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## Guideline for Social Responsibility in Outbound Mining Investments

(Draft as of 6 March 2014)

### Foreword

Economic globalization is one of the major trends and characteristics of this time. The development of the global economy has been promoted by a more widespread allocation and distribution of capital assets, information technology and labour resources and other production factors.

Fuelled by a skyrocketing economic development, the global competition for mineral resources is intensifying. Driven by the 'Going Out' Strategy, Chinese companies are encouraged to actively engage in the optimization of allocation and distribution of global mineral resources and to contribute to meet the needs of the rapid growth of the Chinese economy.

As a capital-intensive long-term business the sustainable development of mineral resources requires continuous public trust and a stable legal, political, social and economic environment. As for Chinese mining companies engaged in outbound investment, specific CSR issues with regard to mineral development – such as improving production efficiency, ethical and fair operations, preventing safety accidents, avoiding and minimizing environmental pollution as well as being responsible to the local community – should be focused on and managed to avoid tensions with host governments and local communities. Despite increasing efforts by Chinese mining companies to promote social responsibility, most of Chinese mining companies have not systematically implemented responsible mining practices, nor disclosed sustainability information nor complied with relevant international standards yet.

Against this background, CCCMC – an industrial association aiming at promoting the benign development of the outbound investment and trade operations of the Chinese mining industry – has developed the 'Guideline for Social Responsibility in Chinese Outbound Mining Investment' (hereafter referred to as 'The Guideline') with the support of the bilateral Sino-German Corporate Social Responsibility Project initiated by the Chinese and German government. The purpose of the Guideline is to regulate Chinese mining investment and operations and to guide Chinese companies to develop specific CSR and sustainability strategies as well as management systems.

This Guideline is structured along the principles and core subjects of the ISO 26000 Guidance on Social Responsibility. It takes into account the Ten Principles of the Global Compact and other international standards and initiatives. It also takes into account the Guiding Opinions on Performance of Social Responsibilities by State-owned Enterprises under the Central Government released by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council and relevant laws and regulations. Moreover, to develop the principles and requirements of this Guideline, industry-specific sustainability standards such as the Sustainable Development Framework of the International Council of Minerals and Metals (ICMM) and the Natural Resource Charter have been reviewed and relevant sections for the Chinese mining industry have been included in this Guideline (see Annex 1 and Annex 4). The process of developing the guideline is oriented on the ISEAL Standard-Setting Code (see Annex 2). Relevant Chinese government departments, Chinese mining companies, industrial associations and selected experts have provided comments and suggestions to this guideline.

The Guideline is divided into three tiers, the first tier contains the main social responsibility issues, the second tier contains the major clauses of each issue, and the third tier contains the sub-clauses of

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each major clause. The major clauses are the core requirements of social responsibility for Chinese mining companies, while the sub-clauses specify approaches, measures and pathways for implementing the major clauses.

## 1. Scope of Application

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- 1.1. This Guideline applies to all Chinese companies, which implement mineral exploration, extraction, processing, investment cooperation projects and related activities in foreign countries.
- 1.2. This Guideline sets out mandatory (the “main-clauses”) and voluntary (the “sub-clauses”) requirements for responsible mining operations. The mandatory requirements of this Guideline, derived from laws and regulations and international standards, shall be recognized as the minimum standard for all outbound mining projects. If local or Chinese laws and regulations for outbound investment go beyond the minimum requirements, the higher requirements shall be applied in competing circumstances. In addition, better performing companies are encouraged to go beyond the minimum requirements.
- 1.3. This Guideline further provides guidance on identifying social responsibility issues, establishing social responsibility systems, disclosing social responsibility information and continuously improving the economic, social and environmental performance with regard to the principles and requirements specified in this Guideline.
- 1.4. This Guideline does not exhaust all possible requirements relating to social responsibility, nor does it exclude concurrent or supplementary application with other social responsibility standards, systems, or initiatives.

## 2. Implementation of the guideline

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- 2.1. Chinese companies engaged in outbound mining investment should assess their social responsibility management according to the related principles and social responsibility issues in this Guideline to make continuous improvement.
- 2.2. Chinese companies engaged in outbound mining investment should proactively apply for piloting the implementation of this Guideline, and are encouraged to summarize the best practices of social responsibility and actively promote and exchange with their industry peers.
- 2.3. CCCMC should actively assist companies by providing trainings, workshops, exchanges and other measures to strengthen the capacities of companies implementing the Guideline.
- 2.4. CCCMC will widely disseminate the Guideline to the public and promote the Guideline in its international exchange activities.

2.5. CCCMC will conduct an evaluation of CSR performance of Chinese companies engaged in outbound mining investment according to this Guideline, encourage and award the best performing companies.

### 3. Guiding Principles

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The social responsibility of Chinese outbound mining investment is that companies should proactively consider social and environmental factors in their decision making processes and operations and thoroughly respect the interests and concerns of stakeholders by ethical and transparent behavior to effectively manage the social and environmental impact from mineral exploration, extraction, processing, investment cooperation and related activities and to strive for harmonious mineral development operations. These guiding principles represent the overarching commitments of Chinese companies. Implementing companies commit to:

#### 3.1. Ensure compliance with all applicable laws and regulations.

*Companies should ensure that their investments and operations are in line with applicable host country laws and regulations and with industry minimum standards. It is encouraged to exceed requirements of laws and regulations, to contribute to the sustainable development of host countries and communities to the maximum extent of economic viability.*

#### 3.2. Adhere to ethical business practices.

*Companies should implement and maintain ethical business practices and sound systems of corporate governance, eliminate all forms of corruption, adhere to fair operating practices and assess all operations with regard to their sustainable development impact and ensure that all operations contribute to economic, environmental and social progress.*

#### 3.3. Respect human rights and protect the rights and interests of employees.

*Companies should respect internationally recognized human rights and comply with the eight fundamental Conventions of the International Labor Organization and the host country labor laws, regulations and standards.*

#### 3.4. Respect the nature and protect the environment.

*Companies should reduce to a minimum the environmental footprint throughout the mining lifecycle by minimizing waste and emissions, ensuring mine closure and site rehabilitation, conserving resources and recycling, implementing ecosystem risk management, contributing to*

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*the conservation of biodiversity and seeking continual improvement of the environmental performance.*

### **3.5. Respect stakeholders.**

*Companies should contribute to the social, economic and institutional development of the host countries while respecting the interests and responding to the concerns of materially affected stakeholders such as employees, suppliers and local communities throughout the life cycle of the mining operation and to disclose to the public their sustainability impact.*

### **3.6. Strengthening responsibility throughout the value chain.**

*All companies should aim at promoting a benign development of the mining industry to continuously improve their performance in sustainability and generate positive impacts for the industry, so as to jointly establish and optimize the responsible value chain for the development of the mining industry.*

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## 4. Social Responsibility Issues in Outbound Mining Investment

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### 4.1. Organizational Governance

Organizational governance in the Guideline refers to the organizational management systems developed and implemented by the companies to realize their social responsibility goals. Within effective organizational governance the guiding principles of the Guideline shall be integrated into the decision making process and implemented, in order to secure that the companies can improve their performance and be responsible to the society.

**4.1.1. Develop social responsibility goals, policies and plans for impact areas and disseminate by internal and external communication to create a common understanding.**

**4.1.2. Integrate the principles and requirements of this Guideline and other relevant international CSR standards (e.g. ISO 26000) into the corporate strategy, high-level decision making system and into the organizational structure of the company; identify, establish or assign a social responsibility decision making and coordination department and assign responsibilities for sustainability management throughout the company.**

- ✓ *Appoint or set up decision-making and coordinating bodies for social responsibility management according to the governance structure and operational status of the enterprise. The decision-making body shall formulate social responsibility strategies and plans and supervise its implementation, while the coordinating body shall conduct internal and external social responsibility communications, promote the integration of social responsibility into daily operations in order to guarantee consistency in planning, strategy and implementation*

**4.1.3. Establish a social responsibility capacity building scheme to disseminate the social responsibility regulations and increase the awareness for social responsibility.**

- ✓ *Instill confidence in stakeholders to capably deal with environmental and social issues through capacity building*
- ✓ *Assess the capacity building needs for all social responsibility issues and impact areas which are outlined by this guideline and integrate in capacity building scheme*
- ✓ *Develop and implement a social responsibility training scheme and conduct staff training according to the social responsibility impacts of different employees*
- ✓ *Build capacity for managing social responsibility issues, implementing this guideline, monitoring and evaluating social responsibility performance and disclosing material information*

**4.1.4. Develop indicators for economic, social and environmental impact, run a comprehensive monitoring and evaluation system and set targets for continuous improvement.**

- ✓ *Establish and improve monitoring and evaluation mechanisms, incorporate key indicators of social responsibility performance with staff performance evaluations. Regularly assess the social and environmental impacts of the enterprise's operations, and implement a corresponding improvement plan*

**4.1.5. Map all relevant and affected stakeholders and proactively solicit, respect and respond to stakeholder feedback and expectations including those from NGOs and local communities.**

- ✓ *Stakeholders refer to any interested individual or group that may be potentially influenced by, or influence the decisions and activities of a mining operation. Companies shall establish stakeholder engagement mechanisms to guarantee the participation of stakeholders and their access to information and supervision*

**4.1.6. Strengthen the transparency and disclose in a regular and timely manner to stakeholders all material information based on relevant reporting standards including the decisions which have an social and environmental impact, e.g. through issuing CSR reports.<sup>1</sup>**

- ✓ *Establish and improve social responsibility information disclosure mechanisms and provide information on social responsibility performance to stakeholders in a timely manner*
- ✓ *Information disclosure should follow a structured process in which not only selected information is disclosed, but in which all material information is identified which is relevant to stakeholders within and outside the company*
- ✓ *Seek some kind of standardized assurance to verify the accuracy of the information disclosed*

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<sup>1</sup> Good Practice is to base sustainability reports on reporting templates and guidebooks such as the Global Reporting Initiative's Mineral and Metal Sector Supplement and/or the most relevant Chinese guide.

## **4.2. Fair Operating Practices**

Fair operating practices refer to the requirement for companies to adhere to ethical behavior towards other parties, to participate in public affairs responsibly, and to be responsible to the society.

### **4.2.1. Develop and implement a statement on ethical business conduct.**

- ✓ *Follow relevant international standards and conventions for anti-corruption*
- ✓ *Do not, directly or indirectly, offer, give, or demand a bribe and other undue advantage to obtain or retain business or other improper advantage.*

### **4.2.2. Develop a compliance and integrity management system and ensure its implementation, including an independent audit system, an effective internal control system, due diligence, risk assessment, staff-at-risk training, whistleblower hotlines and punitive measures.**

- ✓ *Have systems in place to reduce bribery risks in the company, including identification and monitoring of high-risk units, training of the management and relevant staff, recording of relevant gifts to and from third-parties in a gift register, investigation of any incidents of suspected bribery and avoiding facilitation payments.*

### **4.2.3. Prevent and control bribery and other forms of corruption in the supply chain.**

- ✓ *Prohibit bribery in all business practices and transactions, including those of agents and other third-parties and set criteria and approval procedures with respect to the offer or acceptance of gifts*
- ✓ *Use the best endeavors to promote responsible business practices among significant business partners*
- ✓ *Take effective measures to prevent the involvement in money laundering and financing of terrorism, e.g. by establishing the identity and beneficial ownership of suppliers and customers; monitoring transactions for unusual or suspicious activity; maintaining records of cash transactions which occur above the relevant defined financial threshold under applicable law<sup>2</sup>*

### **4.2.4. Respect intellectual property rights.**

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<sup>2</sup> If no applicable law exists, a threshold shall be determined by the company, which is comparable to internationally used thresholds. The EU obliges to record cash transactions equal to or above 15.000€, the US has a threshold of 10.000 US Dollar.

- ✓ *Explicitly spell out and respect clauses of intellectual property rights handling in joint venture contracts*
- ✓ *Make sure that intellectual properties of all parties are protected*

**4.2.5. Pay taxes according to laws and regulations and disclose all payments which are made to foreign government entities in countries of operation, including in-kind payments and infrastructure projects in line with the global transparency standard established by the Extractive Industries Transparency Initiative (EITI).<sup>3</sup>**

- ✓ *Support and join the Extractive Industries Transparency Initiative (EITI)*
- ✓ *Support the EITI process in EITI Implementing Countries*
- ✓ *Include in the audited annual financial statement an overview of all payments which have been made to government entities of host countries*

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<sup>3</sup> It is becoming a global standard to disclose payments made to foreign government entities in relation to mining projects. 39 resource-rich countries implement the so-called Extractive Industries Transparency Initiative (EITI) which requires governments to disclose their receipts from mining companies and companies to disclose their payments made to government entities. The figures are reconciled and published in an annual national EITI report, in order to prevent corruption and inform the public about revenues from resource wealth. Apart from the EITI, mining companies listed on US or EU stock exchanges are now required to disclose payments made to any foreign government entity related to mining projects in all countries of operation as established by the Dodd-Frank Act and the EU Accounting Directive respectively. Similar provisions are applied by the Hongkong stock exchange. The IFC and other lenders also require mining companies to disclose their payments to governments. Revenue transparency is becoming a global imperative for the mining industry.



### **4.3. Supply Chain Management**

Companies shall integrate ethical, social, environmental standards and promote gender equality as well as health and safety into specific policies and practices in the supply chain. Companies shall use their leverage to improve the supply chain to meet the demands for responsible products and services, and to optimize the value chain of mineral products.

#### **4.3.1. Require first-tier suppliers to adhere to relevant standards of management of issues set out in this guideline, leverage first-tier suppliers to enforce these standards in their supply chains and support suppliers to reach the CSR standard.**

- ✓ *Issue a code of conduct which requires suppliers to fulfill the relevant requirements of this Guideline and oblige suppliers to sign*
- ✓ *Companies that source from artisanal and small scale miners shall regularly assess risks of forced labor, child labor, unsafe working conditions, uncontrolled use of hazardous substances and other significant environmental impacts<sup>4</sup>*

#### **4.3.2. Set targets for responsible procurement and formulate relevant company policies.**

- ✓ *Determine and make publicly available a procurement policy, which spells out the requirements beyond price and quality that determine a procurement decision in certain areas – e.g. noise-level of machinery and trucks, percentage of renewable energy mix, etc.*

#### **4.3.3. Set a clear target for localized procurement, indicating how many supplies will be purchased from the host country, from the local mining communities and from abroad.**

- ✓ *Support the development of the local economy, e.g. if the quality and price of local products and services are reasonable, the localized procurement shall be prioritized.*

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<sup>4</sup> The uncontrolled use of hazardous substances often refers to mercury and cyanide, as these are often used in ASM gold mining. The US Environmental Protection Agency estimates that 20% of the global gold production is mined by artisanal and small scale mining, being responsible for the largest elemental mercury emissions to the environment (app. 400 metric tons/ year). Several tools have been developed to cater for this issue. The EPA itself has developed a so-called “Gold Shop Mercury Capture System (MCS)”. The Artisanal Gold Council has developed a so-called Mercury-free gold processing system and training center. Companies should consider supporting ASM with similar tools and techniques.

#### **4.4. Human Rights**

Admitting and respecting human rights is very important for the rule of law, social justice, stability and a harmonious society. The companies shoulder the responsibility to respect human rights within in their sphere of influence. The companies shall take active measures to avoid the passive acceptance or active involvement in human rights violations.

##### **4.4.1. Observe the UN Guiding Principles on Business and Human Rights during the entire life-cycle of the mining project:**

- ✓ *Develop a policy commitment to meet the responsibility to respect human rights*
- ✓ *Develop a human rights due diligence process to identify, prevent, mitigate and account for how to address impacts on human rights; and*
- ✓ *Develop a provision or cooperation in provision of effective remedy to those affected by adverse human rights impacts through legitimate processes*

##### **4.4.2. Ensure non-complicity in human rights violations.**

- ✓ *Do not profit or seem to be profiting from human rights violations by others; do not condone or seem to condone human rights violations by others and effectively communicate the company's human rights policy to business partners*
- ✓ *Ensure that private security personnel or public security forces designated to protect the mining operation operates in accordance with the Voluntary Principles on Security and Human Rights*

##### **4.4.3. Minimize involuntary resettlements of people residing in the mining area and compensate fairly where inevitable.**

- ✓ *Develop a livelihood restoration plan when the nature or magnitude of the land acquisition with the potential to cause physical or economic displacement is unknown due to the stage of project development*
- ✓ *Strive to avoid conditions that could lead to the development of uncontrolled settlements in the vicinity of the operation*

##### **4.4.4. Respect the culture and protect the heritage of local communities and indigenous peoples, minimize the cultural impact and do not harm traditional cultures of local people by the mining operation.<sup>5</sup>**

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<sup>5</sup> The development of a mine or minerals processing operation requires land for the placement of operational infrastructure, housing, roads, airports, pipelines, storage facilities and a multitude of other project facilities. It

- ✓ *Engage with potentially impacted Indigenous Peoples with the objectives of: ensuring that the development of mining projects fosters respect for the rights, interests, aspirations, culture and natural resource-based livelihoods of Indigenous Peoples; designing projects to avoid impacts and minimizing, managing or compensating for unavoidable residual impacts; and ensuring sustainable benefits and opportunities for Indigenous Peoples through the development of mining projects.*

#### **4.4.5. Protect the rights for free, prior, informed consent of local communities including indigenous peoples.<sup>6</sup>**

- ✓ *Work to obtain the consent of indigenous communities for new projects (and changes to existing projects) that are located on lands traditionally owned by or under customary use of Indigenous Peoples and are likely to have significant adverse impacts on Indigenous Peoples, including where relocation of Indigenous Peoples and/or significant adverse impacts on critical cultural heritage are likely to occur.*
- ✓ *Follow the principles for free, prior, informed consent when an operation involves significant direct impacts to ancestral territories of indigenous and tribal peoples, irrespective of recognition by the state, or the involuntary relocation of indigenous communities and/or the destruction of places of indigenous culture and spiritual significance*

#### **4.4.6. Pay attention to and avoid the engagement with “conflict materials”.<sup>7</sup>**

is good international practice to respect the rights, interests, special connections to lands and waters, and perspectives of Indigenous Peoples, where mining projects are to be located on lands traditionally owned by or under customary use of Indigenous Peoples. A good reference is the comprehensive *Good Practice Guide on Indigenous Peoples and Mining* published by the International Council on Minerals and Metals (ICMM).

<sup>6</sup> It is international good practice to consult with local communities and indigenous peoples prior to operation and seek their consent. For example, the International Labor Organisation’s *Convention 169, concerning Indigenous and Tribal Peoples in Independent Countries* requires that indigenous and tribal peoples are consulted prior to exploration or mining activities on their land and that they are able to participate in the benefits of such activities and are compensated fairly for damages they sustain. Another prominent concept is Free, Prior and Informed Consent (FPIC), which is contained in the *United Nations Declaration on the Rights of Indigenous Peoples*.

<sup>7</sup> The notion of “conflict minerals” originates from the so-called “3TG” minerals (Tin, Tantalum, Tungsten and Gold) if they originate from the African Great Lakes Region. It was advocated by the UN Group of Experts on the Democratic Republic of Congo (DRC) which has investigated the illegal exploitation of natural resources in the DRC. Increasingly, “conflict minerals” are understood as any of the 3TG minerals sourced from

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- ✓ *Conduct an assessment to define whether the mining project is located in a conflict-affected and/or high-risk area.*
  - ✓ *Adapt existing due diligence measures to the specific needs of conflict-affected and high-risk areas<sup>8</sup>*
  - ✓ *When operating in a conflict-affected and/or high-risk area, take steps to monitor the business relations, transactions, flows of funds and resources and avoid to engage in the trade of conflict minerals*

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conflict-affected and high-risk areas, which are identified by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms. High-risk areas may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence and are often characterized by widespread human rights abuses and violations.

<sup>8</sup> Further guidance for good practice of due diligence in Conflict-Affected or High-Risk Areas can be obtained from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Guidance was developed through a multi-stakeholder process with in-depth engagement from OECD and African countries (ICGLR members and South Africa), industry, civil society, as well as the United Nations.

#### **4.5. Labor Issues**

Providing job opportunities and paying wages and other remunerations to employees is an important economic and social contribution of companies. Responsible labor practices are essential for social justice, societal stability and a harmonious society. The labor practices of companies include respecting employees' rights to freely select their jobs and have fair and necessary working conditions.

##### **4.5.1. Do not use child labor, forced or compulsory labor and protect the rights of young employees.**

- ✓ *Do not employ children under the minimum working age of 15 years (or the age of 14 years when the laws and regulations of the host country permits)*
- ✓ *Employ workers according to the local labor laws and regulations. In the event that children are found to be working in situations which fit the definition of child labor, measures for remediation of children shall be established*
- ✓ *Restrain from any kind of forced labor, such as lodging deposits or the retention of identity documents from personnel upon commencing employment*
- ✓ *Identify the characteristics of young workers and protect their rights*

##### **4.5.2. Ensure equal and fair employment based on labor contracts and legal requirements.**

- ✓ *Ensure that employees understand their current terms of employment with regard to wages, working hours and other employment conditions*
- ✓ *Maintain appropriate employee records, favor the use of regular employment relationships and restrain from avoiding labor and social security obligations by certain labor types such as false apprenticeship schemes, excessive consecutive short-term contracts or precarious sub-contracting arrangements*

##### **4.5.3. Do not discriminate against workers with respect to employment or occupation on such grounds as race, color, gender, religion, political opinion, national extraction or social origin, or other status.**

- ✓ *Ensure that employees are not subject to corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation, or threats to themselves or their families*
- ✓ *Employees shall be free to submit a grievance without suffering any penalty or retaliation*
- ✓ *Foster mutual respect and understanding and harmonization between employees with different cultural backgrounds*

##### **4.5.4. Uphold legal or industry minimum wage standards and pay social security benefits.**

- ✓ *Neither the company nor entity supplying labor to the company shall withhold any part of any personnel's salary, benefits, property, or documents in order to force such personnel to continue working for the company*
- ✓ *Pay regular working hours and reimburse overtime work according to applicable law, a collective bargain agreement shall meet or exceed the legal minimum standard*
- ✓ *Illegal or unauthorized deductions from wages shall not be made*

**4.5.5. Adhere to international standards on working hours, overtime and annual leave.**

- ✓ *Comply with applicable national and local laws and industry standards on working hours and public holidays. The maximum allowable working hours in a week are as defined by national law. Provide at least one day rest in seven consecutive working days*
- ✓ *Personnel shall have the right to leave the workplace premises after completing the standard workday – if the security situation permits -, and be free to terminate their employment provided that they give reasonable notice to their employer*

**4.5.6. Provide working conditions which are clean, safe and meet the basic needs.**

- ✓ *Provide and maintain workplaces and, if applicable, on-site housing and dormitories, that have safe and accessible potable drinking water, sanitary facilities for food consumption and storage, clean and hygienic washing and toilet facilities*

**4.5.7. Provide vocational training and career development.**

- ✓ *Pay attention to the cultivation of local employees and promote staff localization*
- ✓ *Support employees to participate in training and education programs that raise work capacity and quality, and provide necessary funds for employees' occupational skills training and education*
- ✓ *Guide employees in career development, establish and improve staff promotion schemes*

**4.5.8. Establish a collective bargaining mechanism between employers and employees according to local laws and customs and encourage employees to engage in company management.**

- ✓ *Respect the right to Freedom of Association and do not prevent or discourage workers from electing worker employee representatives, forming or joining workers' organisations of their choosing, or from bargaining collectively*
- ✓ *Adhere to collective bargaining agreements where such agreements exist*

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- 4.5.9. Establish a mutual communication channel and mechanism between management and employees, facilitate the dialogue between management and employees, so as to better understand and respond to employees' expectations.**

#### **4.6. Health and Safety**

Health and safety refers to promoting and maintaining the employees' physical and mental health and providing social welfare benefits, preventing health damages caused by inadequate working conditions, including protecting the employees from health and occupational risks, improving the working environment and satisfying the basic needs of the employees.

##### **4.6.1. Implement an occupational health and safety management system including a routinely health and safety risk detection system and an emergency response plan.**

- ✓ *Publish the corporate commitment to occupational health and safety (OHS) and communicate to every employee*
- ✓ *Assign the responsibility for health and safety of the workplace at senior management level and develop a mechanism, such as a joint health and safety committee, by which employees can raise and discuss health and safety issues with the management*
- ✓ *Conduct comprehensive hazard or risk assessment for workplace safety following a systematic approach for prevention and control of physical, chemical, biological and radiological health and safety hazards and develop emergency response plans*
- ✓ *Risk assessments shall be related to the different activities of employees which can include the use of machinery and mobile equipment, storage and handling of chemicals, exposure to excessive fumes, airborne particles, noise and temperature levels and inadequate lighting and ventilation*

##### **4.6.2. Take all practical measures to avoid workplace fatalities, injuries and occupational diseases.**

- ✓ *Ensure workplace safety<sup>9</sup>*
- ✓ *Minimize the danger of accidents caused by landslides, rockfalls and other physical hazards and prevent, detect and combat the outbreak and spread of fires*
- ✓ *Maintain adequate workplace hygiene at all times*
- ✓ *Address and prevent hazards which could affect workplace safety (e.g. fatigue, alcohol and drug abuse as well as communicable diseases)*
- ✓ *Ensure that all health and safety incidents, as well as the companies' response to it, are formally documented and investigated and feed into regular health and safety reviews and improvement plans*

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<sup>9</sup> The Environmental, Health and Safety General Guidelines of the International Finance Corporation (IFC) provide useful guidance for ensuring workplace safety including the *provision of personal protective equipment (PPE), sufficient first aid trained employees, adequate illumination systems, protection against the inhalation of hazardous substances, including adequate ventilation fume extraction systems*



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**4.6.3. Provide regular health and safety training to all employees and integrate health and safety considerations in the corporate culture.**

- ✓ *Provide training in an understandable form and language*
- ✓ *Customize trainings to role-related health and safety risks of employees; train designated first aid staff and regularly train on actions in the event of an emergency*
- ✓ *Raise employee awareness that they have the right to stop or refuse working in situations of uncontrolled hazards*
- ✓ *Raise employee awareness on risk prevention and emergency management*

## **4.7. Environment**

Environmental protection is the precondition for the survival and prospect of human beings and it is an integral part of corporate social responsibility. Mining has a significant impact on the environment. Companies shall develop comprehensive, systematic and sound measures to reduce the direct or indirect impact on the environment, and incorporate the measures into investment decision-making processes and operations.

### **4.7.1. Establish an environmental management system and adapt it to the local laws and regulations of host countries.<sup>10</sup>**

- ✓ *Integrate environmental protection into strategies, business plans, and establish relevant full-fledged environmental protection rules and regulations, to strengthen pollution control and environmental risk prevention*
- ✓ *Establish and perfect environmental protection training systems, and offer environmental protection education and training to staff, in order to make all staff learn and know well the relevant environmental protection laws and regulations in the host countries*
- ✓ *Raise the law-abiding consciousness and environmental awareness of the staff, especially the grass roots staff, to make them master the preliminary knowledge about environmental protection such as how to deal with the hazardous substances related to mining and how to prevent and control the environmental pollution accidents*

### **4.7.2. Conduct environmental impact assessments prior to every operation and repeat on a regular basis.**

- ✓ *Strictly abide by the laws and regulation of the host country, conduct environmental impact assessments on the exploitation, construction, production and operations of mineral resources. On the basis of the impact assessment, take reasonable and effective measures to reduce and eliminate the possible negative impacts to the largest extent possible*
- ✓ *Monitor and assess environmental baselines in the mining areas prior to the project and develop a thorough understanding of the environment and the eco-system in the mining area and its surroundings*
- ✓ *Carry out environmental due diligence on targeted enterprises before overseas acquisitions, paying attention to pollution, the environmental footprint and environmental liabilities of the acquisition targets*
- ✓ *Monitor emissions and discharges of main pollutants according to the relevant laws and regulations of host countries, follow up the pollution situations in a timely manner, and record and archive the results*

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<sup>10</sup> Best international practice is to strive towards ISO 14001 certification.

**4.7.3. Carry out routinely environmental risk management and develop an emergency plan and response mechanism according to relevant requirements and guidance.<sup>11</sup>**

- ✓ *Develop plans and systems to prevent, prepare for and respond appropriately to accidents and emergencies*
- ✓ *Provide information to the concerned members of a community on the hazards associated with the mining project in its neighborhood, and on the measures taken to reduce risks*
- ✓ *Involve members of the local community in the development, testing and implementation of the overall emergency response plan*

**4.7.4. Develop mine closure and site rehabilitation plans prior to operation and secure appropriate funding**

- ✓ *Secure sufficient funding for mine closure and rehabilitation and deposit a financial guarantee*
- ✓ *Develop and regularly review a site rehabilitation and mine closure plan incorporating both rehabilitation as well as socio-economic considerations*
- ✓ *Engage in a multi-stakeholder process, including involving indigenous peoples, communities, artisanal and small scale miners and authorities, to plan and update site rehabilitation and closure plans*
- ✓ *Decommission tailings, control post-closure methane emissions and leaching of chemicals into the environment*

**4.7.5. Regularly assess and mitigate the impacts on soil, air and water pollution by the mining operation**

- ✓ *Consider ambient soil, air and water conditions and apply technically and financially feasible pollution prevention principles and techniques that are best suited to avoid, minimize and control pollution*
- ✓ *Observe or surpass local ambient air quality thresholds for particulate emissions and control metallic emissions*
- ✓ *Prevent and control the discharge of contaminated effluents, wastes and hazardous materials, including treatment of all effluent streams, considering the reuse, recycling and treatment of process water and ensuring the separation of clean and dirty water storages*
- ✓ *Employ emissions control and reduction strategies (including dust suppression techniques and clean power generation)*
- ✓ *Take measure to minimize noise and vibrations from blasting and drilling*

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<sup>11</sup> An international reference for developing emergency plans and response mechanisms is the United Nations Environmental Programs' Guidance for the Mining Industry on Awareness and Preparedness for Emergencies at the Local Level (UNEP APELL).

**4.7.6. Proactively inform local authorities, Chinese headquarters and the public about the environmental impacts of the mining operation.**

- ✓ *Disclose environmental information regularly, publicize environmental protection systems and plans, and also publicize what measures have been taken and what performance has been achieved*
- ✓ *Establish effective contact and communication with environmental protection regulators of the host countries, proactively ask these regulators for their suggestions on environmental protection management, and notify them of relevant environmental information*

**4.7.7. Set clear annual objectives for resource and energy savings as well as recycling. Monitor and report on its implementation.**

- ✓ *Formulate feasible annual plans and targets for energy savings, emission reductions, and recycling, assign staff to promote the implementation of the plans and the accomplishment of the targets*
- ✓ *Promote clean production methods and recycling to reduce pollution. Enhance the efficiency of resource utilization as far as possible, and reduce the emission of pollutants in the production process*

**4.7.8. Develop and implement a system to reduce waste and emissions.**

- ✓ *Recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, treat, destroy or dispose of it in an environmentally sound manner that includes the appropriate control of emissions, effluents and residues*

**4.7.9. Ensure and surpass applicable legal requirements with regard to chemicals and toxic substances.**

- ✓ *Avoid manufacturing, trading and using chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential for irreversible ecological impacts*
- ✓ *Avoid ground- or surface water contamination caused by Acid Rock Drainage (ARD) and Metals Leaching (ML)*
- ✓ *Rigorously suppress mercury emissions*
- ✓ *If cyanide is used, ensure that applicable sites are certified to the International Cyanide Management Code*

- ✓ *Ensure that hazardous wastes are handled, stored and transported in a way to eliminate leaks, spills or other releases to the environment*
- ✓ *Ensure that hazardous wastes are treated and disposed of according to regulations and with minimum impact on the environment*

#### **4.7.10. Ensure safe storage and disposal of residues.**

- ✓ *Adequately manage waste rocks and tailings ensuring structural stability, controlled discharge and protection against potential impacts of acidification, metal leaching or loss of containment*
- ✓ *Avoid building riverine or shallow marine tailings*
- ✓ *Consider the construction of zero discharge tailings including permanent storage after decommissioning*

#### **4.7.11. Develop and implement GHG emissions reduction plans including a mitigation model which provides a policy how to avoid, prevent, reduce, minimize or offset GHG emissions.**

- ✓ *Develop greenhouse gas emission reduction strategies and implement economic emissions reductions opportunities*
- ✓ *Support research and development of low greenhouse gas emission technologies that are appropriate to the industry including carbon capture and storage*

#### **4.7.12. Promote the conservation and protection of biodiversity and the environment throughout the life-cycle and value chain of the mining operation, including the related infrastructure development through integrated land-use planning.<sup>12</sup>**

- ✓ *Take appropriate measures for identification and monitoring of components of biological diversity pursuant to the mining operation and integrating considerations of the conservation and sustainable use of biological resources*
- ✓ *Identify key biodiversity areas affected by the mining operation and engage in mitigation by minimizing, avoiding, rehabilitating or offsetting impacts on biodiversity and ecosystem services*
- ✓ *Develop transparent, inclusive, informed and equitable decision-making processes and assessment tools that better integrate biodiversity conservation, protected areas and mining into land-use planning and management strategies, including 'No-go' areas*
- ✓ *Take appropriate measures to minimize the disturbance to vegetation and soil, including soil conservation measures, post-operation restoration*
- ✓ *Ensure that biodiversity with endangered species is safeguarded and fostered in the measures after the closure of the mining operation*

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<sup>12</sup> Companies should uphold the spirit of the UN Convention on Biological Diversity.

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**4.7.13. Be cautious of mining in areas which pose high environmental risks and do not explore or mine in World Heritage areas or legally protected areas.**

- ✓ *Do not explore or mine in World Heritage properties. Ensure that existing operations in World Heritage properties as well as existing and future operations adjacent to World Heritage properties are not incompatible with the outstanding universal value for which these properties are listed*
- ✓ *Take full consideration of the impacts of mining activities from exploitation, construction, production and operations on the social environment, such as historical and cultural heritage, scenic spots, folk traditions and customs, and take measures to reduce the possible negative impacts*

**4.7.14. Encourage companies to cooperate with professional environmental protection organizations to enhance the understanding of environmentally sensitive areas.**

#### **4.8. Community Involvement and Engagement**

Community involvement and engagement is an important part of the sustainability of a company. Active involvement and engagement with the local community is crucial for companies for establishing partnerships with local organizations and stakeholders, as well as for contributing to the corporate citizenship.

##### **4.8.1. Carry-out social impact assessments and engage at the earliest practical stage with likely affected parties and establish regular communication mechanism.**

- ✓ *Complete a comprehensive and appropriate social impact assessment already during the planning and approval phase of a mining operation including evaluating baseline conditions and develop a comprehensive plan how to mitigate negative impacts, including impacts related to human rights, labor and employment, gender, health and conflict*
- ✓ *Impact assessments shall involve engagement with materially affected parties and stakeholders*
- ✓ *Regularly update the social impact assessment*

##### **4.8.2. Ensure ongoing equitable interaction with materially affected parties, including indigenous peoples and vulnerable groups, which is culturally appropriate.**

- ✓ *Identify materially affected parties of the mining project and establish regular and permanent communication channels and ensure equal access to those channels*
- ✓ *Ensure the engagement with materially affected parties during the mining project's life cycle and build up a platform for interaction and provide the necessary resources for it*

##### **4.8.3. Establish a management position and assign sufficient staff in the company in charge of community engagement.**

##### **4.8.4. Establish a grievance mechanism for community issues.**

- ✓ *Ensure a grievance mechanism for all stakeholders and affected parties, with special emphasis on the most vulnerable persons, groups and organizations*
- ✓ *The grievance mechanism shall be legitimate, accessible, predictable, equitable, transparent, rights-compatible*
- ✓ *The grievance system shall allow for anonymous complaints to be raised in a safe environment*

##### **4.8.5. Respect the cultural traditions, religious beliefs and protect the heritage of the community**

**4.8.6. Contribute to community development by developing and implementing community development plans with local stakeholders.**

- ✓ *Ensure that community development efforts reflect the interests of a broad range of stakeholders and are developed, reviewed and updated in an ongoing multi-stakeholder process*

**4.8.7. Ensure job creation in local mining communities and support local economic development.**

- ✓ *Ensure job creation by employing and qualifying local staff*
- ✓ *Support local economic development by supporting local businesses apart from the mining project*

**4.8.8. Provide skill development in mining communities for the local people.**

- ✓ *Support local skill development, both, directly for skills related to the mining project, including further qualification of staff and indirectly by supporting vocational training schemes and encouraging participation*
- ✓ *Engage directly with artisanal and small scale miners as part of community engagement; offer alternative solutions for artisanal and small scale miners which operate in the mining community; enable the professionalization and/or formalization of artisanal and small scale miners, where appropriate*

**4.8.9. Support SME development in local mining communities.**

- ✓ *Contribute to local economic development and SME development by local procurement and by encouraging and investing in diversification of local businesses apart from the mining project, e.g. through lending schemes and business education*

**4.8.10. Support philanthropy initiatives with regard to health care, education, infrastructure and other vital public services.**

- ✓ *Enhance social and economic development by assisting in addressing poverty*
- ✓ *Encourage partnerships with governments and non-governmental organizations to ensure that programs are well designed and effectively delivered*
- ✓ *Develop programs to support community health and safety issues related to the mining operation and labor migration, including programs against gender violence and for disease control (e.g. sexually transmitted diseases or diseases caused by mining induced vector breeding habitats), etc.*



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## 5. Review of the Guideline

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- 5.1.** The Guideline should be reviewed every three years and updated by CCCMC in cooperation with a wide range of stakeholders and include public consultation.



**Annex 1: List of Standards which have been considered for the development of this Guideline**

Issuing Organization	Standard	Date	Link
Bettercoal	Bettercoal Code	2013	<a href="http://bettercoal.org/docs/Bettercoal-Code-Version-1-Final.pdf">http://bettercoal.org/docs/Bettercoal-Code-Version-1-Final.pdf</a>
Extractive Industries Transparency Initiative (EITI)	The EITI Standard	2013	<a href="http://eiti.org/files/English_EITI%20STANDARD_11July_0.pdf">http://eiti.org/files/English_EITI%20STANDARD_11July_0.pdf</a>
Global Compact	Ten Principles	2004	<a href="http://www.unglobalcompact.org/abouttheGC/TheTenPrinciples/index.html">http://www.unglobalcompact.org/abouttheGC/TheTenPrinciples/index.html</a>
Global Compact/ PRI	Guidance on Responsible Business in Conflict-Affected and/or High-Risk Areas	2010	<a href="http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Guidance_RB.pdf">http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Guidance_RB.pdf</a>
ILO	Abolition of Forced Labour Convention (No. 105)	1957	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C105">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C105</a>
ILO	Discrimination Convention (No. 111)	1958	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C111">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C111</a>
ILO	Equal Remuneration Convention (No. 100)	1951	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C100">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C100</a>
ILO	Forced Labour Convention (No. 29)	1930	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029</a>
ILO	Freedom of Association and Protection of Rights to Organise Convntion (No 87)	1948	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C087</a>
ILO	Minimum Age Convention (No. 138)	1973	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138</a>
ILO	Right to Organize and Collective Bargaining Convention (No. 98)	1949	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C098">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C098</a>
ILO	Worst Forms of Child Labour Convention (No. 182)	1999	<a href="http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182">http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C182</a>
International Council on Mining and Metals (ICMM)	Position Statement on Climate Change Policy Design	2011	<a href="http://www.icmm.com/document/1843">http://www.icmm.com/document/1843</a>



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International Council on Mining and Metals (ICMM)	Position Statement on Indigenous Peoples and Mining	2013	<a href="http://www.icmm.com/document/5433">http://www.icmm.com/document/5433</a>
International Council on Mining and Metals (ICMM)	Position Statement on Mercury Risk Management	2009	<a href="http://www.icmm.com/document/556">http://www.icmm.com/document/556</a>
International Council on Mining and Metals (ICMM)	Position Statement on Mining and Partnerships for Development	2010	<a href="http://www.icmm.com/document/782">http://www.icmm.com/document/782</a>
International Council on Mining and Metals (ICMM)	Position Statement on Mining and Protected Areas	2003	<a href="http://www.icmm.com/document/43">http://www.icmm.com/document/43</a>
International Council on Mining and Metals (ICMM)	Position Statement on Transparency of Mineral Revenues	2009	<a href="http://www.icmm.com/document/628">http://www.icmm.com/document/628</a>
International Council on Mining and Metals (ICMM)	Sustainable Development Framework	2003	<a href="http://www.icmm.com/our-work/sustainable-development-framework/10-principles">http://www.icmm.com/our-work/sustainable-development-framework/10-principles</a>
International Finance Corporation (IFC)	Environmental, Health and Safety (EHS) Guidelines	2007	<a href="http://www.ifc.org/wps/wcm/connect/554e8d80488658e4b76af76a6515bb18/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES">http://www.ifc.org/wps/wcm/connect/554e8d80488658e4b76af76a6515bb18/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES</a>
Multi-Stakeholder	Voluntary Principles on Business and Human Rights	2000	<a href="http://www.voluntaryprinciples.org/wp-content/uploads/2013/03/voluntary_principles_english.pdf">http://www.voluntaryprinciples.org/wp-content/uploads/2013/03/voluntary_principles_english.pdf</a>
OECD	Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - 2nd Edition	2013	<a href="http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf">http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf</a>
OECD	Guidelines for Multinational Enterprises	2011	<a href="http://www.oecd.org/daf/inv/mne/48004323.pdf">http://www.oecd.org/daf/inv/mne/48004323.pdf</a>
Responsible Jewellery Council	Code of Practices	2013	<a href="http://www.responsiblejewellery.com/files/RJC_Code_of_Practices_2013_eng.pdf">http://www.responsiblejewellery.com/files/RJC_Code_of_Practices_2013_eng.pdf</a>
UN	Guiding Principles on Business and Human Rights: Implementing the UN "Protect, Respect and Remedy" Framework	2011	<a href="http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf">http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf</a>
UN	UN Convention on Biological Diversity	1992	<a href="http://www.cbd.int/doc/legal/cbd-en.pdf">http://www.cbd.int/doc/legal/cbd-en.pdf</a>



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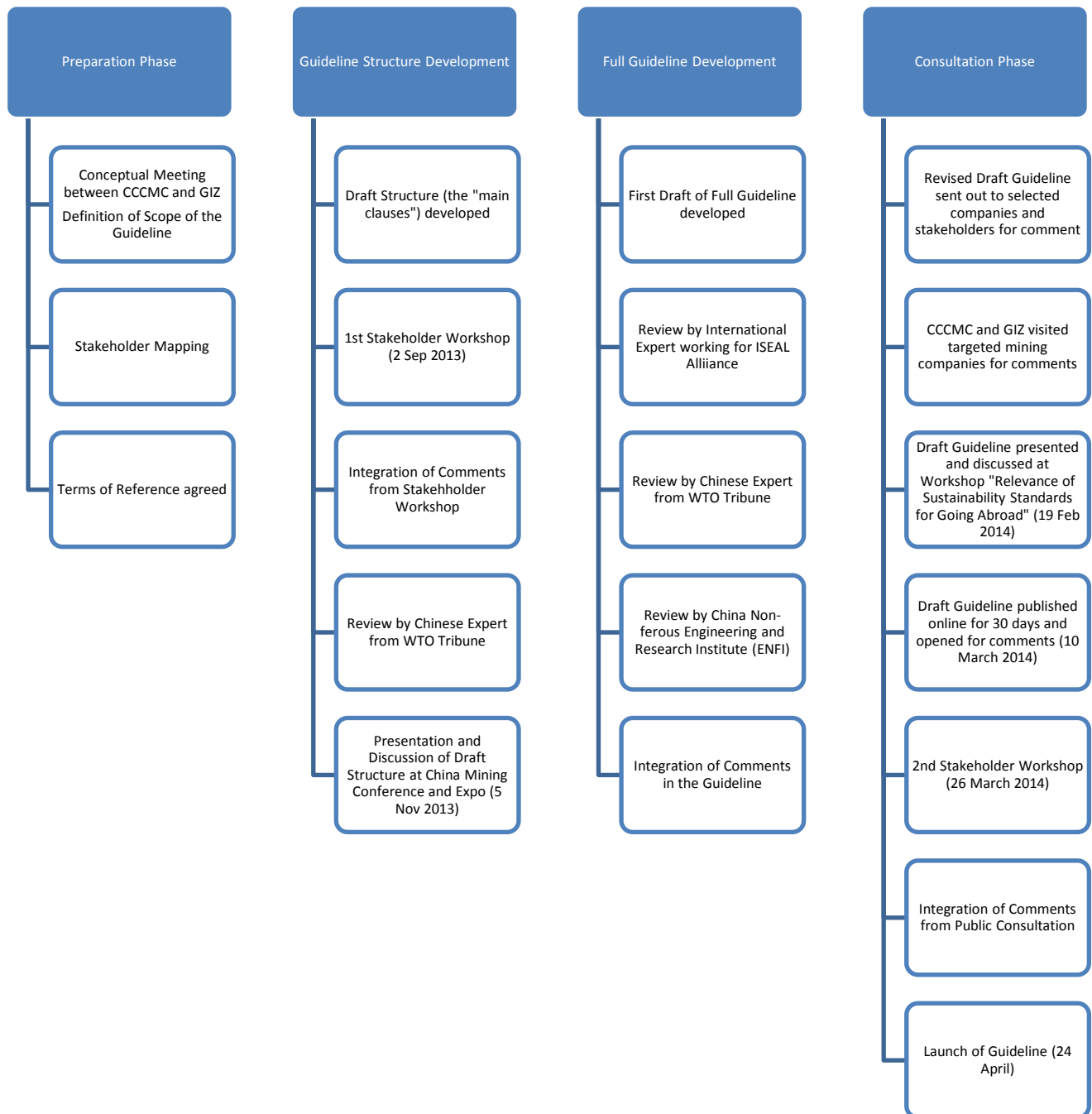


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UN	UN Convention against Corruption	2005	<a href="http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf">http://www.unodc.org/documents/treaties/UNCAC/Publications/Convention/08-50026_E.pdf</a>
UNEP	Guidance for the Mining Industry in Raising Awareness and Preparedness for Emergencies at Local Level	2001	<a href="http://www.unep.fr/shared/publications/pdf/WEBx0055xPA-APELLminingEN.pdf">http://www.unep.fr/shared/publications/pdf/WEBx0055xPA-APELLminingEN.pdf</a>

## Annex 2: Process of Guideline Development





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### **Annex 3: Members of the Advisory Board and Steering Committee**

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