

Investor Statement on responsible water management as part of a responsible mining policy

Call for endorsement: Support the transition towards responsible water management within the mining sector

GROWING ENVIRONMENTAL AND SOCIAL IMPACT OF THE MINING SECTOR

Miners supply metals that are essential for the energy transition. The technologies needed to transition to a low-carbon economy, such as batteries for electric vehicles and energy storage, will sharply increase the demand for certain metals. This growing dependency on mining activities will increase the pressure on the environment, especially in vulnerable ecosystems, as well as on local communities. We see a great responsibility and opportunity for the mining sector, and regulators and local environmental authorities alike, to strengthen measures that minimize adverse impacts of its operations. Mining operations have a particularly high impact on water availability and quality, possibly affecting other industries, communities and the natural environment. With competition for water continuing to grow, water dependent industries are dealing with increased financial risks and public scrutiny, particularly when operating in water stressed areas.

MINING AND WATER-RELATED ISSUES

The CDP Global Water Report of 2019 found that the percentage of mining firms that are financially affected due to water related risks (33%) is much higher compared to other sectors (11%). Moreover, in recent history we have seen the number of incidents with regards to mine-site level water management, such as tailing dams failures, water scarcity and pollution of water sources, increase¹. Insufficient risk management systems of water-related issues may lead to a broad range of adverse impacts, including:

- Water scarcity and water stress potentially cause social conflicts over water use with local communities and disruption to operations;
- Lack of water-related transparency, disclosure and stakeholder/community involvement can undermine a miner's social license to operate, potentially leading to production loss and financial risks;
- Water contamination and inadequate handling of droughts and floods can lead to human health risks and biodiversity loss, threatening water availability, water purification and the climate buffer functioning of ecosystems;
- Insufficient monitoring can lead to a delay in noticing negative environmental and social impacts, potentially leading to more severe and irreversible consequences.

Given the environmental and social impacts, we are concerned about the reputational, regulatory and financial risks for mining companies and its investors. Although we

acknowledge the mining sector's efforts with regards to water management over the years, we urge mining companies to adapt internationally recognized best practices with regards to

¹ BHP-backed coal mine in Colombia rocked by human rights claim: <https://www.smh.com.au/business/companies/bhp-backed-coal-mine-in-colombia-rocked-by-human-rights-claim-20200617-p553n5.html>

water stewardship that go above and beyond the law. Mining companies should consistently implement strong water management practices and enhance transparency on the effectiveness of these practices. We support companies in enhancing their efforts regarding strong water management policies, and recognize the important role regulators and local environmental authorities can also play in this process. Our recommendation for responsible water management within the mining sector is as follows:

ENHANCED DISCLOSURE

- Public disclosure of a (progressive) water management strategy that integrates cumulative impacts of water users at the catchment level;
- Public disclosure of quantifiable progress towards targets and commitments related to water use efficiency and quality;
- Public disclosure of stakeholder and community involvement.

IMPLEMENTATION

- Water stewardship strategies and systems based on best practice and international standards and guidelines (ICMM, IRMA, GRI chapter 303: Water and effluents, etc.);
- External checks or third-party auditing.

SITE-LEVEL WATER MANAGEMENT

- Systematically monitor water quantity, quality and availability at mine site level;
- Updated and site-specific water risk mitigation plans.

ACCOUNTABILITY

- Board-level oversight and accountability of water management;
- Continuous scenario and risk analysis and adaptive capacity.

COLLABORATION

- Strengthening bonds with relevant stakeholders, such as local communities, NGOs, regulators and local environmental authorities to enhance trust, thereby collectively improving design, approval and monitoring of water management practices.

More information regarding these expectations can be found in the Engagement Guide on Water at <https://www.vbdo.nl/en/publications/>

The undersigned investors stand ready to engage and work with the sector on improving responsible water management practices. We will therefore be contacting a number of selected companies to arrange an introductory meeting.

SIGNED BY LEAD INVESTORS

 actiam AEGON NN investment partners ROBECO
The Investment Engineers

This statement is the result of the combined efforts of a working group on responsible mining consisting of the following participants: ACTIAM, Aegon Asset Management, NNIP, Robeco, IUCN NL and VBDO. In this working group the participants focus on the following pressing issues: water management, biodiversity and reclamation of mine sites, through a collective engagement trajectory with a range of mining companies.

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ADDING YOUR ENDORSEMENT

If you would like to add your signature to this statement, please contact:

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