



Digging Deeper

A Closer Look at the GRI Mining Sector Standard

The exposure draft of the GRI Mining Sector Standard was unveiled at the Alternative Mining Indaba in Cape Town on the 7th of February this year and is currently open for public comment until the 30th of April 2023.

This is the 4th sector standard released by the GRI and arguably one of the most anticipated. This is due to increased pressure for robust, consistent and comparable reporting in an industry that not only has distinct and profound ESG impacts, but that is also the most integral to desired global ESG outcomes.

The industry's ESG response is centered around advancing the idea of sustainable mining in the form of future materials supply.

However, there is a lack of global consensus as to what can be considered as sustainable mining. Closing this gap has led to the proliferation of numerous sustainability frameworks of which the GRI standards are the most widely used and referenced. Cognisant of the wealth of standards available, the GRI Mining Sector Standard has attempted to align with existing standards such as; the OECD's Extractive Industries Transparency Initiative (EITI), the International Council on Mining and Metals, the Initiative for Responsible Mining Assurance, the Copper Mark and the Global Industry Standards on Tailings and Management (GISTM) as well as their own G4 Mining and Metals Sector Disclosures of which this standard supersedes. This alignment between the top industry standards is an attempt to improve the comparability of companies, however it may inadvertently constrain innovation and force a "rubber-sheeting" of material topics. Furthermore, the existence of numerous frameworks in itself creates a lack of interoperability.

Although at XMS we strongly advocate for GRI reporting, we have taken great interest in the Mining Sector standard and are applying our minds to critically assess the design and practicality of it against our industry experience.

Underneath the Standard

The exposure draft features 3 completely new topics, over and above those found in other GRI standards;

- Tailings Facilities,
- Hazardous Waste Streams
- Artisanal and Small-Scale Mining and Operating in Conflict Zones

The GRI reporting standards in general do not actually set performance standards, but instead identify what topics should be addressed in the report. This particular standard proposes 25 environmental, social and economic topics reflecting stakeholder demands. The topics allow for disclosure of the most significant impacts within the sector to improve accountability in key areas. The parameters in the framework guide companies in the mining industry and related support services on how to define their stakeholders as well as identify what is important to them.

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The Global Sustainability Standards Board (GSSB) oversees the GRI Standards through the establishment of expert working groups, consisting of experts within the particular sector.

The expert groups are touted as multi-stakeholder groups that foster a broad participation however, from the onset, one cannot help but notice the lack of geographic representation, particularly from developing regions both within the GSSB and the expert working groups.

Considering that a majority of global mining operations are in developing countries, particularly Africa, this disproportionate participation from the outside raises doubts about the robustness and applicability of the standard.

It is therefore imperative that practitioners in developing countries take advantage of this public comment period to review and comment on the draft, which would also further display the technical expertise in these countries towards a broader inclusion.

Over the years the GRI standards have come under criticism for lending themselves to generic group-level reporting responses which could potentially camouflage unsustainable practices at site level. The Mining Sector Standard has attempted to disaggregate information down to the site level, within the traditional reductionist structure of the GRI framework, however this has just led to blanket statements on site level information. ESG practitioners within the mining industry must ascertain if globally dispersed mining operations are amenable to meaningful, reliable and broad standardized disclosures. The Responsible Mining Index in 2020 found that ESG reporting in the mining sector was inadequate and of a low quality, mainly because the available frameworks allow companies to internalize their definition of sustainability which leaves room for cherry-picking and manipulating of their impacts even within designated material topics. More and more we are finding that companies and reports are not following the sustainability context principle in that they report against impacts in a manner that is devoid of context. This results in ESG reports that are issue-based and do not differentiate performance indicators from sustainability indicators, with the former being static accounting and the latter requiring spatial, temporal and contextual elements.

Furthermore, the GRI framework's many topics are notoriously non-integrated i.e., they are required to be evaluated in isolation, with little or no consideration of synergies and interactions across topics, resulting in silos of sustainability information collected in a box-ticking manner. The Mining Sector Standard has successfully integrated the SDGs into their framework as a point of departure and guidance towards a company's material topics, however many companies use this to avoid digging deeper into, and disclosing more site-specific, information. It is important therefore to understand that the SDGs were designed for the country level and, although a good starting point to orientating an organization's impacts, they were not built for the purpose of assessing the ESG performance of a company.

Finally, it is disappointing to see that the Mining Sector Standard omitted, or did not take into account, some important industry issues such as; the resettlement of communities, future mineral supply, mineral scarcity, long-term legacy and the downstream effects of mining products.

Rallying Behind the Standard

The goal of the framework is to promote standardized operational ESG performance within the mining industry, which is an ambitious but noble cause and the GRI should be given credit and support for taking on this challenge. Each mining operation is distinctly unique, multifaceted, and operates as a result of numerous multidisciplinary parts. Grappling with ESG issues in the mining industry is conceptually very challenging and requires collaborative, inclusive and constructive engagement between “enlightened” miners and “enlightened” sustainability experts, rather than an “oppositional activism” approach between the various stakeholders.

A lot of the above critiques could be counteracted by evoking mandatory 3rd party verification and auditing into the reporting standard, however auditing can only operate within the framework and cannot plaster over any fundamental flaws in the framework. The GRI framework, although imperfect, provides an outline for qualified practitioners and organizations with the institutional will to apply sustainable context principles and science-based analysis in order to accurately disclose interactions of operations with their range of externalities.

The dichotomy of top-down, expert-driven approaches or bottom-up stakeholder-driven approaches, investor led initiatives or technical led initiatives as well as reductionism or holism will always exist in some form, the key is to find the dynamic equilibrium most suitable and applicable for the overall purpose.

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SOURCES:

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- Sustainability Reporting Among Mining Corporations: A Constructive Critique of the GRI Approach, A Fonesca., ML McAllister., P Fitzpatrick., 2014
- Sustainability Reporting in the Mining Sector: Current Status and Future Trends – Summary, UNEP, 2020