

Guidelines for Social responsibility in Outbound Mining Investments

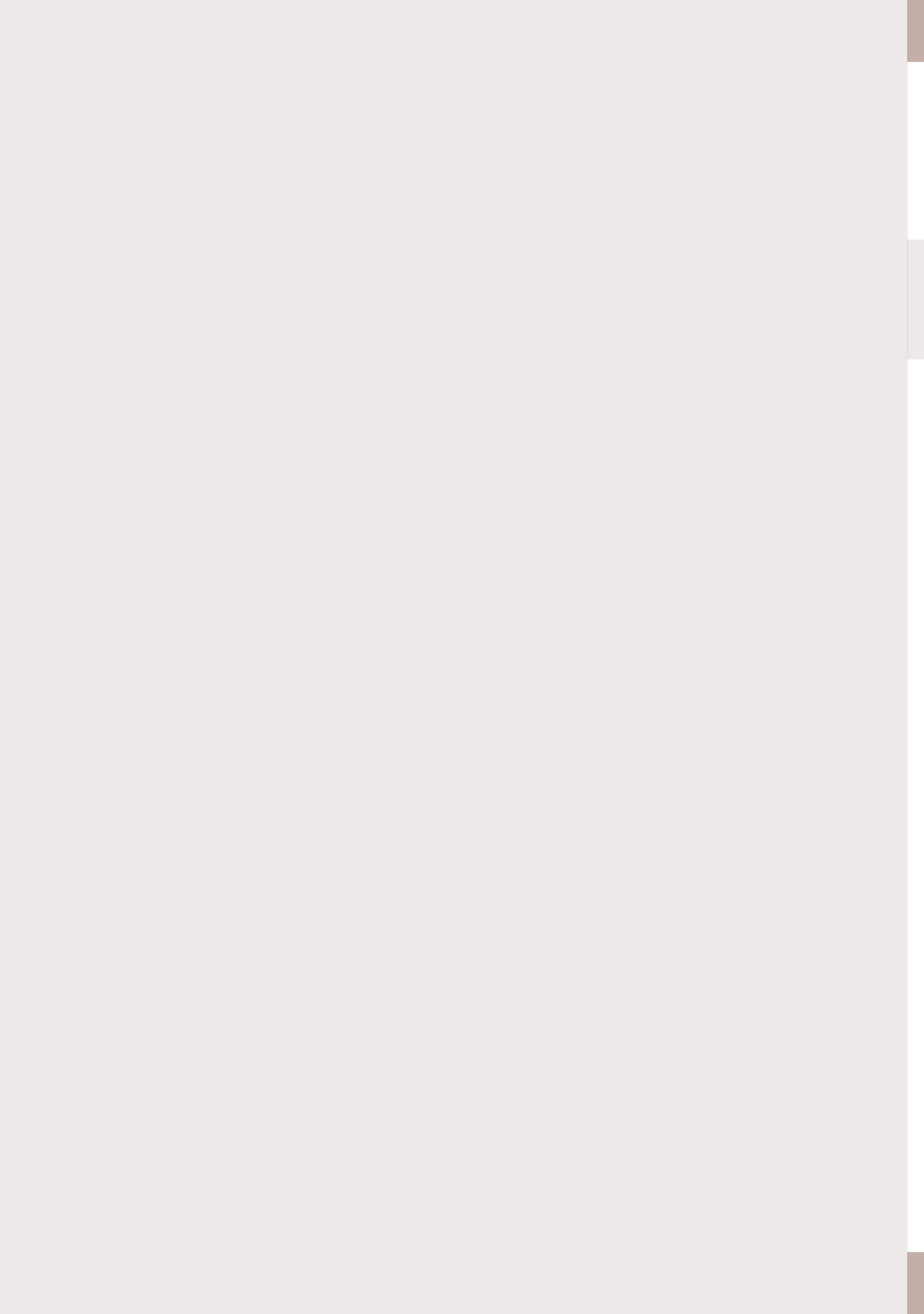
(GSRM)



中国五矿化工进出口商会

China Chamber of Commerce of Metals,
Minerals & Chemicals Importers & Exporters

CCCMC



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Foreword

Fuelled by economic growth and increasing demands of mineral resources, global investment and development for mineral resources has been intensifying. As the largest production and consumption country of mineral resources, China is implementing the “Going Out” strategy, and Chinese companies are encouraged to actively engage in public governance of global mineral resources in order to meet the needs of the rapid growth of the Chinese economy and pursue sustainable development on a collaboration and win-win basis.

As a capital-intensive long-term business with high degree of specialization, the sustainable development of mineral resources investment and cooperation projects requires a safe, stable, transparent and predictable political, economic and social environment. On the other hand, mineral resources investment projects also have a far-reaching impact to the economy, society and environment. Therefore, in addition to pursuing economic benefits, Chinese mining companies engaged in outbound investment shall give full consideration to the economic, social and environmental sustainable development, by establishing communication and cooperation mechanism with all stakeholders, raising awareness and capacity of responsible operating, respecting human rights, conducting fair business practices, reducing ecological footprint, properly handling community relations, striving for transparency, and improving social responsibility performance.

Against this background, the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC), an industry association aimed at promoting the sustainable development of the outbound investment and trade operations of the Chinese mining industry,

has developed the “Guidelines for Social Responsibility in Chinese Outbound Mining Investment” (hereafter referred to as the “GSRM”), with the support of the bilateral Sino-German Corporate Social Responsibility Project that was jointly initiated by the Chinese and German governments. The purpose of the Guidelines is to guide Chinese companies engaged in overseas mining investment and cooperation in improving CSR and sustainability strategies, as well as effective management systems, to strengthen their capacity of social responsibility governance and sustainable development.

In September 2015, the United Nations officially launched the 2030 Sustainable Development Agenda, clearly proposing 17 sustainable development goals (SDGs), and the Chinese government has also put forward the “innovative, coordinated, green, open and shared” development concepts. At the same time, stakeholders and players along upstream and downstream mining industry also raise new concerns and expectations for mining investment and trading, which lead new directions and requirements for Chinese outbound mining investment cooperation. In this context, CCCMC organized a group of experts to revise the Guidelines and the second edition of the “Guidelines for Social Responsibility in Chinese Outbound Mining Investment” (Version 2017) was formed.

These Guidelines take into account the Guiding Principles on Business and Human Rights, Ten Principles of the United Nations Global Compact and other international initiatives, as well as internationally recognized codes and initiatives in the mining field, such as Sustainable Development Framework of the International Council of Minerals and Metals (ICMM), the Code of Practices from the Responsible Jewellery Council (RJC), and the Bettercoal Code, etc. They also take into account the Guiding Opinions on Performance of Social Responsibilities by State-owned Enterprises under the Central Government released by the State-owned Assets Supervision

and Administration Commission (SASAC) of the State Council and relevant Chinese laws and regulations and social responsibility related documents (see Annex 1). In the formulation and revision process, these Guidelines are structured along the principles and core subjects of the ISO 26000 Guidance on Social Responsibility and in line with the standard development procedure of the International Social and Environmental Accreditation and Labelling (ISEAL) Alliance, by incorporating comments and suggestions from stakeholders, including governmental authorities, domestic and international social organizations, Chinese mining enterprises, relevant industrial representatives and specialists (see Annex 2).

These Guidelines are risks oriented, and committed to guiding Chinese enterprises involved in outbound mining investment and cooperation in identification of the priority issues for social responsibility, establishment of social responsibility management system, conducting due diligence management, disclosing social responsibility information, continuous improvement of economic, social and environmental performance of mining investment and cooperation activities.

The Guidelines are divided into four parts, namely scope of application, guiding principles, social responsibility issues, implementation of the Guidelines. The guiding principles represent the overarching commitment in outbound mining investment and cooperation, and thereby embody the “spirit” of these Guidelines. The last part contains an explanation how these Guidelines will be implemented and how CCCMC will support and monitor the implementation of these Guidelines.

These Guidelines do not provide an exhaustive list of all possible requirements relating to social responsibility, nor do they exclude concurrent or supplementary application of other social responsibility standards, systems, or initiatives.

Chapter I

Scope of Application

The social responsibility of Chinese outbound mining investment is that companies should proactively consider legal, ethical, social, and environmental factors in their decision-making processes and operations. They must thoroughly respect the rights and interests of stakeholders by practicing ethical and transparent behavior and effectively managing the social and environmental impact from mineral exploration, extraction, processing, investment cooperation, and related activities and to strive for harmonious mineral development operations. These guiding principles represent the overarching commitments of Chinese companies.

These Guidelines apply to all mineral exploration, extraction, processing and investment cooperation projects in which Chinese companies have invested. They are also applicable for exploration, extraction, processing and investment cooperation of mineral and energy resources inside and outside of China, as well as mining-related infrastructure construction.

Mineral exploration, extraction, processing and investment cooperation projects mean any activities for which a license, lease, concession or similar legal agreement to operate in the extractive industries sector has been obtained by a legal entity whose beneficial ownership fully or partially rests with a company registered in China or company listed on the Stock Exchange in China or company which is directly or indirectly owned or controlled by Chinese natural person.

Chapter 2

Principles

Under the premise of compliance with all applicable laws and regulations, companies shall adhere to transparent and ethical business practices, respect human rights, protect the rights and interests of employees, strengthen environmental management, reduce ecological footprint, respect stakeholders, enhance transparency, build extractive industries value chain with shared responsibility, interest and value.

2.1 Ensure compliance with all applicable laws and regulations

Ensure that investments and operations are in line with applicable Chinese and host country laws and regulations and comply with general industry standards.

2.2 Adhere to ethical business practices

Adhere to ethical business practices through sound systems of corporate governance, eliminate all forms of corruption, adhere to fair operating practices, and ensure that all operations contribute to economic, environmental, and social progress.

2.3 Respect human rights and protect the rights and interests of employees

Respect the human rights of all individuals and groups associated with its products, services and business relations, including respect and protect the rights and interests of its employees as well as employees of its partners along the supply chain.

2.4 Protect the environment and conserve resources

Conduct thorough environmental impact assessments, reduce pollution and waste emissions, conserve and recycle resources, conserve biodiversity, and minimize environmental impact and ecological footprint in the life cycle of mining activities.

2.5 Respect stakeholders, promote inclusive development

Respect and concern materially affected stakeholders and their rights as well as interests, such as clients, employees, suppliers, local communities and governments^①; contribute to the social and economic development of the host countries.

① “Community” refers to any stable group of people which may be affiliated by geographic, administrative or ethnic characteristics or common interests or beliefs which is affected directly or indirectly by the mining operation.

2.6 Strive for transparency

Proactively disclose the major impacts and important decisions associated with social responsibilities, and release the countermeasures and performances in response to related risks.

2.7 Strengthening responsibility throughout the extractive industries value chain

Strive to promote the coordination and collaboration of the entire industry value chain for sustainable development, share responsibility and opportunities, so as to jointly establish the responsible value chains for the mining industry.

Chapter 3

Social Responsibility Issues in Outbound Mining Investment

3.1 Organizational Governance

“Organizational governance” in the Guidelines refers to the organizational management systems developed and implemented by companies to realize their social responsibilities. Within effective organizational governance, the guiding principles and requirements of these Guidelines shall be integrated into the decision-making process and implemented, in order to secure that the companies can improve their performance of social responsibility.

3.1.1 Identify the economic, social and environmental impacts associated with its operations, and develop social responsibility strategies, goals and plans, disseminate these both, internally and externally, to create a common understanding.

3.1.2 Integrate the principles and requirements of these Guidelines and the corresponding goals, policies, and plans into the high-level decision-making system, and into the organizational structure of the company; establish or appoint a department or mechanism in the company for social responsibility decision-making and for coordination, and assign responsibilities for implementation of the Guidelines throughout the company.

- ✓ Appoint or set up decision-making and coordinating bodies for social

responsibility management according to the governance structure and operational status of the enterprise. The decision-making body shall formulate social responsibility goals, policies, and plans and supervise their implementation, whereas the coordinating body shall be responsible for internal communication and coordination of issues related to social responsibility, and promote the integration of social responsibility into daily operations, in order to guarantee consistency in planning and implementation.

3.1.3 Develop indicators for social responsibility, establish and run a comprehensive monitoring and evaluation system, and set targets for continuous improvement.

- ✓ Regularly assess the economic, social, and environmental impacts of the enterprise's operations. Establish and improve monitoring and evaluation mechanisms, and incorporate key indicators of social responsibility performance into relevant departments, management levels and process. Adopt corresponding improvement measures.

3.1.4 Establish a social responsibility capacity building scheme to increase the awareness for social responsibility and disseminate the social responsibility goals, policies and plans of the company.

- ✓ Assess the capacity building needs in accordance with requirements of the Guidelines and all social responsibility issues as well as impact areas; develop detailed capacity building scheme based on the identified needs; Instill confidence in relevant staffs to capably deal with environmental and social issues through capacity building.

3.1.5 Map all relevant and affected stakeholders, and proactively solicit, respect, and respond to stakeholder feedback and expectations.

- ✓ Stakeholders refer to any interested individual or group that may influence or be potentially influenced by the decisions and activities

of a mining operation. Companies shall establish stakeholder engagement mechanisms to guarantee the participation of stakeholders and their access to information and supervision.

3.1.6 Strengthen the transparency of, and disclose in a regular and timely manner to stakeholders, all material information, including the decisions which have a social and environmental impact, e.g. through issuing CSR reports.

- ✓ Establish and improve social responsibility information disclosure mechanisms and provide information on social responsibility performance to stakeholders in a timely manner.
- ✓ Information disclosure should follow a structured process in which not only mandatory information is disclosed, but in which all material information is identified which is relevant to stakeholders within and outside the company.
- ✓ It is encouraged to seek some kind of standardized assurance to verify the authenticity and accuracy of the information disclosed.

3.2 Fair Operating Practices

Fair operating practices refer to the requirement for companies to adhere to ethical behavior in its operations and during cooperation process with other parties, to participate in public affairs responsibly, compete fairly and to be responsible to society.

3.2.1 Develop and implement a statement or policy on ethical business conduct.

- ✓ Follow relevant international standards and conventions for anti-corruption.
- ✓ Do not, directly or indirectly, offer, give, or demand a bribe or any

other undue advantage in order to obtain or retain business or other improper advantage.

3.2.2 Develop a compliance and integrity management system and ensure its implementation, including an independent audit system, an effective internal control system, due diligence system, risk assessment, staff-at-risk training, grievance mechanisms, and punitive measures.

- ✓ Have appropriate systems in place to reduce bribery risks in the company, including identification and monitoring of high-risk units, training of the management and relevant staff, recording of relevant gifts to and from third-parties in a gift register, investigating any incidents of suspected bribery, and avoiding facilitation payments.

3.2.3 Prevent and control bribery and other forms of corruption in the supply chain.

- ✓ Use the greatest efforts to promote responsible business practices with all business partners.
- ✓ Prohibit bribery in all business practices and transactions, including those of agents and other third-parties, and set criteria and approval procedures with respect to the offer or acceptance of gifts.
- ✓ Take effective measures to prevent the involvement in money laundering and financing of terrorism, e.g. by establishing the identity and beneficial ownership of suppliers and customers; monitoring transactions for unusual or suspicious activity; and maintaining records of cash transactions that occur above the relevant defined financial threshold under applicable law^①.

① If no applicable law exists, a threshold shall be determined by the company, which is comparable to internationally used thresholds. The EU obliges companies to record cash transactions equal to or above €15.000.

3.2.4 Protect intellectual property rights.

- ✓ Make sure that intellectual property rights of all parties are protected. Business partners should not infringe the intellectual property rights of any third parties when conducting business.
- ✓ When granting or obtaining licenses for the use of intellectual property rights or when otherwise transferring technology, do so in a manner that contributes to the long term development prospects of the host country under reasonable terms and conditions.

3.2.5 Disclose payments made to governments in the host country.

- ✓ Disclose payments made to governments in the host country to further improve transparency.^①

3.3 Supply Chain Management

Companies shall integrate economic, social, and environmental

① On a case-to-case basis, it is becoming a global standard to disclose payments made to foreign government entities in relation to mining projects. To date, 51 resource-rich countries implement the standard of the Extractive Industries Transparency Initiative (EITI), which requires governments to disclose their receipts from mining companies and companies to disclose their payments made to government entities. The figures are reconciled and published in an annual national EITI report, in order to prevent corruption and inform the public about revenues from resource wealth. It is encouraged to use the formula as set out in the EITI Standard under 4.1b) to determine which types of payments should be reported under these Guidelines. Apart from the EITI, mining companies listed on US or EU stock exchanges are now required to disclose payments made to any foreign government entity related to mining projects in all countries of operation as established by the US Dodd-Frank Act and the EU Accounting and Transparency Directives, respectively. Similar provisions are required by the Hong Kong stock exchange as a precondition for listing and after listing. The IFC and other lenders also require mining companies to disclose their payments to governments. Revenue transparency is becoming globally imperative for the mining industry.

standards in the extractive industry supply chain, both downstream and upstream. Companies shall use their leverage to promote responsible supply chain, and to optimize the supply chain of mineral products.

3.3.1 Require first-tier suppliers to adhere to the principles and requirements set out in these Guidelines and leverage first-tier suppliers to enforce these Guidelines in their supply chains respectively.

- ✓ Develop and issue a code of conduct which requires suppliers to fulfill the relevant requirements of the Guidelines and encourage suppliers to sign this document.

3.3.2 Set targets for responsible procurement and formulate relevant company policies.

- ✓ Determine and make publicly available a procurement policy which spells out the requirements beyond price and quality that determine a procurement decision in certain areas.

3.3.3 Set a clear target for localized procurement, indicating which and how many supplies will be purchased from the host country, from the local mining communities, and from abroad, in accordance with the actual situation.

- ✓ If the quality and price of local products and services are reasonable, localized procurement shall be prioritized, to support the development of the local economy.

3.3.4 Companies that are engaged in mining investment and cooperation should conduct due diligence and establish internal control system to identify, assess and manage risks in their supply chain.

- ✓ Work together and seek a productive relationship with artisanal and small-scale miners in the mining area.

- ✓ Companies that source from artisanal and small-scale miners shall regularly assess risks of forced labor, child labor, unsafe working conditions, uncontrolled use of hazardous substances^① and other significant environmental impacts.

3.4 Human Rights

The companies shoulder the responsibility to respect human rights. The companies shall take active measures to avoid causing or exacerbate the adverse impacts on human rights, as well as to prevent or mitigate negative human rights impacts that are directly linked to the product or service associated with its business relations, and to eliminate above impacts that have been caused.

3.4.1 Ensure that all operations shall be in line with the UN Guiding Principles on Business and Human Rights during the entire life-cycle of the mining project.

- ✓ Develop and implement a policy commitment to meet the responsibility to respect human rights.
- ✓ Develop a human rights due diligence process, including to establish necessary grievance mechanism, to identify, prevent and mitigate

① The uncontrolled use of hazardous substances often refers to mercury and cyanide, as these are often used in ASM gold mining. The US Environmental Protection Agency (EPA) estimates that 20% of the global gold production is mined by artisanal and small-scale mining, being responsible for the largest elemental mercury emissions to the environment (approximately 400 metric tons/year). Several tools have been developed to address this issue. The EPA itself has developed a process entitled “Gold Shop Mercury Capture System (MCS)”. The Artisanal Gold Council has developed a scheme entitled “Mercury-free gold processing system and training center”. Companies should consider supporting ASM with similar tools and techniques.

adverse impacts on human rights.

- ✓ Develop a remedy mechanism, to provide effective remedy for those affected by adverse human rights impacts.

3.4.2 Ensure non-complicity in human rights violations. Do not profit or seem to be profiting from human rights violations by the third party; Ensure that private security personnel or public security forces designated to protect the mining and production operations do not violate human rights^①.

3.4.3 Avoid involuntary resettlements. Minimize the resettlements scale where inevitable, and mitigate adverse impacts through carefully planning and implementing appropriate measures. If the rights and interests of indigenous peoples are affected and physical replacement is required, the Company shall fully respect their right to free, prior and informed consent (see 3.4.5 for detailed information).

- ✓ If the expansion of an existing mining site or exploitation of a new site might involve land acquisition and involuntary resettlement, assessment process should be carried out in the early planning stage, to evaluate the direct and indirect risks, impacts of physical and/or economic replacement.
- ✓ Record the decision-making process of project alternative design and the effort to minimize resettlement scale.

① A number of internationally recognized standards and guiding documents have been used to address issues of private owned security companies, such as Voluntary Principles on Security and Human Rights, Montreux Document on pertinent international legal obligations and good practices for States related to operations of private military and security companies during armed conflict; International Code of Conduct for Private Security Service Providers (ICOC), ANSI/ASIS PSC.1 International Code of Conduct for Management System for Private Security Company Operations, and ISO18788: Private Security Operations Management System.

- ✓ If the characteristics and scale of land acquisition activities that may require physical or economic replacement are unknown at the project development stage, a livelihood recovery plan is required.

3.4.4 Respect and protect the culture and heritage of local communities (including indigenous peoples), and do not harm traditional cultures of local peoples by the mining operation.^①

- ✓ Conduct environmental and social impact assessment to fully understand the adverse impacts to the local communities (including indigenous peoples) due to its operations.
- ✓ Directly consult with potentially impacted communities, with the objectives of ensuring that the development of mining projects fosters respect for their rights, culture, and natural resource-based livelihoods. If consultation cannot be conducted directly, the Company should consider a reasonable alternative to consult with the affected community through a trusted independent expert or civil society.
- ✓ Design projects to avoid adverse impacts, manage or compensate for unavoidable residual impacts; ensure sustainable benefits and opportunities for indigenous peoples through the development of mining projects.
- ✓ If mining activities affect indigenous people's rights and interests, policies respecting indigenous peoples shall be disclosed, and plans or strategies for indigenous peoples shall be clearly clarified.

① Mining and mineral processing requires land for infrastructure, housing, roads, airports, pipelines, storage equipment and other project facilities. It is international good practice to respect the rights, interests of indigenous peoples and related natural resources, such as land and water when the mining project is located on lands traditionally owned by or under customary use of indigenous peoples. ICMM's Good Practice Guidance on Indigenous Peoples and Mining (2nd Edition) has a certain reference value. (<http://www.icmm.com/website/publications/pdfs/9520.pdf>)

3.4.5 Prior to any mining operations, the free, prior and informed consent of affected local communities (including indigenous peoples)^① shall be pursued.

- ✓ Obtain the consent of indigenous communities for new projects (and changes to existing projects) that are located on lands traditionally owned by or under customary use of indigenous peoples and are likely to have significant adverse impacts on indigenous peoples, including where relocation of indigenous peoples and/or significant adverse impacts on critical cultural heritage are likely to occur.
- ✓ Follow the principles for free, prior and informed consent when an operation involves significant direct impacts to ancestral territories of indigenous peoples, irrespective of recognition by the state, or the involuntary relocation of indigenous communities and/or the destruction of places of indigenous culture and spiritual significance.

3.4.6 Conduct risk-based supply chain due diligence in accordance with the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, to prevent conflict, human rights violation and other vicious impacts that are directly or indirectly lead by mining activities.

- ✓ Conduct an assessment to define whether the mining project from which traded minerals originate or the mineral trading routes used are

① It is international good practice to consult with local communities and indigenous peoples prior to operation and seek their consent. For example, the International Labor Organization's Convention 169, concerning Indigenous and Tribal Peoples in Independent Countries requires that indigenous peoples are consulted prior to exploration or mining activities on their land and that they are able to participate in the benefits of such activities and are compensated fairly for damages they sustain. Another prominent concept is Free, Prior and Informed Consent (FPIC), which is contained in the United Nations Declaration on the Rights of Indigenous Peoples.

- located in a conflict-affected and/or high-risk area^①.
- ✓ Adapt existing due diligence measures to the specific needs of conflict-affected and high-risk areas^②.
 - ✓ If the Company is at a key point in the mineral supply chain identified in the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, it is necessary to conduct third-party audit for its due diligence policies and measures.
 - ✓ When operating in a conflict-affected and/or high-risk area, take steps to monitor the business relations, transactions, flows of funds and resources, and manage the procurement or transaction risks of mineral resources that may have contributed to conflict or human rights violations.

① Conflict-affected and high-risk areas are identified by the presence of armed conflict, widespread violence or other risks of harm to people. The natural resources that may contribute to conflict or human rights abuses may exist in any high-risk areas of the world. Armed conflict may occur in various forms. High-risk areas include areas with political instability or forced repression, fragile institutions, no security protection, collapse of civic facilities, widespread violence and human rights abuses, and serious violations of domestic and international laws.

② Further guidance for good practice of due diligence in conflict-affected or high-risk areas can be obtained from the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Guidance has become internationally recognized supply chain due diligence standard and was developed through a multi-stakeholder process with in-depth engagement from OECD and African countries (ICGLR members and South Africa), industry, civil society, as well as the United Nations. It is suggested to implement the OECD's five step due diligence framework when operating in conflict-affected and/or high-risk areas, which encompasses: 1) establishing strong company management systems, 2) Identifying and assessing risks in the supply chain, 3) designing and implementing a strategy to respond to identified risks, 4) carrying out or supporting independent third-party audit of smelters'/refiners' due diligence practices, and 5) reporting annually on supply chain due diligence.

3.5 Labor Issues

Providing job opportunities and paying wages and other remunerations to employees is an important economic and social responsibility of companies. Responsible labor practices are essential for social justice, societal stability, and a harmonious society. The Company shall respect employees' rights to freely select their jobs and have fair and appropriate working conditions.

3.5.1 Do not use child labor, especially the worst form of child labor, forced or compulsory labor, and protect the rights of minor employees.

- ✓ Do not use child labor, especially the worst form of child labor; do not employ children under the minimum working age which is legally prescribed by the host country laws and regulations, or the provisions of International Labor Organization Convention No.138 on minimum age for admission to employment, whichever is the higher. In the case of using child labor, relevant measures for remediation should be established, in particular, measures should be taken immediately to eliminate the worst forms of child labor as set out in the Labor Organization Convention No.182.
- ✓ Avoid any kind of forced labor^③, such as lodging deposits or the retention of identity documents from personnel upon commencing employment. Do not withhold any part of any personnel's salary, benefits, property, or documents in order to force such personnel to continue working for the company.
- ✓ Personnel shall have the right to leave the workplace premises after

③ "Forced Labor" as defined by the ILO encompasses "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily".

completing the standard workday—if the security situation permits.

- ✓ The Company shall protect their employees' rights to terminate labor contracts provided that they give reasonable notice to their employer.
- ✓ Identify the needs of young workers^① and protect their rights and development.

3.5.2 Ensure formal, equal and fair employment based on labor contracts and legal requirements.

- ✓ Ensure that employees understand their current terms of employment with regard to wages, working hours, and other employment conditions.
- ✓ Maintain appropriate employee records, favor the use of regular employment relationships, and avoid labor and social security obligations by using certain types, such as false apprenticeship schemes, excessive consecutive short-term contracts, or precarious sub-contracting arrangements.

3.5.3 Do not discriminate against workers with respect to access to recruitment or occupation, including vocational training and terms and conditions of employment on such grounds as race, color, gender, religion, political opinion, nationality or social status, or other status.

- ✓ Ensure that employees are not subject to corporal punishment, harsh or degrading treatment, sexual or physical harassment, mental, physical or verbal abuse, coercion or intimidation, or threats to themselves or their families.
- ✓ Foster mutual respect, understanding, and harmony between employees with different cultural backgrounds.

① “Young workers” are any workers over the legally prescribed minimum working age and under the age of 18.

3.5.4 Uphold legal or industry minimum wage standards, and pay social security benefits.

- ✓ Pay regular working hours and reimburse overtime work according to applicable law, and in line with an existing collective bargaining agreement that is not less than the legal minimum standard.
- ✓ Illegal or unauthorized deductions from wages shall not be made.

3.5.5 Adhere to standards on working hours, avoid excessive overtime, and ensure breaks and days off.

- ✓ Comply with applicable Chinese and host country laws, regulations and industry standards on working hours, breaks and days off. At minimum, provide at least one day rest in a week, or provide 24 consecutive hours rest in six consecutive working days.

3.5.6 Provide working conditions which are clean, safe, and meet the basic needs.

- ✓ Provide and maintain workplaces and, if applicable, on-site housing and dormitories, that have safe and accessible potable drinking water, sanitary facilities for food consumption and storage, and clean and hygienic washing and toilet facilities.
- ✓ Maintain adequate workplace hygiene at all times.

3.5.7 Provide vocational training and career development.

- ✓ Pay attention to the cultivation of local employees and promote staff localization.
- ✓ Support employees to participate in training and education programs that raise work capacity, quality, and opportunity for advancement and provide necessary supports for employees' occupational skills training and education.
- ✓ Guide employees in career development, and establish and improve staff promotion schemes.

3.5.8 Establish a collective bargaining mechanism between employers and employees according to local laws and customs, if applicable, and encourage employees to engage in company management.

- ✓ Respect the right to Freedom of Association and do not prevent or discourage workers from electing worker employee representatives, forming or joining workers' union of their choosing, or from bargaining collectively.
- ✓ Adhere to collective bargaining agreements where such agreements exist.

3.5.9 Establish a mutual communication channel and grievance mechanism between management and employees, and facilitate the dialogue between management and employees, so as to better understand and respond to employees' needs and expectations.

- ✓ Employees shall be free to submit a grievance without suffering any penalty or retaliation; their grievances shall be responded and handled in a timely and impartial manner.

3.6 Occupational Health and Safety (OHS)

"Occupational Health and Safety (OHS)" refers to maintaining physical and mental health of employees, contractors and other relevant parties, preventing health issues caused by unacceptable working conditions, including protecting the employees from health and occupational risks, improving the working environment, and satisfying the basic needs of the employees.

3.6.1 Implement an OHS management system including a routine health and safety risk detection system and an emergency response plan.

- ✓ Publish the corporate commitment to OHS and distribute it to every

employee, contractor and relevant party.

- ✓ Assign the responsibility for health and safety of the workplace at the senior management level and develop a mechanism, establish a joint health and safety committee consisting of employees and management staff, by which both employees can raise and discuss health and safety issues with the management.
- ✓ Conduct comprehensive hazard or risk assessment for workplace safety following a systematic approach for prevention and control of physical, chemical, biological, and radiological health and safety hazards and develop emergency response plans.
- ✓ Risk assessments shall be related to the different activities of employees, which can include the use of machinery and mobile equipment, storage and handling of chemicals, exposure to excessive fumes and airborne particles, excessive noise and temperature levels, and inadequate lighting and ventilation.

3.6.2 Take all practical measures to avoid workplace fatalities, injuries, and occupational diseases.

- ✓ Ensure workplace safety^① by adequate measures.
- ✓ Minimize the danger of accidents caused by landslides, rockfalls, and other geological hazards, and prevent, oversee, detect, and combat the outbreak and spread of fires.
- ✓ Address and prevent hazards which are not directly related to the workplace, but which could affect workplace safety (e.g. fatigue,

① The Environmental, Health and Safety General Guidelines of the International Finance Corporation (IFC) provide useful guidance for ensuring workplace safety including the provision of personal protective equipment (PPE), sufficient first aid trained employees, adequate illumination systems, protection against the inhalation of hazardous substances, including adequate ventilation fume extraction systems, etc.

alcohol and drug abuse, highly communicable diseases).

- ✓ Ensure that all occupational health and safety incidents, as well as the company's response to it, are formally documented and investigated and feed into regular health and safety reviews and improvement plans.

3.6.3 Provide regular health and safety training to all employees and integrate health and safety considerations in the corporate culture.

- ✓ Provide training in an understandable form and language.
- ✓ Customize trainings to role-related health and safety risks of employees; train designated first aid staff and regularly train on actions in the event of an emergency.
- ✓ Raise employee awareness that they have the right to stop or refuse working in situations of uncontrolled hazards.
- ✓ Raise employee awareness on risk prevention and emergency management.

3.7 Environment

Environmental protection is a necessary precaution for the long-term well-being of humans and it is an integral part of corporate social responsibility. Mining has a significant impact on the environment. Companies shall adopt comprehensive, systematic, and reasonable measures to reduce the direct or indirect impact on the environment, and incorporate the measures into investment decision-making processes and operations.

3.7.1 Establish an environmental management system,^① and adapt it to the laws and regulations of host countries.

- ✓ Integrate environmental protection into company policies, development plans and goals, and establish a sound environmental protection management system, to strengthen environmental risk prevention.
- ✓ Establish and perfect environmental protection training systems, and offer environmental protection education and training to staff, in order to make all staff learn and know well the relevant environmental protection laws and regulations in the host countries as well as the companies' environmental policies.

3.7.2 Conduct environmental impact assessments prior to any mining operation and monitor environmental impact on a regular basis.

- ✓ Strictly abide by the laws and regulations of the host country regarding environmental impact assessments. On the basis of the impact assessment, take reasonable and effective measures to reduce and eliminate the possible negative impacts to the largest extent possible.
- ✓ Assess environmental baselines in the mining areas prior to the project and develop a thorough understanding of the environment and the eco-system in the mining area and its surroundings.
- ✓ It is encouraged to carry out environmental due diligence on targeted enterprises before acquiring overseas assets, paying attention to existing pollution, the environmental footprint of the deposit and environmental liabilities of the acquisition targets.

3.7.3 Develop routine environmental risk management system and establish an emergency plan and response mechanism.

① Best international practice is to strive towards ISO 14001 certification.

- ✓ Develop plans and mechanisms to prevent, prepare for, and respond appropriately to accidents and emergencies.
- ✓ Provide information to the affected members of communities on the hazards associated with the mining project, and on the measures taken to reduce risks.
- ✓ Involve members of the local community in the development, testing, and implementation of the overall emergency response plan.

3.7.4 Develop mine closure and site rehabilitation plans prior to operation and secure appropriate supports if required by law.

- ✓ Secure appropriate funding for mine closure and rehabilitation and deposit a financial guarantee if required by law.
- ✓ Engage in a multi-stakeholder process, including involving indigenous peoples, communities, artisanal and small-scale miners, and local authorities, to plan and update site rehabilitation and closure plans.
- ✓ Strengthen management to decommissioning tailings, control post-closure methane emissions and prevent toxic and harmful chemicals leaching into the environment.

3.7.5 Regularly assess and mitigate the adverse impacts on soil, air, and water by the mining operation.

- ✓ Consider ambient soil, air, and water conditions, and apply technically and financially feasible pollution prevention principles and techniques that are best suited to avoid, minimize, and control pollution^①.

① This may include measures such as observing or surpassing local ambient air quality thresholds for particulate emissions and controlling metallic emissions as well as preventing and controlling the discharge of contaminated effluents, wastes and hazardous materials, including treatment of all effluent streams, considering the reuse, recycling, and treatment of processed water, as well as ensuring the separation of clean and dirty water storages as well as the release of heavy metals and hazardous substances during production, transportation, storage and disposal.

- ✓ Establish and implement a sustainable water utilization and supply plan, minimize impacts on natural system by managing water use, avoid depletion of aquifers, reduce impacts on other water users as well as animals and plants within the catchment to the largest extent possible.
- ✓ Monitor emissions and discharges of all possible pollutants according to the relevant laws and regulations of host countries, follow up and remedy pollution issues in a timely manner, and clearly record and make public the results.
- ✓ Employ emissions control and reduction strategies, such as, dust suppression techniques and clean power generation.
- ✓ Take measures to minimize noise and vibrations from blasting and drilling.

3.7.6 Proactively inform local authorities, Chinese headquarters, and the public about potential environmental impacts of the mining operation.

- ✓ It is encouraged to disclose environmental information regularly, publicize environmental protection systems and plans, and publicize what measures have been taken and what results have been achieved.

3.7.7 Set clear annual objectives for resource and energy savings, as well as recycling. Monitor and report on its implementation.

- ✓ Formulate feasible annual plans and targets for energy savings, emission reductions, and recycling, and assign staff to promote the implementation of the plans and the accomplishment of the targets.
- ✓ Promote clean resource production methods and recycling to reduce pollution. Enhance the efficiency of resource utilization as far as possible, and reduce the emission of pollutants in the production, service, and consumption process.

3.7.8 Develop and implement a system to reduce waste and

emissions.

- ✓ Recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions, effluents, and residues.

3.7.9 Ensure and surpass applicable legal requirements with regard to chemicals and toxic substances, comply with the international standards for the use and production of special toxic substances in the mining industry.

- ✓ Avoid manufacturing, trading, and using chemicals and hazardous substances subject to international bans due to their high toxicity to living organisms, environmental persistence, or potential for irreversible ecological impacts, including rigorously suppressing arsenic and mercury emissions and managing cyanide^① according to the highest international standard.
- ✓ Avoid ground- or surface-water contamination caused by Acid Rock Drainage (ARD) and Metals Leaching (ML) as a result of mining operations.
- ✓ Ensure that hazardous wastes are handled, stored, transported, treated, and disposed according to laws and regulations and in a way that eliminates leaks, spills, or other releases to the environment.
- ✓ Ensure that hazardous wastes are handled and treated in line with relevant regulations, and minimize the environmental impacts.

3.7.10 Ensure safe storage and disposal of residues.

- ✓ Adequately manage waste rocks and tailings ensuring structural stability, controlled discharge and protection against potential impacts

① If cyanide is used, it is encouraged to ensure that applicable sites are certified to the International Cyanide Management Code.

of acid mine drainage, metal leaching, or loss of containment.

- ✓ Avoid building riverine or shallow marine tailings.
- ✓ Consider the construction of zero discharge tailings, including permanent storage after decommissioning.

3.7.11 Develop and implement greenhouse gas (GHG) emission reduction policies and measures. Develop GHG emission reduction policies, including mitigation model, measures to avoid, prevent, reduce, minimize, or offset GHG emissions. Quantify GHG emissions and disclose the quantified information by using a sophisticated international reporting system.

- ✓ Develop GHG emission reduction strategies and implement economic emission reduction opportunities.
- ✓ Encourage and support research and development of low GHG emission technologies that are appropriate to the industry, including carbon capture and storage.

3.7.12 Promote the conservation and protection of biodiversity and the environment throughout the life-cycle and value chain of the mining operation, including the related infrastructure development through integrated land-use planning.^①

- ✓ Take appropriate measures for identification and monitoring of components that affect biodiversity based on the mining and operation situations, integrating considerations of the conservation and sustainable use of biological resources.
- ✓ Identify key biodiversity areas affected by the mining operation and engage in mitigation by minimizing, avoiding, rehabilitating, or

① Companies should uphold the spirit of the UN Convention on Biological Diversity.

offsetting negative impacts on biodiversity and ecosystems.

- ✓ Develop transparent, inclusive, informed, and equitable decision-making processes and assessment tools that better integrate biodiversity conservation, protected areas, and mining facilities into land-use planning and management strategies, including 'No-entry' areas.
- ✓ Take appropriate measures to minimize the disturbance to vegetation and soil, including soil conservation measures, and post-operation restoration.
- ✓ Ensure that threats to endangered species are eliminated throughout the mining life-cycle, including after the closure of the mining operation.

3.7.13 Be cautious of mining in areas which pose high environmental risks and do not explore or mine in World Heritage areas or legally protected areas.

- ✓ Do not explore or mine in World Heritage properties or legally protected areas. Ensure that existing and future operations within and adjacent to World Heritage properties are not a threat to the outstanding universal value for which these properties are protected.
- ✓ Encourage companies to fully consider the impacts of mining activities from exploration, construction, production, and operation activities on the social environment, such as historical and cultural heritage, scenic spots, and folk traditions and customs, and take measures to reduce possible negative impacts.

3.7.14 Encourage companies to cooperate with professional environmental protection organizations to enhance the understanding of environmentally sensitive areas.

- ✓ Establish effective contact and collaboration mechanism with

environmental protection regulators and relevant organization of the host countries, proactively seek for their suggestions on environmental protection management, and notify them of relevant environmental information.

3.8 *Community Development*

Community development is an important part of the sustainability of a company. Active involvement and engagement with the local community is crucial for companies for establishing partnerships with local organizations and stakeholders, as well as for contributing to the corporate citizenship, toward common development of enterprises and communities.

3.8.1 Carry out social impact assessments and engage at the earliest practical stage with likely affected parties and establish regular communication mechanisms.

- ✓ Complete a comprehensive and appropriate social impact assessment during the planning and approval phase of a mining operation, including evaluating baseline conditions and developing a comprehensive plan on how to mitigate negative impacts, including impacts related to human rights, labor, employment, gender, health, and conflict.
- ✓ Impact assessments shall involve engagement with materially affected stakeholders and be regularly updated.

3.8.2 Ensure ongoing equitable interaction with materially affected parties, including indigenous peoples and vulnerable groups, in a culturally appropriate manner.

- ✓ Identify materially affected parties of the mining project and establish regular and permanent communication channels and ensure equal

access to those channels.

- ✓ Build up a platform for interaction and provide the necessary resources for it, to ensure the engagement with materially affected parties during the mining project's life cycle.
- ✓ Identify civil society organizations that have a strong influence on local politics, economy, society, environment, land and local communities and residents, and maintain communication and cooperation with those civil society organizations during pre-investment and operation stages.

3.8.3 Establish a management position and assign sufficient staff in the company to be responsible for community engagement.

3.8.4 Establish a formal grievance mechanism which includes third party involvement, to ensure timely response and effectively handling of community issues.

- ✓ Ensure that the grievance mechanism can be used by all stakeholders, with special emphasis on the vulnerable groups.
- ✓ The grievance mechanism shall be legitimate, accessible, predictable, equitable, transparent and rights-compatible, and be able to provide supports for continuous learning and improvement.
- ✓ The grievance system shall allow for anonymous complaints to be raised in a safe environment.
- ✓ Ensure job creation by employing and training local staff.
- ✓ Support local economic development by supporting local mining companies, both upstream and downstream, and creating employment opportunities.

3.8.5 Provide skills development training for citizens from local communities, especially artisanal and small-scale miners.

- ✓ Enhance mining skills by supporting vocational training schemes and

encouraging participation of local community members.

- ✓ Engage directly with artisanal and small-scale miners as part of community engagement; enable the professionalization and formalization of artisanal and small-scale miners.
- ✓ Offer alternative opportunities for artisanal and small-scale miners.

3.8.6 Support SME development in local mining communities.

- ✓ Encourage and support diversified development of local SMEs by local procurement, lending schemes, education and training.

3.8.7 Respect the cultural traditions and religious beliefs, and protect the heritage of the community.

3.8.8 Contribute to community development by developing and implementing community development plans with local stakeholders.

- ✓ Ensure that community development efforts reflect the rights and interests of a broad range of stakeholders and are developed, reviewed, and updated in an ongoing, win-win, inclusive and multi-stakeholder process.

3.8.9 Ensure job creation in local communities where mining will occur and support local economic development.

3.8.10 When applicable, support health care, education, infrastructure, and other vital public services by using its own technical expertise.

- ✓ Promote social and economic development by assisting in addressing poverty.
- ✓ Encourage partnerships with governments and non-governmental organizations to ensure that programs are well designed and effectively delivered.
- ✓ Develop programs to support community health and safety issues related to the mining operation and labor migration, including programs against gender violence and for disease control.

Chapter 4

Implementation of the Guidelines

4.1 CCCMC will widely disseminate the Guidelines to the public and promote the Guidelines in its international exchange activities.

4.2 CCCMC will actively assist companies by providing trainings, workshops, exchanges, and pilot projects to strengthen the capacities of companies in implementing these Guidelines.

4.3 CCCMC will encourage companies to assess their social responsibility according to the principles and requirements outlined in these Guidelines.

4.4 CCCMC will conduct an evaluation of CSR performance of Chinese companies engaged in outbound mining investments according to these Guidelines and disseminate good practice.

4.5 CCCMC will regularly report on its outreach activities and the findings from their monitoring.

Revision and Interpretation of the Guidelines

The Guidelines should be reviewed every three years and updated by expert team organized by the CCCMC in cooperation with a wide range of stakeholders and include public consultation.

CCCMC will develop an Implementation Manual including the content of evaluation indicators, action points, practices case and etc., to explain and clarify the requirements outlined in these Guidelines.

Annex 1 List of Standards which have been considered for the development of the Guidelines

Issuing Organization	Standard	Date	Link
Bettercoal	Bettercoal Code	2013	http://bettercoal.org/docs/Bettercoal-Code-Version-1-Final.pdf
Extractive Industries Transparency Initiative (EITI)	The EITI Standard	2013	http://eiti.org/files/English_EITI%20STANDARD_11July_0.pdf
Global Compact	Ten Principles	2004	http://www.unglobalcompact.org/abouttheGC/TheTenPrinciples/index.html
Global Compact/ PRI	Guidance on Responsible Business in Conflict-Affected and/or High-Risk Areas	2010	http://www.unglobalcompact.org/docs/issues_doc/Peace_and_Business/Guidance_RB.pdf
International Labor Organisation (ILO)	Abolition of Forced Labour Convention (No. 105)	1957	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C105
ILO	Discrimination Convention (No. 111)	1958	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C111
ILO	Equal Remuneration Convention (No. 100)	1951	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C100
ILO	Forced Labour Convention (No. 29)	1930	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C029
ILO	Freedom of Association and Protection of Rights to Organise Convention (No. 87)	1948	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C087
ILO	Minimum Age Convention (No. 138)	1973	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C138
ILO	Right to Organize and Collective Bargaining Convention (No. 98)	1949	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C098
ILO	Worst Forms of Child Labour Convention (No. 182)	1999	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:121000:NO:;P12100_ILO_CODE:C182
International Council on Mining and Metals (ICMM)	Position Statement on Climate Change Policy Design	2011	http://www.icmm.com/document/1843
International Council on Mining and Metals (ICMM)	Position Statement on Indigenous Peoples and Mining	2013	http://www.icmm.com/document/5433
International Council on Mining and Metals (ICMM)	Position Statement on Mercury Risk Management	2009	http://www.icmm.com/document/5556

Issuing Organization	Standard	Date	Link
International Council on Mining and Metals (ICMM)	Position Statement on Mining and Partnerships for Development	2010	http://www.icmm.com/document/782
International Council on Mining and Metals (ICMM)	Position Statement on Mining and Protected Areas	2003	http://www.icmm.com/document/43
International Council on Mining and Metals (ICMM)	Position Statement on Transparency of Mineral Revenues	2009	http://www.icmm.com/document/628
International Council on Mining and Metals (ICMM)	Sustainable Development Framework	2003	http://www.icmm.com/our-work/sustainable-development-framework/10-principles
International Finance Corporation (IFC)	Environmental, Health and Safety (EHS) Guidelines	2007	http://www.ifc.org/wps/wcm/connect/554e8d80488658e4b76af76a6515bb18/Final%2B-%2BGeneral%2BEHS%2BGuidelines.pdf?MOD=AJPERES
Multi-Stakeholder	Voluntary Principles on Business and Human Rights	2000	http://www.voluntaryprinciples.org/wp-content/uploads/2013/03/voluntary_principles_english.pdf
OECD	Due Diligence Guidance on Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas - 2nd Edition	2013	http://www.oecd.org/daf/inv/mne/GuidanceEdition2.pdf
OECD	Guidelines for Multinational Enterprises	2011	http://www.oecd.org/daf/inv/mne/48004323.pdf
Responsible Jewellery Council	Code of Practices	2013	http://www.responsiblejewellery.com/files/RJC_Code_of_Practices_2013_eng.pdf
UN	Guiding Principles on Business and Human Rights: Implementing the UN "Protect, Respect and Remedy" Framework	2011	http://www.business-humanrights.org/media/documents/uggie/ruggie-guiding-principles-21-mar-2011.pdf
UN	UN Convention on Biological Diversity	1992	http://www.cbd.int/doc/legal/cbd-en.pdf
UN	UN Convention against Corruption	2005	http://www.cbd.int/doc/legal/cbd-en.pdf
UNEP	Guidance for the Mining Industry in Raising Awareness and Preparedness for Emergencies at Local Level	2001	http://www.unep.fr/shared/publications/pdf/WEBx0055xPA-APELLminingEN.pdf

