



Initiative for Responsible
Mining Assurance

Excerpt from the DRAFT Standard for Responsible Mining and Mineral Processing 2.0

Chapter 1.5 – Financial Transparency and Anti-Corruption

Context & Disclaimer on IRMA DRAFT Standard 2.0

IRMA DRAFT Standard for Responsible Mining and Minerals Processing 2.0 is being released for public consultation, inviting the world to join in a conversation around expectations that drive value for greater environmental and social responsibility in mining and mineral processing.

This draft document invites a global conversation to improve and update the 2018 IRMA Standard for Responsible Mining Version 1.0. It is not a finished document, nor seeking final review, but rather is structured to invite a full range of questions, comments and recommendations to improve the IRMA Standard.

This IRMA DRAFT Standard for Responsible Mining and Minerals Processing (v.2.0) has been prepared and updated by the IRMA Secretariat based on learnings from the implementation of the Standard (v.1.0), experience from the first mines independently audited, evolving expectations for best practices in mining to reduce harm, comments and recommendations received from stakeholders and Indigenous rights holders, and the input of subject-specific expert Working Groups convened by IRMA in 2022.

IRMA's Standard has a global reputation for comprehensive in-depth coverage addressing the range of impacts, as well as opportunities for improved benefit sharing, associated with industrial scale mining. This consultation draft proposes a number of new requirements; some may wonder whether IRMA's Standard already includes too many requirements. The proposed additions are suggested for a range of reasons (explained in the text following), including improving auditability by separating multiple expectations that were previously bundled into a single requirement, addressing issues that previously weren't sufficiently covered (e.g. gender, greenhouse gas emissions), and providing more opportunities for mining companies to receive recognition for efforts to improve social and environmental protection.

Please note, expert Working Groups were created to catalyze suggestions for solutions on issues we knew most needed attention in this update process. They were not tasked to come to consensus nor make formal recommendations. Their expertise has made this consultation document wiser and more focused, but work still lies ahead to resolve challenging issues. We encourage all readers to share perspectives to improve how the IRMA system can serve as a tool to promote greater environmental and social responsibility, and create value for improved practices, where mining and minerals processing happens.

The DRAFT Standard 2.0 is thus shared in its current form to begin to catalyze global conversation and stakeholder input. It does not represent content that has been endorsed by IRMA's multistakeholder Board of Directors. IRMA's Board leaders seek the wisdom and guidance of all readers to answer the questions in this document and inform this opportunity to improve the IRMA Standard for Responsible Mining.

IRMA is dedicated to a participatory process including public consultation with a wide range of affected people globally and seeks feedback, comments, questions, and recommendations for improvement of this Standard. IRMA believes that diverse participation and input is a crucial and determining factor in the effectiveness of a Standard that is used to improve environmental and social performance in a sector. To this end, every submission received will be reviewed and considered.

The DRAFT Standard 2.0 is based on content already in practice in the IRMA Standard for Responsible Mining Version 1.0 (2018) for mines in production, combined with the content drafted in the IRMA Standard for Responsible Mineral Development and Exploration (the 'IRMA-Ready' Standard – Draft v1.0 December 2021) and in the IRMA Standard for Responsible Minerals Processing (Draft v1.0 June 2021).

Chapter Structure

BACKGROUND

Each chapter has a short introduction to the issue covered in the chapter, which may include an explanation of why the issue is important, a description of key issues of concern, and the identification of key aspects of recognized or emerging best practice that the standard aims to reflect.

OBJECTIVES/INTENT STATEMENT

A description of the key objectives that the chapter is intended to contribute to or meet.

SCOPE OF APPLICATION

A description of the conditions under which the chapter may or may not be relevant for particular mines or mineral processing sites. If the entity can provide evidence that a chapter is not relevant, that chapter will not need to be included in the scope of the IRMA assessment. A requirement is 'not relevant' if the issue to which a requirement relates is not applicable at the site. For example, requirements related to the use of cyanide would not be relevant at a site at which cyanide is never used.

TERMS USED IN THIS CHAPTER

This is a list of the terms used in the chapter ■ Each term is separated with ■

Terms listed here are identified in the chapter with a dashed underline. And they are defined in the [Glossary of Terms](#) at the end of the chapter.

Chapter Requirements

X.X.X. These are criteria headings

X.X.X.X. And these are the requirements that must be met for an IRMA assessment to be issued and subsequently maintained by a site. Most criteria have more than one requirement. All requirements must be met in order to comply fully with the criterion.

- a. Some requirements consist of hierarchical elements:
 - i. At more than one level.
 - ii. Operations may be required to meet all elements in a list, or one or more of the elements of such a list, as specified.

NOTES

Any additional notes related to the chapter and its requirements are explained here.

GLOSSARY OF TERMS USED IN THIS CHAPTER

Terms used in the chapter are defined here.

ANNEXES AND TABLES

Annexes or Tables are found here.

IRMA Critical Requirements

The 2018 IRMA Standard for Responsible Mining v. 1.0 includes a set of requirements identified as being critical requirements. Operations being audited in the IRMA system must at least substantially meet these critical requirements in order to be recognized as achieving the achievement level of IRMA 50 and higher, and any critical requirements not fully met would need to have a corrective action plan in place describing how the requirement will be fully met within specified time frames.

The 2023 updates to the 2018 Standard may edit some critical requirements in the process of revising and therefore there will be a further review specific to the language and implications of critical requirements that follows the overall Standard review.

Associated Documents

This document is an extract of the full DRAFT IRMA FOR RESPONSIBLE MINING AND MINERAL PROCESSING (Version 2.0) – DRAFT VERSION 1.0, released in October 2023 for a public-comment period. The English-language full version should be taken as the definitive version. IRMA reserves the right to publish corrigenda on its web page, and readers of this document should consult the corresponding web page for corrections or clarifications.

Readers should note that in addition to the DRAFT Standard, there are additional policies and guidance materials maintained in other IRMA documents, such as IRMA’s Principles of Engagement and Membership Principles, IRMA Guidance Documents for the Standard or specific chapters in the Standard, IRMA Claims and Communications Policy and other resources. These can be found on the IRMA website in the Resources section. Learn more at responsiblemining.net

Comment on the IRMA Standard

Comments on the IRMA Standard and system are always welcome.

They may be emailed to IRMA at: comments@responsiblemining.net

Additional information about IRMA is available on our website: responsiblemining.net

Chapter 1.5

Financial Transparency and Anti-Corruption

NOTES ON THIS CHAPTER: We are proposing to change the name of this chapter (it was Revenue and Payments Transparency), to better reflect the breadth and intent of the requirements.

Proposed additions and changes:

- Combined a number of requirements related to payments transparency (see criterion 1.5.1)
- Expanded expectations related to anti-corruption policy and procedures (1.5.3.1, 1.5.3.2), and added some reporting requirements (1.5.3.4)

Glossary:

- We are proposing new/revise definitions for several glossary terms. The 'Terms Used In This Chapter' box shows which terms are new, and the proposed definitions can be found in the glossary at the end of the chapter requirements. The full glossary is at the end of the document. Feedback on definitions is welcome.

CONSULTATION QUESTION 1.5-1

Background: At this time, it does not appear that disclosures of revenues and payments to governments is a widespread best practice for stand-alone mineral processing facilities. The EU Accounting Directive, cited in the IRMA mining standard, does not appear to apply to smelters and refineries. The Directive applies to entities active in the extractive industry (or logging of primary forests), and extractive industry entities are defined as being involved in the exploration, prospection, discovery, development and extraction of minerals. . .¹ Smelting and refining are categorized as Manufacturing under EU rules.

Similarly, Canada's disclosure law does not include payments related to mineral processing unless the activity is integrated into extractive operations.

Looking at EITI country reports, however, it does seem like companies that only carry out smelting (not mining) do report, which suggests that EITI does not exclude smelting and refining from its disclosure standard (although it is unclear if all EITI-implementing countries include mineral processing facilities in their implementation of EITI).

Question: Should IRMA require that standalone mineral processing facilities engaged with IRMA publicly report the revenues and payments paid to government?

BACKGROUND

Revenues derived from the extraction of a country's mineral resources can make a major contribution to funding public services and other valuable government activities; however, where citizens have limited knowledge of revenues paid by natural resource companies the chances of theft or inappropriate usage of revenues from extractives companies grows. Increased transparency of material payments to and revenues received by the host country government is an essential step toward addressing this matter.

¹ From Directive 2013/34/EU, Chapter 10, Report on Payments to Governments, Article 41, "• undertaking active in the extractive industry• means an undertaking with any activity involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials, within the economic activities listed in Section B, Divisions 05 to 08 of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 (20). . ." [emphasis added]

The referenced Regulation (EC) No 1893/2006, Section B, Divisions 05 to 08 includes mining, but does not include smelting and refining, which are covered under Division 24 "Manufacture of Basic Metals (for further details, NACE Rev.2 Statistical classification of economic activities in the European Community, p. 154. <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>)

The Extractive Industries Transparency Initiative (EITI) is a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources, allowing citizens to see for themselves how much their government is receiving from their country's natural resources. The EITI is complemented and extended by mandatory transparency regimes enacted into law in the European Union and other jurisdictions. The IRMA Standard is intended to support, without duplicating, the work of the EITI and mandatory transparency regimes.

Many payments, however, continue to be illegal and hidden from view. According to the OECD, "Corrupt behaviour can range from simple acts such as a cash payment to a border guard, or involve complex networks of enablers, corporate entities and sophisticated financial transactions across multiple jurisdictions. . .[and] Corruption risks may arise, for example, when companies enter into joint ventures, when a government awards or amends mining licenses, when companies subcontract during the exploration or extraction phases, during routine government inspection of mine sites, when minerals are shipped across borders, and in the collection of taxes. Companies or their agents are reported to offer bribes to public officials for favourable treatment, or conversely, public officials may solicit bribes from companies."²

The International Monetary Fund (IMF) estimates that bribes, alone, annually amount to \$US1.5 - 2 trillion, while the "overall economic and social costs of corruption are likely to be even larger, since bribes constitute only one aspect of the possible forms of corruption."³ The OECD estimates that one in five cases of foreign bribery occurs in the extractives sectors (mining, quarrying mining support services and oil and gas extraction).⁴

Transparency of exploration and mining contracts, disclosure of beneficial ownership, and strong entity policies and action are all important steps at combatting the various forms of corruption.⁵

OBJECTIVES/INTENT OF THIS CHAPTER

NOTE: REVISED Expanded beyond just mining-related payments, and also added reference to ethical nature of financial activities and arrangements to reflect the purpose of the anti-corruption requirements.

To increase transparency of payments made in relation to mining-related activities, projects and operations, and provide communities and the general public with the information they need to understand and assess the fairness and ethical nature of an entity's financial activities and arrangements.

SCOPE OF APPLICATION

RELEVANCE: This chapter is applicable to all exploration, mining and mineral processing projects and operations.

NOTE ON SCOPE OF APPLICATION: This proposed version of the IRMA Standard is meant to apply to exploration, mining, and mineral processing projects and operations (see definitions of project and operation), but not all requirements will be relevant in all cases. We have provided some high-level

TERMS USED IN THIS CHAPTER

Beneficial Owner ■ Confidential Business Information ■ Contractors ■ Corporate Owner(s) ■ Corruption **NEW** ■ Entity **NEW** ■ Exploration **NEW** ■ Facilitation Payment **NEW** ■ In-Kind Payments ■ International Accounting Standards ■ Material Payments ■ Mineral Processing **NEW** ■ Mining **NEW** ■ Operation **NEW** ■ Payments ■ Project **NEW** ■ Stakeholder ■ Whistleblower **NEW** ■ Worker

These terms appear in the text with a dashed underline. For definitions see the Glossary of Terms at the end of this chapter.

² OECD. 2021. Frequently Asked Questions: How to address bribery and corruption in mineral supply chains. p. 5. <https://mneguidelines.oecd.org/faq-how-to-address-bribery-and-corruption-risks-in-mineral-supply-chains.pdf>

³ IMF. 2016. Corruption: Costs and Mitigating Strategies. p. 5. <https://www.imf.org/external/pubs/ft/sdn/2016/sdn1605.pdf>

⁴ OECD. 2014. OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials. pp. 21, 22. https://www.oecd-ilibrary.org/governance/oecd-foreign-bribery-report_9789264226616-en

⁵ See, for example: Transparency International. Accountable Mining." <https://www.transparency.org/en/projects/accountable-mining>; EITI. "Beneficial Ownership." <https://eiti.org/beneficial-ownership>; and OECD. 2021. Frequently Asked Questions: How to address bribery and corruption in mineral supply chains. <https://mneguidelines.oecd.org/faq-how-to-address-bribery-and-corruption-risks-in-mineral-supply-chains.pdf>

information below, but the IRMA Secretariat will produce a detailed Scope of Application for each chapter that will indicate relevancy on a requirement-by-requirement basis (and will provide some normative language where the expectations may slightly differ for proposed projects versus operations, or for mining versus mineral processing, etc.).

CRITICAL REQUIREMENTS IN THIS CHAPTER

A policy is in place and implemented to prevent, detect, and address corruption (including bribery, extortion, embezzlement, money laundering and attempts to gain undue influence) by employees, contractors and business partners (1.5.3.1).

NOTE ON CRITICAL REQUIREMENTS: The 2018 IRMA Standard includes a set of requirements identified as being critical. Projects/operations being audited in the IRMA system must at least substantially meet all critical requirements in order to be recognized at the achievement level of IRMA 50 and higher, and any critical requirements not fully met need a corrective action plan for meeting them within specified time frames.

INPUT WELCOME: The proposed revisions to the 2018 Standard have led to new content, as well as edits of some critical requirements in the process. Therefore, there will be a further review of the language and implications of critical requirements prior to the release of a final v.2.0 of the IRMA Standard. During this consultation period we welcome input on any existing critical requirement, as well as suggestions for others you think should be deemed critical. A rationale for any suggested changes or additions would be appreciated.

Revenue and Payments Transparency Requirements

1.5.1. Financial Transparency

NOTE FOR 1.5.1: This criterion combines several criteria from the 2018 Mining Standard, all of which contained elements related to financial transparency (1.4.1 ‘Disclosure of Country-Level Payments’, 1.5.2 ‘Disclosure of Project-Level Payments’, 1.5.4 ‘Operating Company Transparency’). We are proposing to simply this by listing all of the relevant requirements under this new criterion heading.

1.5.1.1. Annually, all material payments made by the entity and its corporate owner to the host country government are disclosed as follows:⁶

- a. Reports are made public within 12 months after the end of each financial year in which payments occurred;⁷
- b. Reports are readily accessible to the public;
- c. All material payments are broken down by recipient government body (where applicable), and payment type (see 1.5.1.1.c); and
- d. The types of payment disclosed shall include as a minimum, as applicable:
 - i. The host government’s production entitlement;
 - ii. National state-owned enterprise production entitlement;

⁶ Reports filed to meet regulatory requirements may provide the evidence of conformity with this requirement. Some examples of regulations that promote transparency of mining and minerals-related payments to governments include:

The European Union Accounting Directive 2013/34/EU is available at: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013L0034&qid=1524171176636> and the European Union Transparency Directive 2013/50/EU is available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1415872329209&uri=CELEX:32013L0050>.

Equivalent transparency regimes include, for example: Government of Canada. 2015. Extractive Sector Transparency Measures Act. <http://laws-lois.justice.gc.ca/eng/acts/E-22.7/page-1.html>; Ministry of Finance. 2013. Regulations on country-by-country reporting. Available at: <http://www.publishwhatyoupay.no/en/node/16414>; and UK Government. 2014. The Reports on Payments to Governments Regulations 2014. http://www.legislation.gov.uk/uksi/2014/3209/pdfs/uksi_20143209_en.pdf

⁷ The information may be made publicly available on the company and/or appropriate government website(s).

- iii. Taxes on income, production, or profits of companies;⁸
- iv. Royalties;
- v. Dividends;
- vi. Bonuses, such as signature, discovery, and production bonuses;
- vii. License fees, rental fees, entry fees and other considerations for licenses and/or concessions;
- viii. Payments for infrastructure improvements; and
- ix. Any other significant payments and material benefits to government, including in-kind payments.⁹

NOTE FOR 1.5.1.1: REVISED. Previously, criterion 1.5.1 was divided into four separate requirements. In an effort to simplify and add clarity to this requirement, all expectations related to the publication of a report on payments to host country governments have been consolidated into one requirement here.

Also, we removed references to the EU Accounting and Transparency Directives and other mandatory transparency regimes from the requirement text. The rationale is that instead of referring to a single regulatory approach to transparency, we are proposing to focus on the best practices for what information is expected to be published. The types of payments listed are consistent with what is in the EU directives and in other similar laws.

This new approach should not have any ramification for how the requirement is audited. For the 2018 Mining Standard, IRMA expected auditors to verify that the various types of information were being published, and the same will apply to this requirement.

1.5.1.1.d.iii has been revised slightly. In the 2018 Standard it referred to 'Profit Taxes', but as per EU Accounting Directive 2013/34/EU, Article 41, tax-related payments that should be reported include “taxes levied on the income, production or profits of companies, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes.”¹⁰

1.5.1.2. Annually, the following project-level information is disclosed as follows:¹¹

- a. Information is made public within 12 months after the end of each financial year in which activities and payments occurred;¹²
- b. Information is readily accessible to the public; and
- c. Project-level information includes:
 - i. Production of minerals and/or metals, disaggregated by product type and mass;
 - ii. Revenues from sales, disaggregated by product type;
 - iii. Payments and other material benefits to government as listed in requirement 1.5.1.1.d, disaggregated according to the receiving government entity (e.g., national, regional, local entity; name of government department);

⁸ This excludes taxes levied on consumption such as value added taxes, personal income taxes or sales taxes.

⁹ Examples of “other significant payments” include transportation revenue or social expenditures. According to EITI Standard, Section 4.4, transportation revenue may include revenue from taxes, tariffs or other relevant payments related to transport of mined commodities). Social expenditures made by companies may be an example of material payments and/or benefits to governments (see EITI requirement 6.1).

¹⁰ See European Union Accounting Directive 2013/34/EU. Article 41(5)(b). <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32013L0034&qid=1524171176636>

¹¹ As per EITI, a project is defined as operational activities that are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. However, in some jurisdictions, projects may encompass a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government. Where this is the case, disclosures of payments may reflect this aggregation.

Alternatively, some jurisdictions may only require that payments be made at the entity level, rather than the project level. In such cases, disclosures may be made at the entity level.

For more information see: EITI. 2020. Guidance Note 29 “Project-level Reporting.” Page 3. <https://eiti.org/sites/default>

¹² The information may be made publicly available on the company and/or appropriate government website(s).

- iv. Social expenditures, including the names and functions of beneficiaries;¹³
- v. Taxes, tariffs, or other specific payments related to transportation of minerals to and from the project/operation;¹⁴
- vi. Payments by the entity or its corporate owner to politicians' campaigns, political parties or related organizations in relevant project-level jurisdictions (i.e., the local, regional, and national level);
- vii. Facilitation payments made to public or government officials (when operating in countries where such payments are legal); and
- viii. Fines or other similar penalties.

NOTE FOR 1.5.1.2: The expectations in this requirement were found in criterion 1.5.2 in the 2018 Mining Standard. Two separate requirements in that criterion that have been consolidated here. The reference to EU Directive 2013/34/EU has been removed. Although that directive covers some site-level transparency issues, those adhering to that directive may need to disclose additional data to meet the IRMA requirement.

A footnote has been added to make it clear that "project-level," in some cases, may be defined more broadly than a single project or operation, depending on the host country's basis for how payments are made to the government. This aligns with EITI's approach.

Sub-requirement 1.5.1.2.c.i was 1.5.2.2.a in the 2018 Mining Standard. It required reporting of mine production, disaggregated by product type and volume. We are proposing to revise this to "production of minerals and/or metals" to make this also applicable to mineral processing sites. We have also replaced volume with mass, as that is the typical way that production is reported (e.g., as tonnes, ounces, pounds, carats, etc., rather than on a volume basis).

More detail was added to 1.5.1.2.c.vi (previously 1.5.2.2.f), to make it clear that these are payments in any relevant jurisdictions within the host country (local, regional, and national) where the project/operation is located.

1.5.1.2.c.vii is **NEW**. It has been added to align with ICMM's Performance Expectation 1.2, which requires that companies "...publicly disclose facilitation payments." We have clarified, however, that this be disclosed for countries where such payments are legal. Where such payments are illegal, it is unlikely that any entity is going to willingly disclose such payments publicly, as it will incriminate them. If an auditor determines that illegal facilitation payments are occurring, then that should be reflected in the ratings in Chapter 1.1 Legal Compliance.

CONSULTATION QUESTION 1.5-2: Requirement 1.5.1.2.c.v. has been adapted for mineral processing sites; however, it is not clear if taxes on feed materials are paid by mineral processing sites or by the mines. Do you have any input on whether or not such taxes are paid?

1.5.1.3. The entity adheres to international accounting standards.

NOTE: This was 1.5.2.3 in the 2018 Mining Standard.

CONSULTATION QUESTION 1.5-3: Should IRMA require that financial statements be audited by credible third-party experts (e.g., certified public accountants) to provide added assurance that they entity is adhering to international accounting standards?

¹³ Social expenditures include in-kind expenditures. Reporting of social expenditures does not include expenditures agreed upon with affected Indigenous Peoples' governing bodies, e.g., "impact and benefit" or similar agreements reached through the process of Free, Prior and Informed Consent (see Chapter 2.2). Those expenditures may be reported if agreed by the Indigenous Peoples.

¹⁴ E.g., there may be tariffs paid on feed materials (minerals, metals) that are necessary in mineral processing, and there may be tariffs on products or byproducts after they leave the processing facility or mine.

1.5.1.4. The material terms for mineral exploration, development and production agreed between the entity or its corporate owner and government entities are freely and publicly available, with the exception of confidential business information,¹⁵ in the national language(s) of the country in which the project/operation is located.

- a. Where these terms are negotiated, rather than governed by law, the entity makes the relevant agreements, licenses, or contracts freely and publicly available; or
- b. Where these terms are governed by law, free, public access to the relevant statutory documentation is deemed sufficient to meet the IRMA requirement.

NOTE FOR 1.5.1.4: This was 1.5.4.1 in the 2018 Mining Standard.

1.5.1.5. Information on the beneficial owners of the entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s) are made publicly available, including:

- a. Names;
- b. Nationality;
- c. Country of residence; and
- d. The level of ownership and details about how ownership or control is exerted.

NOTE FOR 1.5.4.5: REVISED. This was 1.5.4.2 in the 2018 Mining Standard. We are proposing to revise the requirement to be more specific regarding the information on beneficial owners that is made publicly available, i.e., names, nationalities and country of residence. This addition is based on the requirements of the 2016 EITI Standard.¹⁶ It provides more clarity that the information published goes beyond just the names of the beneficial owners.

CONSULTATION QUESTION 1.5-4:

Background: IRMA’s definition of beneficial owner aligns with both EITI and the FATF. However, the definition leaves room for interpretation, and has the potential to lead to disagreements between entities and auditors and stakeholders regarding whether all beneficial owners have been disclosed.

Where government regulations have elaborated on beneficial owners, or where an EITI multi-stakeholder process has agreed on what constitutes a beneficial owner for the purposes of disclosure, IRMA is considering recommending that entities use those definitions as the basis for their reporting. However, not all jurisdictions have laws that define beneficial ownership, and/or not all countries have EITI processes.

Thus, IRMA is seeking input on what ownership thresholds or other factors should be included to guide entities when there are no legal or multi-stakeholder-agreed criteria for what constitutes a beneficial owner.

Question: Do you have any suggestions on the criteria for who should be considered a beneficial owner, such as ownership thresholds (e.g., those who hold more than 10% of shares) or a certain % of voting rights, or those who have other means of exercising control over the entity such as appointing or firing members of governing bodies, etc.

1.5.2. Support for the Extractive Industries Transparency Initiative (EITI)

1.5.2.1. The entity supports the EITI in the following manner:

- a. If the project/operation is located in a country without a mandated transparency regime, the entity publishes a clear public statement endorsing the EITI Principles on its external website; and

¹⁵ Confidential business information that is not material to the terms for mineral exploration, development and production may be excluded or redacted from the publicly accessible documentation as necessary.

¹⁶ Extractive Industries Transparency Initiative (EITI). 2016. Standard.”2.5 Beneficial Ownership.” https://eiti.org/sites/default/files/attachments/the_eiti_standard_2016_-_english.pdf. See also: EITI Factsheet. 2017. “Disclosing beneficial ownership” p.8. https://eiti.org/sites/default/files/attachments/eiti_bo_factsheet_en_final.pdf

- b. If the project/operation is located in a country where EITI is active, the entity engages constructively with and supports implementation of the EITI consistent with the multi-stakeholder process adopted in that country.

NOTE FOR 1.5.2.1: REVISED. Requirements 1.5.3.1 and 1.5.3.2 from the 2018 Mining Standard have been combined. We removed reference to company forms.

1.5.3. Addressing Corruption and Unethical Behavior

NOTE FOR 1.5.3: Minor change in name from ‘Anti-Corruption Measures’ to ‘Addressing Corruption and Unethical Behavior’.

We are proposing to define **corruption** as:

Any unlawful or improper behavior that seeks to gain a private advantage through illegitimate means. Any kind of bribery is a form of corruption; but corruption also includes abuse of power, extortion, fraud, deception, collusion, cartels, embezzlement, and money laundering.¹⁷

1.5.3.1. (Critical Requirement)

An anti-corruption (or equivalent) policy:

- a. Outline’s the entity’s commitment to preventing, detecting and addressing corruption and bribery by the entity’s employees, contractors, and third parties such as agents, intermediaries, suppliers, and joint venture partners (hereafter referred to as “business partners”);
- b. Is approved at the most senior level of the entity; and
- c. Is communicated to all workers, contractors, and business partners.

NOTE FOR 1.5.5.1: REVISED. This was requirement 1.5.5.1 in the 2018 Mining Standard. We have revised the wording of this requirement. Instead of a requirement to prohibit bribery and corruption (which is addressed to some extent in 1.4.3.2.a), we are proposing that the policy be more comprehensive, and include a commitment from the highest level of the entity to prevent, detect and address bribery and corruption.

Sub-requirement (c) has been added because workers, contractors and business partners all need to be aware of the policy so that they understand the entity’s approach to bribery and corruption, and any expected behavior on their part.

Also, in the 2018 Mining Standard the requirement included both policies and procedures. We are proposing to create two separate requirements – this one, which addresses the higher-level policy, and 1.5.3.2, below, on the procedures, which has much more detail than what was in the 2018 Standard. For now, we are keeping the policy as the critical requirement (for more on critical requirements see the note that accompanies ‘Critical Requirements In This Chapter,’ above).

1.5.3.2. Anti-corruption procedures are in place and implemented that outline the internal controls to prevent, detect and address corruption, bribery, and other unethical behavior. At minimum, the procedures include:

- a. Prohibited actions (e.g., corruption, including bribery, extortion, money laundering, attempts to gain undue influence, illegal facilitation payments, etc.);
- b. Criteria for behaviors that may be deemed acceptable under certain circumstances, and approval processes related to:¹⁸
 - i. The offer of and acceptance of financial and in-kind gifts, including hospitality, entertainment, and travel (to and from employees, contractors, third-parties and business partners);¹⁹
 - ii. Political contributions;

¹⁷ Source: Responsible Jewellery Council 2019. <https://www.responsiblejewellery.com/wp-content/uploads/RJC-COP-2019-V1.2-Standards.pdf>

¹⁸ These are from: OECD. 2010. Good Practice Guidance on Internal Controls, Ethics and Compliance. <https://www.oecd.org/daf/anti-bribery/anti-briberyconvention/44884389.pdf>

¹⁹ Third-parties may include government/public officials, politicians, auditors, or others with potential influence.

- iii. Charitable contributions and sponsorships; and
- iv. Legal facilitation payments;²⁰
- c. Protections including non-retaliation for whistleblowers and employees and contractors who raise concerns about suspected corruption or unacceptable behavior associated with the project/operation,²¹ or who refuse to pay bribes even if such refusal results in the loss of business;
- d. Internal reporting and recording of:
 - i. Approved gifts, contributions and payments given to or received from employees, contractors, third-parties and business partners;²² and
 - ii. Unapproved or undue financial or other advantage given to or received from employees, contractors, third-parties and business partners;²³
- e. Investigation of alleged corruption or unacceptable behavior that contravenes the entity's anti-corruption policy or procedures; and
- f. Disciplinary actions to be taken if corruption or unacceptable behavior is confirmed.

NOTE FOR 1.5.3.2: REVISED. Combined 1.5.5.1 and 1.5.5.2 from the 2018 Mining Standard, as both requirements referred to procedures to combat corruption. The list of elements to include in the procedure has been expanded based on a gap analysis with other related standards – parts of sub-requirement (a), (b) and (c) are from ResponsibleSteel, parts of (b), (c), (d) and (e) are from Responsible Jewellery Council's Code of Practices.²⁴

1.5.3.3. Relevant employees and contractors receive training on the anti-corruption procedures.

NOTE FOR 1.5.3.3: REVISED. This was requirement 1.5.5.3 in the 2018 Mining Standard.

1.5.3.4. On an annual basis, the entity reports:

- a. Total number and nature of confirmed incidents of corruption or other unacceptable behavior related to the project/operation;
- b. Total number of confirmed incidents in which the project's/operation's employees were dismissed or disciplined for corruption or other unacceptable behavior;
- c. Total number of confirmed incidents where the project's/operation's contracts with contractors or business partners were terminated or not renewed due to violations of the entity's anti-corruption policy and procedures; and
- d. Public legal cases regarding corruption brought against the company or its employees during the reporting period and the outcomes of such cases.

NOTE FOR 1.5.3.4: NEW. In the 2018 Mining Standard, there were no expected reporting or disclosure requirements related to anti-corruption. We are proposing to add this to align with the Global Reporting Initiative's (GRI) requirements on reporting of corruption incidents.²⁵

²⁰ Any legal facilitation payments are required to be publicly disclosed as per requirement 1.5.1.2.c.vii.

²¹ Chapter 3.1 (Fair Labor and Terms of Work) includes a whistleblower mechanism for employees and contractors (see requirement 3.1.5.2).

²² Third-parties may include government/public officials, politicians, auditors, or others with potential influence.

²³ Such payments or advantages could be paid or received by employees of the entity directly, or through contractors or business partners acting on the entity's behalf in order to garner some benefit for the entity.

²⁴ ResponsibleSteel. 2022. ResponsibleSteel Standard V.2.0. Requirement 1.1.1.d. <https://www.responsiblesteel.org/wp-content/uploads/2022/10/ResponsibleSteel-Standard-2.0.1.pdf>

Responsible Jewellery Council. 2019. Code of Practices. Requirement 11.1 and 11.2. <https://www.responsiblejewellery.com/wp-content/uploads/RJC-COP-2019-V1.2-Standards.pdf>

²⁵ Global Reporting Initiative. 206. GRI 205: Anti-corruption. Disclosure 205-3 "Confirmed incidents of corruption and actions taken." <https://www.globalreporting.org/standards/media/1006/gri-205-anti-corruption-2016.pdf>

NOTES

The Extractive Industries Transparency Initiative (EITI) maintains the EITI Standard. The EITI scheme applies specifically to countries. Countries implement the EITI Standard to ensure full disclosure of taxes and other payments made by producing oil, gas and mining companies. These payments are disclosed in an annual EITI Report (to see all EITI Reports, go to: eiti.org/countries/reports). This report allows citizens to see for themselves the revenues that their government is receiving from their country's natural resources.

Requirement 1.5.1.1 in this IRMA chapter is based on EITI requirements but have been designed for application to entities reporting payments to governments (not the governmental reporting requirements). Requirement 1.5.1.2 aims to complement EITI's scheme by requiring entities to report corporate-level information about payments made by the entity or its corporate owner in the country where the project/operation is located, allowing country and corporate reporting to be compared.

Since IRMA assesses individual sites, most of the criteria apply specifically at the project/operation level, and the chapter includes requirements related to project/operation-level reporting of payments, other disclosures, and anti-corruption measures.

CROSS REFERENCES TO OTHER CHAPTERS

This table will be added when the new content for all chapters is finalized and approved.

GLOSSARY OF TERMS USED IN THIS CHAPTER

PROPOSED NEW DEFINITIONS

Corruption

Any unlawful or improper behavior that seeks to gain a private advantage through illegitimate means. Any kind of bribery is a form of corruption; but corruption also includes abuse of power, extortion, fraud, deception, collusion, cartels, embezzlement, and money laundering.

Source: Adapted from Responsible Jewellery Council 2019. <https://www.responsiblejewellery.com/wp-content/uploads/RJC-COP-2019-V1.2-Standards.pdf>

Entity

A company, corporation, partnership, individual, or other type of organization that is effectively in control of managing an exploration, mining or mineral processing project or operation.

Exploration

A process or range of activities undertaken to find commercially viable concentrations of minerals to mine and to define the available mineral reserve and resource. May occur concurrent with and on the same site as existing mining operations.

Facilitation Payment

Sums of money paid to get preferential treatment for something the receiver is otherwise still required to do—for example, paying an official to speed up, or 'facilitate', an authorization process.

Source: Responsible Jewellery Council. 2019. Code of Practices Guidance. <https://www.responsiblejewellery.com/wp-content/uploads/RJC-COP-Guidance-April-2019.pdf>

Mineral Processing

Activities undertaken to separate valuable and non-valuable minerals and convert the former into an intermediate or final form required by downstream users. In IRMA this includes all forms of physical, chemical, biological and other processes used in the separation and purification of the minerals.

Mining

Activities undertaken to extract minerals, metals and other geologic materials from the earth. Includes extraction of minerals in solid (e.g., rock or ore) and liquid (e.g., brine or solution) forms.

Operation

The set of activities being undertaken for the purpose of extracting and/or processing mineral resources, including the running and management of facilities and infrastructure required to support the activities, and the ongoing legal, environmental, social and governance activities necessary to maintain the business endeavor.

Project

The development phases before a mining or mineral processing operation can begin (e.g., exploration, pre-feasibility, feasibility, conceptual design, planning, permitting). Includes all desk-top and field-based activities, including exploration activities, needed to inform and develop a project proposal, support the environmental and social impact assessment of a proposal, generate information necessary to fulfill regulatory and permitting requirements, engage with stakeholders and rights holders, and maintain the entity's business endeavor.

Whistleblower

A person who raises concerns regarding the unlawful or unethical activity or behavior of a person or organization.

EXISTING DEFINITIONS

Beneficial Owner

The natural person(s) who ultimately owns or controls a company and/or on whose behalf a company is owned. It includes those people who exercise ultimate effective control over a legal person or arrangement. Reference to "ultimately owns or controls" and "ultimate effective control" refer to situations in which ownership/control is exercised through a chain of ownership or by means of control other than direct control.

Confidential Business Information

Material that contains trade secrets or commercial or financial information that has been claimed as confidential by its source. The information must be secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to people within the circles that normally deal with the kind of information in question; it must have commercial value because it is secret; and it must have been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

Contractor

An individual, company, or other legal entity that carries out duties related to a project/operation that are subject to a contractual agreement that defines, for example, work, duties or services, pay, hours or timing, duration of agreement, and that remains independent for employment, tax, and other regulatory purposes. It also includes contracted workers hired through third party contractors (e.g., brokers, agents, or intermediaries) who are performing mining-related activities at the project/operation site or associated facilities at any point during the project/operational life cycle (including prior to or during construction phase). See also 'Mining-Related Activities.'

REVISED. Added contracted worker as a type of contractor. Changed wording from mining project to project/operation.

Corporate Owner(s)

The corporation(s) or other business institution(s) including any private or state-run enterprises that have complete or partial financial interest in or ownership of a project/operation.

REVISED. Changed wording from mining project to project/operation.

In-Kind Payments

Payments made to a government (e.g., royalty) in the form of the actual commodity (mineral processing products or by-products) instead of cash.

International Accounting Standards

Several accounting standards are commonly recognized as an international accounting standard; for example, the International Financial Reporting Standards (IFRS), which are set by the International Accounting Standards Board (IASB).

Material Payments

If not defined in a mandatory transparency regime or through an EITI country-specific multi-stakeholder process, material payments are those that exceed US\$100,000 (or its equivalent in other currencies). Payments may occur as a single installment or be the aggregate of a series of related payments that are made in the same fiscal/financial year. Material payments may be monetary or in-kind.

Stakeholders

Individuals or groups who are directly or indirectly affected by a project/operation, such as rights holders, as well as those who may have interests in a project/operation and/or the ability to influence its outcome, either positively or negatively.

REVISED. Changed wording from persons to individuals, and from project to project/operation.

Suppliers

Those who provide goods, services or materials to the operation.

Worker

All non-management personnel directly employed by the entity.

REVISED. Added that personnel are directly employed by the entity.