

CMSI Consultation Response

Respondent Details

NAME

Anonymous

COUNTRY

Canada

PERMISSION

Yes, CMSI can disclose my anonymous feedback.

STAKEHOLDER

Investor

ORGANISATION

Anonymous

COMMENTS & QUESTIONS BY DOCUMENT

Document:
Governance

QUESTION 1

The governance principles that guided the development of the governance model are inclusive, effective, credible, impact-driven, pragmatic and efficient. From your perspective, does the proposed governance model meet expectations for consistency with these principles?

Response: **2: Below expectations**

To meet the principle of credible standards i.e. “supports the recognition of the standard by affected stakeholders, customers, policymakers, and investors” we recommend that concerns regarding the governance model outlined by 14 different civil society groups in “The Risks Posed by the Consolidated Mining Standard Initiative: a Civil Society Briefing for Automakers and other Downstream Purchasers” (<https://leadthecharge.org/the-risks-posed-by-the-consolidated-mining-standard-initiative-a-civil-society-briefing-for-automakers-and-other-downstream-purchasers/>) be addressed.

QUESTION 2

Does the proposed governance model ensure no single group is able to unduly influence decisions?

Response: **no**

In addition to already stated comments about the need for more detail regarding expectations to ensure consistent and comparable implementation and assurance, we would also like to better understand the role of National Panels for providing support to CMS implementers. While we are supportive of the idea in principle and in the spirit of effective collaboration, our investor concern without more detail available is that interpretation by National Panels of vaguely defined consolidated mining standards will contribute to discrepancies in implementation and assurance across regions, thereby eroding the ability of the CMS to meet its intended purpose of creating an effective, credible, impact-driven, and efficient framework for promoting a global standard.

Document:
Assurance

QUESTION 1

From your perspective, does the Assurance process meet your expectations of a robust, credible, replicable and transparent approach?

Response: No Response

Unable to comment at this time.

Document:
Standard

QUESTION 1

Does the scope, content, and narrative style of the consolidated standard meet your individual expectations and the collective industry expectation for responsible production practices?

Response: 2: Below expectations

From an investor point of view, as currently conceived and drafted, the CMS falls short of meeting investor expectations to improve outcomes related to capital allocation and social risk, two of the biggest challenges faced by the mining sector today as demand for critical minerals climbs to meet energy transition goals. While we applaud the effort to streamline voluntary standards to expedite progress, our investor view is that the current iteration contains some key fundamental flaws that undermine this objective.

Adequate detail regarding performance expectations to be consistently implemented and assured across regions is lacking. Additionally, the performance expectations and the respective performance levels assigned to expectations, do not adequately align with international standards, including the UNGPs, OECD Guidelines, IFC performance standards, ILO Conventions, and accountability for due diligence embedded in hard laws across regions. Our concern is that the absence of these two elements may actually undermine needed progress in the sector adding to the growing challenge mining companies face to obtain and maintain social license and secure capital required to responsibly develop transition minerals.

On page 3 of the general standards, leading practice is defined as “...a level of practice which goes above and beyond responsible industry good practice and demonstrates leadership or best practice.” Our investor view is that in many instances, practices defined in the CMS as leading practice are in fact just good and essential practice to expedite progress and should not be characterized as “going above and beyond.” Many of the leading practices in the CMS are already embedded in international standards and due diligence laws, as noted above.

For example, under PA 1.4 Risk Assessment, engagement with external stakeholders in the risk assessment process and under PA 5.1 Human Rights, active engagement with human rights defenders to inform human rights due diligence processes, are classified as leading practice. PA 1.2 Sustainability Reporting, integration of a “double materiality approach” is also classified as leading practice. As outlined in international standards and new and emerging due diligence laws, these practices are foundational to effective management of material impacts and risks required to expedite and maintain social license for projects and increase market efficiency (including capital allocation towards responsible mineral exploration and development).

QUESTION 2

Do the requirements meet your expectations for being sufficiently clear to support consistent and practical implementation and to achieve necessary performance improvement?

Response: 2: Below expectations

We recommend providing greater detail on expectations, including metrics that can be used to measure progress on the various PA elements, to enable more consistent interpretation, implementation, and assurance processes across regions.

QUESTION 3

From your perspective, does the three-level performance structure (Foundational, Good, Leading) of the Consolidated Standard meet your expectations for providing an effective on ramp and clear articulation of good practice and effective path to continuous improvement?

Response: **2: Below expectations** \begin{quote}We recommend that the CMS reconsider the tier system.

Our investor view is that the current structure and the definitions of the respective performance levels fail to address the significant risk gap between rising stakeholder, rightsholder, and regulatory expectations to meet international standards versus often lagging local and regional laws. There are a growing number of cases in which mining issuers are being held to account on international standards by domestic courts for their operations abroad.

We recommend considering greater convergence between the good and leading practice levels as currently defined, including reconsideration of the language for the tiers e.g. Tier 1: Committed to Align and Tier 2. Certified to be Aligned with the CMS. Under such a framework, we recommend a scoring and certification regime reflective of example two below - 75%/75% threshold\end{quote}

Document:
Claims

QUESTION 1

We would value perspectives on a few additional questions related to threshold of performance associated with achievement claims. Please click here/ see page 11 of Reporting and Claims Policy.

Response: **No Response**

Please see comments in our response to the CMS regarding the tier structure and definition of respective performance areas.