



**Position statement
on transparency
of mineral revenues**

July 2009

ICMM members recognise that they have a significant role to play in creating a safer and more sustainable mining and metals industry. Through their commitments they work together, alongside governments and local communities to improve quality of life beyond the provision of the minerals and metals that sustain modern living.

All member companies are represented on ICMM's council by their CEO.

Our members

African Rainbow Minerals

AngloAmerican

AngloGold Ashanti

Antofagasta Minerals

Barrick

BHP Billiton

Codelco

Freeport-McMoRan

Glencore

Goldcorp

Gold Fields

Hydro

JX Nippon

Lonmin

Mitsubishi Materials

MMG

Newcrest Mining

Newmont

Orano

Polyus

Rio Tinto

South32

Sumitomo Metal Mining

Teck

Vale

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Overview

ICMM company members are committed to contributing to the sustainable development of the countries and communities in which they operate. A major focus of ICMM's work is to explore ways to enhance the development contribution of member companies, by enabling the potential social, economic and institutional benefits of mining to be realised. ICMM considers that transparency of mineral revenues should be integral to such efforts.

ICMM respects the ultimate right of sovereign governments to make decisions regarding revenue transparency, and recognises the contribution that greater transparency can make to enhanced governance, combating corruption and ensuring that mineral revenues foster more sustainable growth and reduce poverty. Given the importance of revenue transparency for well-functioning economies and good governance, ICMM members will strive to positively engage with governments and civil society organisations that are committed to revenue transparency.

The Extractive Industries Transparency Initiative (EITI) has established a global standard for monitoring and reconciling tax revenues paid by oil, gas and mining companies. It also provides for disclosure of information on licences, contracts, production and other key elements around resource extraction, with the oversight of national multi-stakeholder groups. In doing so, it supports improved governance in resource-rich countries. EITI is a coalition of governments, companies, civil society groups, institutional investors and international organisations. ICMM is supportive of the EITI and of the EITI Principles, established in 2003, that are the cornerstone for the initiative (<https://eiti.org/standard/principles>).

The EITI is now supported by complementary laws in several jurisdictions requiring public disclosure of payments on a company-by-company, country-by-country and project-by-project basis.

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Background on ICMM principles and position statements

All ICMM member companies implement the ICMM *Sustainable Development Framework* as a condition of membership. This includes commitments to implement 10 principles throughout their businesses, to report in line with the Global Reporting Initiative's (GRI) *Sustainability Reporting Framework* and to obtain independent external assurance that the ICMM commitments are being met (this framework is described in detail at www.icmm.com/member-commitments).

ICMM principles of particular relevance to revenue transparency are:

- Principle 1: Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.
- Principle 10: Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

In accordance with the principles, ICMM has also developed a number of position statements that further elaborate member commitments to particular issues. Company members comply with these statements by incorporating them into their operational practices.

This position statement sets out ICMM members' approach to revenue transparency. It builds upon, and replaces, four earlier ICMM statements on the EITI (dating from 2003, 2005, 2006 and 2009).

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Recognition statements

ICMM members recognise:

1. ICMM research conducted in partnership with the World Bank and UNCTAD, has demonstrated that mining investments can help trigger economic growth and poverty reduction in developing countries, if pursued in parallel with appropriate policy and institutional reforms. Conversely, a high level of dependence on natural resource revenues can present significant governance and macro-economic management challenges.
2. ICMM's research has demonstrated that targeted macro-economic reforms and improved mining legislation can enhance the development impact of mining investments at the national and local levels. Transparency should be an important part of these reforms and transparency of revenue payments to governments is a necessary, although only partial, condition for development effectiveness.
3. Increased transparency is most beneficial when pursued as part of broader governance improvement programmes in order to deliver long-term economic growth and poverty alleviation. A related aspect is the implementation of policies and procedures to ensure that revenues are managed effectively.
4. The current country-level focus of initiatives such as EITI is an important step towards improving transparency. In the longer term, ICMM members are willing to work with others to build on national initiatives to broaden the coverage and spread of good governance.
5. Where there are provisions for a proportion of mineral revenues to be returned to specific mining regions and this does not then occur, or is perceived not to have occurred, it can lead to a decline in trust and deterioration in the investment environment. Where such arrangements exist and returns take place without adequate capacity at the appropriate administrative level for the management of such revenues, this can also adversely affect trust and the investment environment.

'... targeted macro-economic reforms and improved mining legislation can enhance the development impact of mining investments at the national and local levels.'

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4**Commitments**

In addition to existing commitments under the ICMM *Sustainable Development Framework* ICMM member companies commit to:

1. Include a clear endorsement of efforts at the international level to enhance the transparency of mineral revenues, including EITI, on their website and/or in their sustainable development reports. To submit a completed international-level self-assessment form to the EITI Secretariat for posting on the EITI website.
2. Engage constructively in countries that are committed to implementing EITI, consistent with the multi-stakeholder process adopted in each country.
3. Compile information on all material payments by country and by project at the appropriate levels of government. In the case of EITI implementing countries, this should be provided to the body assigned responsibility for reconciling details of payments by companies and revenue data provided by government according to the agreed national template. Material payments by companies are expected to have been independently audited, applying international standard accounting practices.
4. Support the public disclosure (i.e. publication) of material payments by country and by project. For EITI, this should be in line with the implementation approach adopted in-country.
5. Engage constructively in appropriate forums to improve the transparency of mineral revenues – including their management, distribution or spending – or of contractual provisions on a level-playing field basis, either individually or collectively through ICMM.

'ICMM member companies commit to support the public disclosure (ie publication) of material payments by country and by project.'

ICMM is an international organisation dedicated to enabling a safe, fair and sustainable mining and metals industry. Bringing together 25 mining and metals companies and over 30 regional and commodities associations we strengthen environmental and social performance.

We serve as a catalyst for change; enhancing mining's contribution to society.

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