list is hyperlinked; the reader may click on the description of each issue to go to the relevant discussion in the framework, where details regarding support and implementation of these issues may be found.

## ***Chapter 1. Deciding Whether Mining Is Appropriate Land Use***

Mining modifies landscapes and has possible long-term impacts on communities and natural resources. Some places with mineral potential may be so environmentally or socially sensitive that the risks posed by development in these areas are too high. These areas are generally referred to as “no go” zones. Chapter 1 proposes guidelines for determining which areas should be classified as such.

### ***Leading Edge Issues Discussed in Chapter 1***

#### ***Identifying Potential “No Go” Zones***

- (1) Mining should not occur in IUCN I–IV protected areas or in any marine protected areas (categories I–VI).
- (2) Mining should not occur in Ramsar sites that are categorized as IUCN I–IV protected areas.
- (3) A multistakeholder process should be used to identify additional areas of high conservation value that qualify as “no go” zones.
- (4) Companies should ensure that their projects provide net conservation benefits that are consistent with maintaining the biological resources and ecosystem services on which local communities depend.

## ***Chapter 2. Ensuring Environmentally Responsible Mining***

The development of widely accepted criteria by which governments, NGOs, and industry can measure the environmental performance—and ultimately the environmental acceptability—of mining projects is the focus of this part of the framework. Using such criteria, governments could develop unambiguous standards to condition permits required for mine development and operation; NGOs could define benchmarks for measuring the acceptability of mine development proposals, as well as the environmental performance of operating mines; and mining companies could develop and apply clear guidelines to measure the environmental component of their social license to operate.

Chapter 2 focuses on the critical elements of each site-specific environmental issue and explains why adoption of the recommended Leading Edge criteria will lead to improved environmental performance.

### ***Leading Edge Issues Discussed in Chapter 2***

#### ***Exploration***

- (1) Details of the exploration project and potential impacts should be made available to affected communities and area residents in an appropriate language and format, and should be made accessible to the public.
- (2) To cover the lasting environmental impacts of the exploration phase, companies should provide adequate financial guarantees to pay for prompt cleanup, reclamation, and long-term monitoring and maintenance.

*Environmental Impact Analysis*

(1) Stakeholders should be given adequate notification, time, financial support to pay for technical resources, and access to supporting information, so that participation in the EIA process is effective.

(2) Companies should collect adequate baseline data during the EIA process.

(3) Environmental costs, including those associated with regulatory oversight, reclamation, closure, and post-closure monitoring and maintenance should be included in the environmental impact assessment.

(4) Environmental assessment should include worst-case scenarios and analyses of off-site impacts. Companies should work with potentially affected communities to identify potential worst-case emergency scenarios and to develop appropriate response strategies.

*Water Contamination and Use*

(1) Companies should make discharge reports of contaminants to surface and ground waters publicly available.

(2) A qualified professional should certify that water treatment, or groundwater pumping, will not be required in perpetuity to meet surface or groundwater quality standards beyond the boundary of the mine.

(3) Minimizing water usage should be a stated mine management goal.

(4) Mine dewatering should be minimized to prevent all undesirable impacts on ground and surface waters, including seeps and springs.

*Acid Mine (Rock) Drainage*

(1) Companies should conduct adequate pre-mining and operational mine sampling and analysis for acid-producing minerals, based on accepted practices and appropriately documented, site-specific professional judgment. Sampling and analysis should be conducted in accordance with the best available practices and techniques.

*Air*

(1) Companies should monitor and publicly report airborne hazardous emissions (particularly mercury, lead, and greenhouse gases).

*Energy Consumption*

(1) Reducing energy use and greenhouse gas emissions should be a stated mine management goal.

*Noise*

(1) Maximum noise level requirements should be implemented at the project boundary.



*Waste Management*

- (1) Tailings impoundments and waste rock dumps should be constructed to minimize threats to public and worker safety, and to decrease the costs of long-term maintenance.
- (2) Tailings impoundments and waste rock dumps should be constructed in a manner that minimizes the release of contaminants by installing liners if seepage would result in groundwater contamination. In addition, waste facilities should have adequate monitoring and seepage collection systems to detect and collect any contaminants released in the immediate vicinity.
- (3) Net acid-generating material should be segregated and/or isolated in waste facilities.
- (4) Hazardous material minimization, disposal, and emergency response plans should be made publicly available.
- (5) Rivers should not be used for the disposal of mine waste.
- (6) Companies should not engage in shallow-water submarine waste disposal. Deep-water submarine waste disposal should not be used unless an independent assessment can demonstrate minimal environmental and social risks.

*Cyanide*

- (1) Mine operators should adopt the Cyanide Management Code, and third-party certification should be utilized to ensure that companies implement safe cyanide management.

*Reclamation and Rehabilitation*

- (1) Companies should develop a reclamation plan before operations begin that includes detailed cost estimates. The plan should be periodically revised to update reclamation practices and costs.
- (2) Companies should restore all disturbed areas so that they are consistent with future uses.
- (3) Companies should re-contour and stabilize disturbed areas. This should include the salvage, storage, and replacement of topsoil or other acceptable growth medium. Quantitative standards should be established for re-vegetation in the reclamation plan—and clear mitigation measures should be defined, to be implemented if these standards are not met.
- (4) Where acid-generating materials are exposed in the rock wall of the mine, companies should backfill the mine pit if this would minimize the likelihood and environmental impact of acid generation. Backfilling options must include reclamation practices and design to ensure that contaminated or acid-generating materials are not disposed of in a manner that will degrade surface or groundwater.
- (5) Where subsidence is considered likely, companies should backfill underground mine workings to prevent negative environmental impacts.
- (6) Underground workings and pits should be backfilled to minimize the size of waste and tailings disposal facilities.

*Financial Guarantees*

- (1) Financial sureties should be reviewed and upgraded on a regular basis by the permitting agency, and the results of the review should be publicly disclosed.
- (2) The public should have the right to comment on the adequacy of the reclamation and closure plan, the adequacy of the financial surety, and completion of reclamation activities prior to release of the financial surety.
- (3) Financial surety instruments should be independently guaranteed, reliable, and readily liquid. Sureties should be regularly evaluated by independent analysts using accepted accounting methods. Self-bonding or corporate guarantees should not be permitted.
- (4) Financial sureties should not be released until reclamation and closure are complete, all impacts have been mitigated, and cleanup has been shown to be effective for a sufficient period of time after mine closure.

*Post-Closure*

- (1) Reclamation plans should include plans for post-closure monitoring and maintenance of all mine facilities, including surface and underground mine workings, tailings, and waste disposal facilities. The plan should include a funding mechanism for these elements.

*Monitoring and Oversight*

- (1) If permit violations occur, companies should commit to rapidly implementing corrections in order to maintain clean surface and groundwater.
- (2) The environmental performance of mines and the effectiveness of the regulatory agencies responsible for regulating mines should be addressed in an independent environmental audit. These audits should be conducted on a regular basis and the results should be made publicly available.
- (3) Communities should have the right to independent monitoring and oversight of the environmental performance of a mine.

***Chapter 3. Ensuring That Mine Development Results in Benefits to Workers and Affected Communities***

The impact of mining is not limited to the immediate area of the mine site. In addition to direct impacts on inhabitants located on, or adjacent to, the ore body, there are impacts on communities in the environmental, social, and economic zone surrounding the mine. Certain populations or “communities of interest” require special consideration by mining companies, governments, and investors. These include indigenous peoples, artisanal miners, mine workers, and people within communities who are marginalized on the basis of ethnicity, race, caste, class, or religion. Mining has a disproportionate impact on indigenous communities as activities expand into developing countries and ever more remote regions of the world, and on women.

This part of the framework focuses on the social costs and benefits of mining. Even though benefits should outweigh costs, mining has not always generated such an outcome. Sustainable

and long-term benefits to indigenous peoples and community women and men must be deliberately considered and pursued by mining companies in consultation with members of local communities. Chapter 3 provides further information on the ways in which mining companies can provide direct benefits to local community members.

### ***Leading Edge Issues Discussed in Chapter 3***

#### *Indigenous Peoples and Free, Prior, and Informed Consent*

(1) Companies should obtain the free, prior, and informed consent of indigenous peoples before exploration begins and prior to each subsequent phase of mining and post-mining operations.

#### *Participation in Decision Making/Consultation*

(1) Companies should negotiate with affected indigenous peoples and community men and women before exploration. Such negotiations should continue throughout the life of the mine, with the understanding that indigenous peoples or local communities may withhold consent at each stage of mine development.

(2) Companies should conduct consultations that are culturally appropriate, using mechanisms and institutions that are recognized by the affected indigenous peoples and community women and men in the area in which they wish to operate.

(3) Indigenous peoples and community women and men should be provided with sufficient resources to evaluate a project in order to decide whether, and how, they would like it to proceed.

(4) Companies should not try to extract a community decision in support of mining (or encourage governments to do so for them) as this may divide communities and create dissent.

#### *Access to Information/Disclosure*

(1) The company should provide full disclosure of pertinent information regarding a mining project to both women and men, as well as to marginal groups within potentially affected communities, in culturally appropriate forms and in locally accepted languages, as well as in English.

(2) The company should provide accurate information regarding employment opportunities for local people at the mine project, especially for women, indigenous peoples, and marginal groups in the community, as well as information regarding positive and negative economic impacts on non-employed members of the community, and “just transition” arrangements for employees and the community post-closure.

(3) If requested by the community, companies should facilitate site visits to other mines they operate. Communities should be allowed to choose the sites they wish to visit, and such visits should be designed to allow communities to fully explore the company’s operations, including the opportunity to speak freely with other community members, as well as with critics, if any, of the mining company.

### *Consent-Benefit and Compensation Agreements*

- (1) Companies should enter into binding contracts with communities that specify the terms under which a particular phase of a mining project may proceed. Such agreements should be mutually agreed upon and enforceable through the national court system in the country of operation or through mutually acceptable arbitration procedures.
- (2) Indigenous peoples and community women and men have the right to deny consent to a project if the project changes substantially or if the company does not honor its binding agreement with the community.
- (3) If a community has withheld consent for a mining project, no further requests for consultation by that company or any other should be made within a five-year period unless the community indicates otherwise.

### *Recognizing Women's Rights and Addressing Gender-Related Risks*

- (1) Companies should conduct Gender Impact Assessments (GIAs) in conjunction with Environmental and Social Impact Assessments before mining starts.
- (2) If the mine proceeds, regular gender audits should be conducted to evaluate impacts and compliance with agreed-upon measures over time.
- (3) Companies should compensate households headed by women just as they would those headed by men.
- (4) In conjunction with women, companies should develop, implement, and enforce a code of conduct for their employees that covers responsible use of alcohol, relations with local women, increased risk for sexually transmitted diseases and HIV/AIDS, and gender sensitivity training in the workplace and in the community. Employees should be made aware of the Code of Conduct.
- (5) Companies should comply with international labor standards that safeguard women with equal pay for work of equal value; safe and healthy working environments; and freedom from discrimination, violence, and sexual harassment.
- (6) Women mine workers should have access to paid maternity leave and childcare leave. Breast feeding and crèche facilities should be provided on site unless an alternative location is preferred by women mine workers. Women mine workers who become pregnant while working at the mine should be provided with the option of appropriate alternate employment during pregnancy and early motherhood that does not expose them to hazardous substances and dangerous work.
- (7) Women mine workers should be allowed the option to participate in the development and implementation of mining company policies, and internal monitoring, evaluation, and verification systems to ensure that mine managers and other mine employees protect and promote women's rights and equality. The company should put in place accountability, verification and incentive mechanisms to encourage and enforce these policies and systems.
- (8) Mining companies should encourage and provide employment training opportunities for women in the formal mining sector in all areas of work, including underground mining and blasting, not just in traditional clerical positions. Companies should also provide training and jobs for women in social and environmental impact monitoring.
- (9) At the national level companies should encourage governments to develop the appropriate capacity, allocate sufficient resources, and foster the political will necessary to develop,

implement, and enforce successful policies and legislation that reflect human rights and labor standards and address all aspects of relations between mining companies and local community women and women mine workers.

*Recognizing Labor Rights and Addressing Worker-Related Risks*

- (1) Companies should respect the right of their employees to join a union and the right of their employees to bargain collectively.
- (2) Together with representatives from employee organizations, companies should implement training sessions to educate employees on their basic labor rights and establish independent verification and monitoring procedures to ensure that basic labor rights are protected.
- (3) Together with representatives from employee organizations, companies should establish formal and confidential complaint mechanisms for employees.
- (4) Mining companies should provide job training to local community members so that they can employ a maximum percentage of their labor force locally.
- (5) Mining companies should maximize training and employment opportunities for women and take active measures to counter discrimination against hiring of women, harassment of women in the workplace, and unsafe working conditions for women.
- (6) In addition to gender equity, companies should ensure equal pay for equal work, as well as equal employment opportunities and protections for workers of any race, ethnicity, religion, caste, sexual orientation or political opinion.
- (7) Mining companies should provide HIV/AIDS awareness training for all staff and their families and develop policies to protect, support, and provide for staff and their families living with HIV/AIDS. As women mine workers are particularly vulnerable to HIV/AIDS, prevention and protection programs should be particularly directed at women.
- (8) Mining companies should prioritize workplace health and safety and adopt a broad view of health.
- (9) Companies should not develop mines if they are prohibited from hiring unionized labor, or if their employees are subjected to forced labor.

*Recognizing the Rights of Small-Scale and Artisanal Miners and Addressing Risks to their Livelihoods*

- (1) Mining companies should engage small-scale miners and their communities, help them obtain legal status, integrate them into the formal sector, help them gain access to markets, and provide technical and educational resources that will allow them to work in a more environmentally and socially sustainable fashion.
- (2) Mining companies should adhere to guidelines on relocation and compensation if small-scale miners have to be removed from their homes and places of work.

*Resettlement/Relocation and Compensation*

- (1) Resettlement should be avoided if at all possible and should not occur without the free, prior, and informed consent of affected individuals set out in a binding Consent Agreement.

- (2) Voluntary resettlement must be preceded by a detailed displacement impact assessment that assesses all possible costs to communities and individuals who will be affected by the displacement, either directly or indirectly.
- (3) Companies should allow enough time for assessment, consultation, participation of affected people, alternative land acquisition, and resettlement.
- (4) Absence of legal title should not constitute a barrier to compensation through the resettlement process.
- (5) Resettled individuals should be better off in their new situation than they were before resettlement.
- (6) No displacement should take place until all likely risks and outcomes have been independently assessed for men and for women, a binding agreement is in place, compensation has been provided, alternate land has been allocated, people have had a chance to start rebuilding in the new location and policies and facilities are in place that allow resettled people to preserve or increase their standard of living. In addition, resettled individuals should be able to access an independent complaint and dispute resolution mechanism.
- (7) Companies should encourage the establishment of dispute resolution mechanisms so that affected women and men can freely participate in the successful implementation of the resettlement program. Any complaints should be acknowledged, recorded, and addressed expeditiously in an agreed-upon fashion.
- (8) Performance bonds or resettlement insurance should be provided in case these efforts do not provide better livelihoods in the timeframe originally agreed upon.
- (9) All payments and expenses related to resettlement and compensation should be publicly disclosed to ensure accountability and transparency and to counter charges of corruption or misuse of funds.

### *Security Issues and Human Rights*

- (1) Companies should conduct an independent peace and conflict impact assessment to assess the risk of provoking or exacerbating violent conflict through their operations. Companies should avoid investing in areas where the risk of violent conflict is high (e.g., in areas of civil war or armed conflict).
- (2) Companies operating in conflict zones or using armed security guards should abide by all major international human rights agreements, international humanitarian law, and refugee law. Security forces should never be used to address conflicts between the company and community women and men or the company's workers.
- (3) Companies should not operate in areas that require them to use military forces or excessive security in order to maintain their operations, as such conditions are likely to result in human rights abuses. Companies should also not pay for or provide logistical or other support for police or armed forces of the host country in return for security services at the mine.
- (4) Companies should not adopt policies that create or intensify divisions in communities, including hiring traditional enemies of the local community or one faction of an internal division in the community as security guards.
- (5) Companies should cooperate with conflict prevention and conflict resolution NGOs to alleviate existing conflicts.

(6) Companies should state in their contracts with security personnel the conditions under which force may be used and make these contracts public.

(7) Companies should make sure that mining infrastructure and properties, such as vehicles or explosives, are not used to further conflict and that economic rents from mining are not used to provoke or prolong civil conflict or to support regimes that abuse human rights.

#### ***Chapter 4. Ensuring Good Governance***

Chapter 4 examines governance issues at a national or corporate scale, such as the transparency with which companies and governments acknowledge revenue payments, and the degree to which companies report on and can be held accountable for progress made against stated commitments.

#### ***Leading Edge Issues Discussed in Chapter 4***

##### *Reporting*

(1) Companies should report their progress toward achieving concrete environmental and social goals through specific and measurable indicators that can be independently verified. Such information should be disaggregated at a project or site-specific level.

(2) Financial institutions should report the environmental and social risks associated with their lending in the mining sector.

(3) Companies should report money paid to political parties.

##### *Accountability*

(1) An independent dispute resolution mechanism should be established so that communities can count on fair resolution of concerns they may have with mining companies.

##### *Transparency*

(1) Companies should report payments made to central governments, state or regional governments, and local government and authorities, and these payments should be compared to revenues governments receive, as well as to government budgets.

##### *Corporate Governance*

(1) Corporate governance policies should be made public, implemented, and independently evaluated.

(2) Companies should encourage adoption of sustainability concepts by employees in the workplace.

(3) Companies should review contractor practices to ensure compliance with sustainability principles.

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