



North American Mining & Metal companies are under increased pressure to maintain their social license to operate.’ – June 2014

Vigeo has just released its update of the North American Mining & Metal sector. Our research shows that Mining & Metal companies face growing expectations to integrate individual and communities’ fundamental rights as well as environmental concerns into their strategies and processes. Their apparent lack of commitment on these challenges is increasingly questioning their capacity to maintain their license to operate.

Vigeo’s research indicates that:

- 53% of the companies show highly formalised human rights policies, whilst 46% have extensive risk management and assessment systems in place. 26% of the companies faced recurrent and severe allegations as regards the respect for human rights standards (mostly linked to the use of security forces and the occurrence of civilian casualties). While companies generally report transparently on them, no evidence has been found that corrective measures are taken.
- 66% of the companies under review have also set up community engagement programs including social impact assessments, community consultation and stakeholder dialogue. 80% of the companies under analysis still face allegations as regards the promotion of

social and economic development, especially relating to disruptive impacts on local communities (site closures, revenue distribution, local employment, health, environment, local pollution, loss of biodiversity...). Only 1 company appears to cooperate with key authorities and external stakeholders in this regard.

- This sector is very energy-intensive and its activities are under increasing scrutiny from stakeholders as a consequence of climate change. However, only 20% have set quantified targets to reduce their energy consumption and GHG emissions. However, 73% work to optimize their production processes to reduce their energy consumption and/or GHG emissions.

Mining & Metal companies are expected to engage with the communities of the regions where they operate to maintain their legitimacy to operate and extract resources there. As mining companies continue to migrate towards ever more remote locations, they are increasingly cast in the role of providers of basic community services such as water, electricity, health and education. In addition, rising affluence in emerging economies is putting greater strain on existing water and energy resources.

In November 2013 Vigeo also published a sustainability focus on the ESG risks in the Mining industry, which illustrates the different type of risks mining companies are experiencing and how these materially affect operations and financial prospects. To find out more please visit the Vigeo website at www.vigeo.com. To find out more on the recent sector update please contact rating.services@vigeo.com.

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