



IRMA

Initiative for Responsible  
Mining Assurance

# How IRMA Benefits Finance

## Advancing Mining Performance and De-Risking the Supply Chain

Mined materials form the backbone of modern, industrialized economies, embedded in the supply chains of companies operating in every sector. That said, while mining is essential for modern life, the industry faces significant scrutiny due to the environmental, social, and governance (ESG) risks inherent in these operations.

In a world where mining is set to increase substantially, mining-affected communities, Indigenous peoples, mine workers, governments and finance professionals are grappling with the question: Does mining generate benefits sufficient to outweigh negative externalities?

**The mining industry and companies using mined materials—and their financiers and investors—share a need to optimize the benefits delivered to communities and workers to de-risk mine operations and build resilience across the mineral supply chain. The world is now expecting even more from the mining sector, especially given the role it will play in the global energy transition. Finance will benefit from more responsible mining and, at this critical juncture, has a critical role to play in incentivizing it.**

IRMA was founded on the belief that every individual impacted by mining should have a say in how responsible mining is defined and measured. By convening experts, advocates, and industry leaders across six key sectors, we have developed an independent, best-practice standard for responsible mining, as well as a transparent process for assessing mine performance against that standard.

IRMA is unique in that it was co-created by six diverse sectors, ensuring communities, workers, and NGOs are given an equal voice alongside mining companies, purchasers of mined materials, and finance professionals. As more and more audit reports are released, we are seeing that this system, built by all sectors, has concrete benefits for each one. IRMA is also unique in the unprecedented levels of transparency it offers. Audit reports are published in their entirety, providing deep insights into how mine sites and companies are rising to the challenge of more responsible mining. The IRMA system including the standard and its three-year audit cycle, is designed to incentivize the adoption of ever more responsible practices resulting in increasingly resilient mine operations and de-risked mineral supply chains over time.



*“...for the investment community. You have probably never been more invested in the success of the mining industry than you are now – even if you don’t own a single mining company. This is a massive supply chain risk that needs addressing. Investors should push the mining companies they own to pursue responsible mining practices while engaging the downstream buyers of critical minerals on demanding IRMA audits from their upstream suppliers. It is through this lever that we can affect change that will result in real benefits at the mine site.”*

JAMIE BONHAM, HEAD OF STEWARDSHIP, NEI INVESTMENTS.

## Environmental and Social Issues are Financially Material

The social and environmental factors that inform IRMA’s Standard and the published audit reports are financially material to future cash flows that set the value of the company. A mining company unable to access water will be unable to process ore and minerals. A company operating in a community fundamentally opposed to mining will find itself the target of protests, legal challenges, and may face shut down involving heavy financial costs. Consumer-facing brands reliant on mined materials from risky sources may find themselves the target of high-profile media campaigns and allegations of greenwashing.

Under these scenarios, cash flows suffer and share prices can decline precipitously. Investment fiduciaries are obligated to explore these risks to assess their potential impact on company performance. IRMA can help identify how portfolio companies are performing at key mine sites and demonstrate corporate commitments to continuous improvement.

## IRMA’s Role in Assessing Material Impacts

Many investment institutions are encouraging companies to assess and disclose the social and environmental material impacts of their operations on their stakeholders. The concept of impact materiality has been incorporated into the risk identification and mitigation matrices of many companies, and disclosure regulations in major markets are beginning to require this practice.

At the same time, the concept of double materiality—assessing and disclosing both financial and impact factors—is widely recognized as a critical approach for responsible investment. IRMA’s standard is designed to enhance social and environmental performance, helping financial institutions assess all dimensions of performance, lower risks throughout the supply chain, and mitigate broader systemic risks.



*“A supply-demand imbalance for critical minerals poses a risk to the global energy transition. Verifying that companies are living up to high standards will be vital for investors to feel confident investing in the sector. Over the past 20 years, IRMA has created the world’s leading standards and guidelines for responsible mining.”*

ASHLEY HAMILTON-CLAXTON, HEAD OF RESPONSIBLE INVESTMENT,  
ROYAL LONDON ASSET MANAGEMENT.

## IRMA's Role in Addressing Systemic Risks

Indeed, the value of IRMA for finance goes beyond individual company risk and impact profiles. Systemic risks relate to business activities which can generate negatives externalities that can adversely affect entire sectors, regional and national economies, and global financial stability. Systemic risks are particularly critical for universal investors: asset owners and investment managers who, by owning thousands of securities in diversified portfolios, are exposed to economic fluctuations worldwide.

Systemic risks, such as climate change, biodiversity loss, and wealth inequality, can build over time, interact with each other, and, once in motion, become difficult to control. They tend to be cumulative and interdependent, leading to far-reaching economic impacts, market shocks, and even system-wide failures. Over time, these risks erode economic performance, reducing overall market returns and, in turn, the value of widely diversified investment portfolios.<sup>1</sup>

A robust, responsible mining standard and assurance system can help mitigate the social and environmental impacts of investments, advance transition plans, and help meet requirements for “doing no significant harm” — a key feature of

sustainability and transition taxonomies aimed at reducing the potential for greenwashing allegations.<sup>2</sup>

By embedding IRMA’s standards into investment decision-making, financial institutions can proactively address both material risks and systemic risks, safeguard long-term portfolio performance, and contribute to a more resilient and sustainable global economy.



*“Responsible mineral sourcing is a strategic imperative for companies and investors across sectors, and we see membership and collaboration with IRMA as an exciting opportunity to bring stakeholders together and leverage collective action to drive progress.”*

CHRIS MCGOLDRICK, SENIOR INVESTMENT ANALYST, STEWART INVESTORS.

## IRMA is the Preeminent Mining Standard

IRMA has established itself as the preeminent standard in the mining industry, consistently outperforming other frameworks in terms of transparency, accountability, and robustness. This recognition is echoed by several leading finance institutions, mining companies, investment purchasers of mined materials, think-tanks, Indigenous Peoples, and affected communities.

- \* Climate Action 100+ has set investor expectations for diversified mining, and recommends that IRMA be considered the primary independent responsible mining standard because of its multi-stakeholder governance system, allocating equal governing power to each represented stakeholder.<sup>3</sup>
- \* More than 30 investors, with nearly US\$3 trillion in assets under management have recommended that companies prioritize sourcing from mines audited by IRMA<sup>4</sup> in order to focused improve the nickel supply chains of the electric vehicle industry.
- \* The Just Transition Finance Lab operating from the London School of Economics has highlighted IRMA given its public notice of audits in a sustained effort to hear all voices, off-site interviews to ensure full and frank conversations, as well as a multi- stakeholder governance system aligned with the just transition principle of centering the voices of affected workers and communities.<sup>5</sup>
- \* Eighty-seven Indigenous Peoples’ representatives have identified IRMA as the minimum standard for mining companies in recognition of the standard’s strong commitment to the implementation of free, prior, and informed consent. The British Columbia Assembly of First Nations has endorsed and called upon the Government of British Columbia to adopt the IRMA standard.<sup>6</sup>
- \* More than 30 major brands with US\$2.1 trillion dollars in aggregate annual revenue are asking for IRMA as preferred standard for their mined materials suppliers. 100 mining companies, large and small, are formally engaged in IRMA, recognizing it as the world’s leading collection of social and environmental requirements. Entering the IRMA system lifts operational performance and results in far greater transparency and improved relations with communities and workers.

## IRMA Simplifies the Mining Standards Landscape and is Scaling Globally

Over the years, the mining industry has established responsible mining standards, often for specific minerals. This has created a crowded mining standards landscape. The IRMA standard, in contrast, simplifies the situation by providing one standard for all mined materials.

IRMA's growing influence in the mining industry is reflected in its expanding adoption by mining companies. Companies in the IRMA system range from micro-cap companies through to large cap, demonstrating that size need not matter when it comes to implementing best practice. These companies are extracting more than 50 types of mined materials in 35 countries around the world.

## IRMA is Focused on Continuous Improvement

IRMA is based on the inherent value of continuous improvement for companies to understand where they are performing well and where there are opportunities to do better. The intention is not to give mine sites a pass or fail grade, but rather to promote fundamental change for lasting positive outcomes. These outcomes support better and more efficient operations that deliver benefit to all stakeholders. IRMA is less concerned about calling out nonconformities today and is instead designed to ensure that operations work on improvement over time.

Aggregates	Kyanite	Rare Earths
Barite	Lanthanum	Rhodium
Bauxite	Lead	Ruthenium
Cerium	Limestone	Samarium
Chromite	Lithium	Sand
Chromium	Magnesium	Selenium
Coal	Mica	Silver
(metallurgical)	Mineral sands	Staurolite
Cobalt	Molybdenum	Sulphur
Copper	Monazite sand	Talc
Diamonds	Neodymium	Tantalum
Europium	Nickel	Tellurium
Feldspar	Osmium	Titanium
Gadolinium	Palladium	Tourmaline
Gold	Praseodymium	Vanadium
Graphite	Platinum	Xenotime
Iridium	Potash	Zinc
Iron	Quartz	Zircon

## IRMA is Practical and Achievable

Widely recognized for being the most robust and rigorous standard system available, IRMA audit results to date show that mine sites can achieve strong scores. Most audited mines assessed to date have met more than 75% of the standard's requirements. And, in 25 of the 26 chapters in the Standard, there has been at least one site achieving a score of 90% or more. As mine sites pursue their corrective action plans in anticipation of the next audit cycle, we expect these scores to improve. The investor voice has a key role to play in helping to advance these improvements.

## IRMA is Here to Help

IRMA can help the finance sector mitigate risks in the mining sector and across the mineral supply chain. We invite finance and investment firms to learn more by reaching out to IRMA's Finance Sector Lead at [info@responsiblemining.net](mailto:info@responsiblemining.net).

## Notes

- 1) International Corporate Governance Network, Investor Framework for Assessing Systemic Risks, June 2019 <https://www.icgn.org/sites/default/files/2021-05/1.ICGN%20Viewpoint%20on%20Systemic%20Risk.pdf>; Jon Lukomnik and James P. Hawley, Moving Beyond Modern Portfolio Theory: Investing That Matters, (London and New York: Routledge, 2021); William Burckardt and Steve Lydenberg, Twenty-First Century Investing: Redirecting Financial Strategies to Drive Systems Change, New York: Berrett-Koehler Publishers, 2021.
- 2) International Financial Reporting Standards Foundation, Transition Plan Taskforce Disclosure Framework, October 2023; Asset Managers Sector Guidance, May 2024; Asset Owners Sector Guidance April 2024, <https://www.ifrs.org/sustainability/knowledge-hub/transition-plan-taskforce-resources/>; European Commission, EU Taxonomy for Sustainable Activities [https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities\\_en](https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en) and <https://climateinstitute.ca/news/climate-taxonomy-disclosure-rules-long-term-investment-canada/>; [https://www.unepfi.org/wordpress/wp-content/uploads/2023/06/NZAOA-Canadas-Transition-Taxonomy-Webinar\\_Master.pdf](https://www.unepfi.org/wordpress/wp-content/uploads/2023/06/NZAOA-Canadas-Transition-Taxonomy-Webinar_Master.pdf); <https://www.asfi.org.au/taxonomy>
- 3) <https://www.climateaction100.org/wp-content/uploads/2023/09/Climate-Action-100-Diversified-Mining-Investor-Expectations.pdf>
- 4) <https://www.vbdo.nl/en/2024/03/more-investors-join-as-investor-initiative-on-responsible-nickel-supply-chains-has-kicked-off/>
- 5) <https://justtransitionfinance.org/publication/submission-to-the-un-secretary-generals-panel-on-critical-energy-transition-minerals-input-on-principles-and-recommendations/>
- 6) [https://www.bcafn.ca/sites/default/files/uploads/resolutions/2024\\_34\\_AGM\\_Resolution\\_SUPPORT%20FOR%20THE%20INITIATIVE%20FOR%20RESPONSIBLE%20MINING%20ASSURANCE%20%28IRMA%29%20MINING%20STANDARD.pdf](https://www.bcafn.ca/sites/default/files/uploads/resolutions/2024_34_AGM_Resolution_SUPPORT%20FOR%20THE%20INITIATIVE%20FOR%20RESPONSIBLE%20MINING%20ASSURANCE%20%28IRMA%29%20MINING%20STANDARD.pdf); <https://iprights.org/index.php/en/all-news/declaration-of-indigenous-peoples-participants-in-the-conference-on-indigenous-peoples-and-the-just-transition>