

CMSI Consultation Response

Respondent Details

NAME

Henry Brehaut

COUNTRY

Canada

PERMISSION

Yes, CMSI can disclose my feedback, name, and organisation.

STAKEHOLDER

Other: Retired Industry Executive, Sustainability Consultant

ORGANISATION

GSS inc

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: 3: Meets expectations

QUESTION 2

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

Response: unsure

Document:
Assurance

QUESTION 1

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

Response: 3: Meets expectations

Document:
Standard

Performance Area 24: Closure

SECTION: 24.1 Closure Management, Foundational Practice, 1

COMMENT:

24.1 Closure Management -Foundational Practice

1. Publicly commit to responsible closure that integrates environmental and

socio-economic considerations and achieves physically and chemically post-closure conditions that do not pose ongoing material risks to people or the environment.

Note: I have removed the word "stable". Regarding waste dumps and tailings storage areas, as one speaker stated at a recent conference, "tailings dams are fore ever" and so is a risk of failure, no matter how immaterial it may be. From a chemical perspective, stability may mean pollution in perpetuity, or it may mean non-polluting, or it may mean something in between. The concept of stability is what got the industry to the point of recent disasters, and may appear to be just another con job. What is meaningful is the requirement that plans and designs must meet the test of not posing "material risks to the people or to the environment."

SECTION: 24.1 Closure Management, Foundational Practice, 2

COMMENT:

FP #2 Develop a closure plan in line with regulatory requirements as a minimum, informed by engagement with potentially affected stakeholders and rights-holders that integrates environmental and socio-economic aspects and estimated closure costs.

Note: Many jurisdictions do not require socio-economic matters to be included in closure plans. Suggest using "regulatory requirements as a minimum,"

SECTION: 24.1 Closure Management, Good Practice

COMMENT:

Good Practice -Comments and Suggested changes

- 1. Suggest inserting #9 and #10 between #6 & # 7*
 - 2. #8 is very good but will probably be resisted as it will expose the weaknesses and usefulness of the Provision estimates.*
-

SECTION: 24.1 Closure Management, Leading Practice, 1

COMMENT:

LP #1 Publicly disclose how closure costs are estimated with measures of risk associated with material uncertainties for each facility being provided at least annually.

Note: Most companies typically use "management's best estimate" for cost items with a high degree of uncertainty. Some will use a probabilistic approach and calculate a weighted average. With both approaches, a wide range of possibilities will exist, and it is this range of scenarios that give a good measure of risk. The probabilistic approach is best as it at least identifies scenarios, while the managements best estimate is more open to personal bias.

Guidance for the reporting of such uncertainties and risk is covered in the disclosure section of IAS 37; Item 85 which states That an entity shall disclose "...an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events..."

SECTION: 24.1 Closure Management, Leading Practice, 2

COMMENT:

LP # 2. Collaborate with affected stakeholders and rights-holders to identify opportunities for post-mining communities, including workers and local suppliers, throughout the life of the Facility.

SECTION: 24.1 Closure Management, Leading Practice

COMMENT:

LP # X Publicly disclose closure financial provisions determined for all facilities at least annually with particular reference to the discount rate used, the identification of omissions related to items not being reliably measurable, and any time limits for the discount period.

Note: With regard to financial provisions in order to assess their nature and where they diverge from the concept of financial assurance, it is necessary to know the discount rate used, the identification of omissions related to items not being reliably measurable, and any time limits for the discount period.

COMMENT:

LP # Y Engage affected stakeholders in the development of actions to address identified adverse impacts and risks in keeping with commitments to integrate sustainable development in corporate strategy and decision-making processes related to closure activities.

Note: Same approach as used for Waste Leading Practice Page 110

SECTION: Intent

COMMENT:

Rewording

Intent: Intent: Plan and design for progressive environmental, social and economic closure activities in collaboration with relevant authorities, stakeholders and rights-holders, address closure-related environmental and social risks and impacts and provide financial assurance to enable implementation of closure and post-closure commitments in keeping with commitments to integrate sustainable development in corporate strategy and decision-making processes.

Notes:

- Need to substitute a stronger word for consultation.*
- Provisions are a financial reporting requirement that, in many cases, does not bear any relation to what is required to provide financial assurance, primarily due to the use of higher discount rates and limited time horizons. Furthermore, common practice by mining companies is to only report provisions for rehabilitation. The use of the term "provisions" should be avoided in the CMS.*
- Financial assurance means that funds will be available to enable governments' to fund all future requirements whenever a company fails to meet its obligations due to abandonment, bankruptcies, dispositions, etc. The prime assumption is that financial assurance is the amount that a government would need to have guaranteed access to at any point in time to meet future obligations, based on it being reinvested in risk-free bonds.*
- Need to ensure that economic decision-making does not override corporate sustainable development policies (ICMM company members commit to integrate sustainable development in corporate strategy and decision-making processes.)*

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: **3: Meets expectations**

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: 3: Meets expectations

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: 4: Exceeds expectations

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

Example 1 vs 2: No opinion Question 1 Yes Question 2 Yes Question 3 Recognition should be given for the number of Leading Practices up to the point that a Bronze/Silver/Gold stars could be awarded or some variation thereof. Leading Practices deserve to be recognized, but should not be easy to earn.