

# ***Shift***

January 2019

## **Human rights reporting in the Canadian mining sector** Maturity trends and insights



The leading center of expertise on the UN Guiding Principles on Business and Human Rights

“Human rights reporting in the Canadian mining sector:  
Maturity trends and insights”  
January 2019  
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## About Shift

Shift is the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Shift’s global team facilitates dialogue, builds capacity and develops new approaches with companies, government, civil society organizations and international institutions to bring about a world in which business gets done with respect for people’s fundamental welfare and dignity. Shift is a non-profit, mission-driven organization.

Shift was established following the 2011 unanimous endorsement of the Guiding Principles by the UN Human Rights Council, which marked the successful conclusion of the mandate of the Special Representative of the UN Secretary-General for Business and Human Rights, Professor John Ruggie. Shift’s founders were part of Professor Ruggie’s core advisory team that helped develop the Guiding Principles.

## Acknowledgements

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## Executive summary

Canada is a global leader in the mining industry: 57% of public mining companies globally are listed on the Toronto Stock Exchange (TSX) and TSX-Venture Exchange.<sup>1</sup> Canadian mining companies serve as major employers and key economic contributors in-country and globally, and the country is a consistent global leader in mineral and metal production. Globally, Canadian mining companies operate in more than 100 countries and the value of Canadian mining assets abroad is almost twice that of domestic mining assets.<sup>2</sup>

With these economic achievements have come also significant challenges in effectively addressing and managing human rights impacts faced by mining companies operating in diverse regions. In January 2018 and perhaps in response to some of these challenges, Canada's Ministry of Trade implemented an independent ombudsman—the Canadian Ombudsperson for Responsible Enterprise (CORE)—to investigate human rights abuses connected to Canadian corporate activity abroad. Additionally, the Ministry enacted a multi-stakeholder Advisory Body to the government and CORE to advise on responsible business conduct abroad.<sup>3</sup>

In light of these developments, our team has engaged in research analyzing the human rights disclosure of a group of 18 Canadian mining companies (traditional mining companies, along with a number of streaming and royalty companies). Using Shift's unique maturity methodology, our research revealed strengths and weaknesses of the sector's reporting trends, which informed our key recommendations. However, the findings and recommendations of this report may have wider-reaching implications for mining companies beyond Canada as well. Undoubtedly, analysis of the Canadian mining sector's human rights disclosure can be a significant entry point for addressing human rights disclosure, and underlying human rights performance, of the mining industry globally.

**Key findings** include the need for the development of a strong and overarching narrative across a company's human rights disclosure, provision of further details around stakeholder engagement connected to salient human rights issues and, broadly, increased sharing of genuine challenges—and concrete examples to frame those challenges—faced by companies. Human rights disclosure provides a window into a company's understanding and management of human rights issues; moreover, strong human rights disclosure, aligned to the expectations of the UN Guiding Principles, can act as a catalyst for improving human rights performance.

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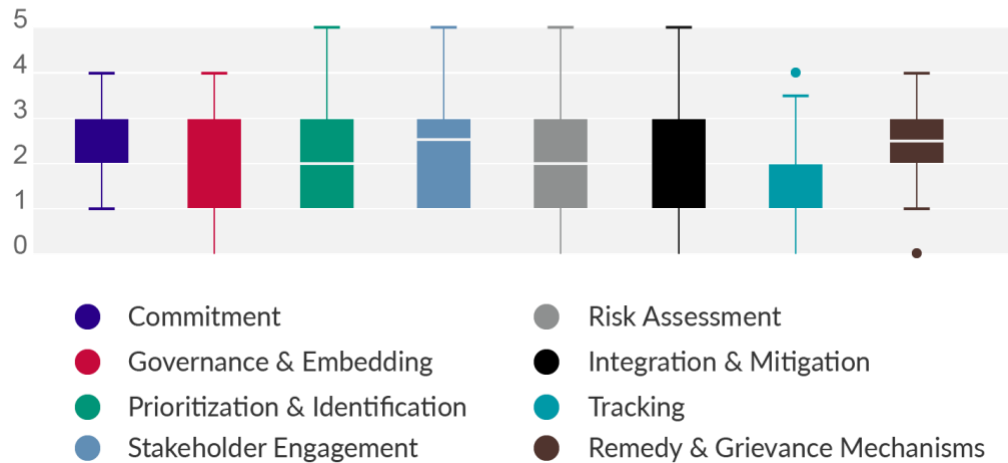
<sup>1</sup> See Mining Association of Canada (MAC) Mining Facts: <http://mining.ca/resources/mining-facts>

<sup>2</sup> See MAC's Facts and Figures publication, p. 70: <http://mining.ca/sites/default/files/documents/Facts-and-Figures-2017.pdf>

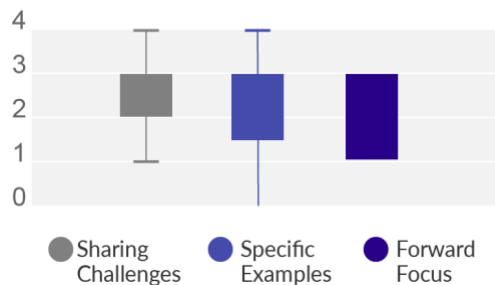
<sup>3</sup> See The Government of Canada's press release: <https://www.canada.ca/en/global-affairs/news/2018/01/the-government-ofcanadabringingleadershiptoresponsiblebusinesscond.html>

## At a glance: Data summary and distribution of scores

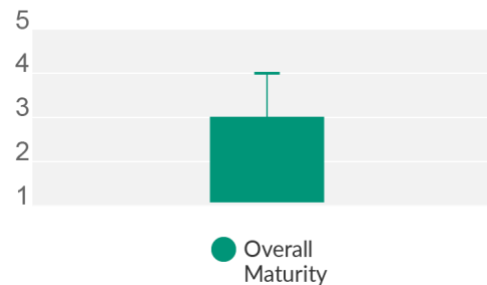
Components of the Responsibility to Respect Human Rights



Cross-Cutting Indicators of Quality Reporting



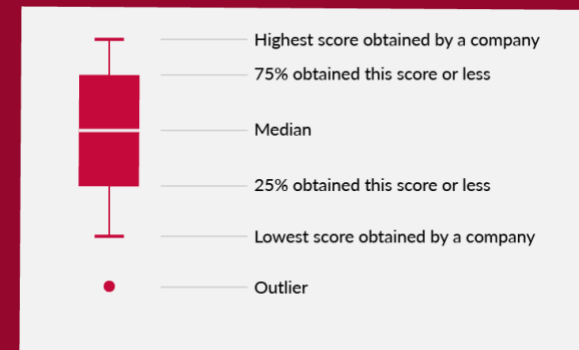
Overall Maturity of Reporting



### Interpreting box plots

Shift's applied maturity methodology is represented in the adjacent graphs utilizing box plots to allow for review of the distributional characteristics of this group of 18 companies' human rights disclosure. Key components include:

- **Median:** The median marks the data's mid-point, and is shown by the line that divides each box into two parts.
- **Inter-quartile range:** Each box represents the middle 50% of scores for the group.
- **Upper quartile:** 75% percent of the scores fall below the upper quartile.
- **Lower quartile:** 25% percent of scores fall below the lower quartile.
- **Whiskers:** The upper and lower whiskers represent scores outside the middle 50%.
- **Outliers:** Dots represent outliers, those scores numerically distant from the rest of the data and outside of the expected range.



## Introduction

The mining industry in Canada is significant to the country's economy and exports, and the country is ranked highly as a world producer of minerals and metals. In fact, 57% of the world's public mining companies are listed on the Toronto Stock Exchange.<sup>4</sup> As the Canadian government is increasingly focused on responsible corporate activity abroad, there is an opportunity to positively influence the human rights reporting and disclosure of Canadian mining companies globally, and, in turn, to raise expectations for the sector as a whole. Consequently, analyzing human rights disclosure and identifying areas for improvement can aid mining companies in Canada and beyond in collectively improving their human rights reporting and, hopefully, their performance.

**Why reporting?** A company's human rights disclosure offers a window into its policies and practices. Quality reporting processes, however, can serve as much more by catalyzing conversations amongst managers and employees of a company to improve practices, and contributing to meaningful engagement with stakeholders (particularly potentially affected stakeholders) about the company's approach to human rights risks. This virtuous circle based on the UN Guiding Principles on Business and Human Rights enhances the value of reporting: reporting ceases to be an exercise, draining time and resources, primarily for the sake of external communications—and instead is transformed into a smart and useful investment that supports sustainable business practices, including improved risk management. It becomes an integral part of a company's due diligence process.

The research in this paper relies upon the UN Guiding Principles (UNGP) and the UNGP Reporting Framework<sup>5</sup> as its foundation. The UNGP Reporting Framework translates the expectations of the Guiding Principles into a set of accessible questions that both guide companies in their reporting and internal management of human rights issues, and allow for a comprehensive analysis of the disclosure companies produce.

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<sup>4</sup> See MAC Mining Facts: <http://mining.ca/resources/mining-facts>

<sup>5</sup> The UNGP Reporting Framework was developed with Mazars through an open, consultative process from 2012 to 2015. For more information, visit [UNGPreporting.org](http://UNGPreporting.org)

## Methodology

In recognizing opportunities for improvement of human rights disclosure in the Canadian mining sector, and the industry more broadly, Shift has conducted research analyzing the disclosure of 18 of the top TSX-listed Canadian mining companies. Traditional mining companies constitute the majority of this group, but several streaming and royalty companies are included as well. Disclosure published up to May 2018 is included in this analysis.

This research gives insight into general reporting trends in this sector, and illuminates areas for improvement. This analysis uses the UN Guiding Principles and the UNGP Reporting Framework as the basis for assessing the maturity of a company's disclosure. For the purpose of this report, "reporting" and "disclosure" refer to any and all relevant information that is available on a company's corporate website, including annual reports and other documents and webpages.

All companies analyzed in this research have been anonymized in this report, and all disclosure reviewed in this analysis is available for public review in Shift's online UNGP Reporting Database. For more information about our maturity methodology, please refer to the annex or visit our website at [UNGPreporting.org](http://UNGPreporting.org).

### Streaming & royalty companies

The majority of the 18 companies studied are mining companies with structures and operations typical to the extractives sector. However, there are several companies listed on the TSX that are classified as royalty or streaming companies. Royalty companies specialize as financiers of exploration and production projects (when financing is typically not as readily accessible) and profit from royalties produced by those projects. Streaming companies may make an upfront payment to an operating mine in exchange for a fixed percentage of the mineral or metal production at a fixed and predetermined price. Typically, streaming and royalty companies are not involved directly in operating mine sites.

Because of their significance in the mining industry both in Canada and abroad, streaming and royalty companies have been included in this analysis. Streaming and royalty companies are increasing in their appeal to investors: they are often characterized as a low-risk investment choice, particularly in comparison to investments in traditional mining companies, and have a history thus far of increasing profits for their shareholders much more than traditional mining companies.

Our analysis reveals that streaming and royalty companies, due to differences in their business model, tend not to focus their disclosure on risk identification and due diligence activities, but they have a key role to play in both respects given their ongoing relationships with traditional mining companies. In implementing their responsibility to respect human rights in their own value chains, streaming and royalty companies should be well-positioned to use their influence as financiers of mining operations and projects in order to mitigate risks to affected people. Thus, their inclusion in this analysis is particularly crucial in efforts to improve human rights disclosure and the underlying performance of the sector as a whole.

# 18

*of the top Canadian  
mining companies  
listed on TSX*

*Including disclosure  
published up to*

# May 2018



## Maturity analysis

Shift has developed a unique methodology to categorize companies' human rights disclosures into maturity levels. Each of the company's human rights disclosure is analyzed at three levels:

### Micro Level

This report examines the maturity of each company's human rights disclosure under the eight components of the corporate responsibility to respect human rights on a six-tier scale (0 to 5):

1. Policy commitment
2. Governance and embedding
3. Prioritization of risks and identification of salient human rights issues
4. Stakeholder engagement
5. Assessing human rights risks
6. Integration and mitigation measures
7. Tracking
8. Remedy and grievance mechanism

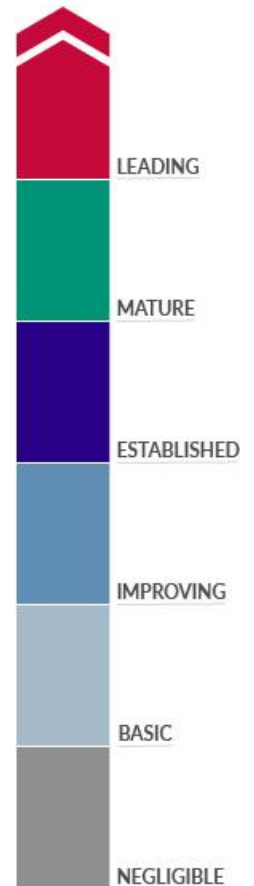
### Cross-Cutting Level

This report measures each company's human rights disclosure against three cross-cutting indicators of quality reporting, using a five-tier scale (0 to 4) rather than the six-tier: (1) openness to sharing challenges; (2) specific examples shared; and (3) forward focus throughout disclosure.

### Macro Level

At a macro level, this report assesses the overall maturity of each company's human rights disclosure and is informed by the micro and cross-cutting levels. Note that this overall categorization of maturity is approximate; a company's disclosure can be strong on some important elements while weak on others.

### SHIFT'S MATURITY SCALE



In total, this report therefore provides twelve data points on the maturity of reporting for each company. **Note that throughout this analysis, if a maturity level does not appear in the graphic corresponding to each indicator, analysis found that no company achieved that level for the given indicator.**

Please refer to the attached Annex for further details on the maturity scales used throughout the assessments conducted for this report.



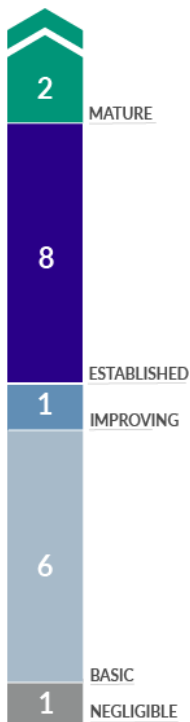
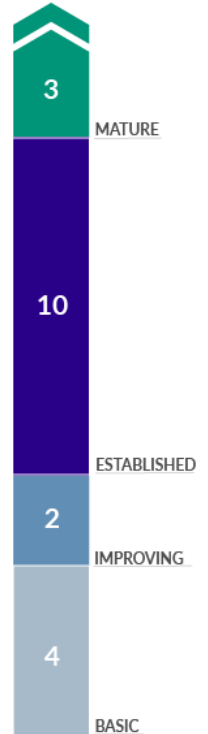
## Elements of the corporate responsibility to respect human rights

### Policy commitment

The UN Guiding Principles indicate that a policy commitment is a necessary foundation for a company’s responsibility to respect human rights. Key elements of a robust commitment include coverage of all internationally recognized human rights, extension of the policy across a company’s value chain and within its own operations, and endorsement of the policy at the most senior level of the company.

“It is important for companies to share information about how their human rights policy was developed, and how it is communicated to employees, business partners, and other stakeholders.”

Of the 18 Canadian mining companies analyzed, 22% of companies presented *Basic* level policy commitments that cover only select human rights (several fail to mention human rights entirely). 50% demonstrate a policy commitment at an *Established* level, slightly above the group’s overall average (just below the *Established* level at 2.6/5). These commitments are fairly detailed but fail to explicitly acknowledge all internationally recognized human rights. Those companies with the most mature disclosure in this area have policy commitments that explicitly cover all internationally recognized human rights and that extend across their value chain. Notably, none of the 18 companies reviewed achieved a *Leading* level in this area, indicating a broad area for improvement. It is important for companies to share information about how their human rights policy was developed, and how it is communicated to employees, business partners, and other stakeholders. Dissemination in this manner is evidence of the company’s efforts to embed the commitment.



### Governance

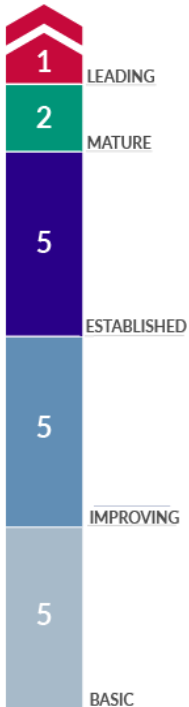
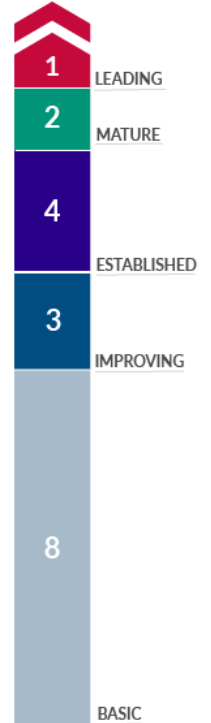
Clear information about who is responsible for implementing a human rights policy commitment is important to establish a strong foothold of respect for human rights within the company. Thus, a company’s disclosure is only considered *Leading* in this area when it distinctly denotes responsibility for managing human rights at both the oversight and day-to-day levels. Mature disclosure will also include evidence of substantive messaging from senior leaders within the company around the importance of respect for human rights—whether that messaging appears within disclosure itself, or through other informal contexts—and how this responsibility is related to and embedded within the company’s overall strategy.

The group’s average score is slightly above the *Improving* level (2.2/5). 33% of the companies analyzed disclose information about governance only at the *Basic* level, focusing on broader sustainability issues, corporate social responsibility, or similar topics, while failing to indicate who is responsible for human rights issues. One company sits at the *Negligible* level (0/5) as no information whatsoever was disclosed around human rights governance. 44% of this group attained an *Established* level, disclosing information about day-to-day management of human rights issues and top leadership oversight. Markedly, again, no companies achieved a *Leading* level at this indicator, suggesting another area for improvement. Disclosure can be improved by ensuring that governance structures for addressing human rights issues are clearly conveyed, information is provided about any existing cross-functional structures and processes (only two companies disclosed this aspect), and there is evidence top leadership understands and embeds respect for human rights throughout the company’s business model and strategy.

## Prioritization and identification of salient issues

When addressing and managing human rights risks, the UN Guiding Principles indicate that companies should prioritize those human rights that are at risk of the most severe negative impact through their activities or business relationships—that is, their **salient** human rights. When a company cannot fully address all human rights risks at once, prioritization in this context addresses the most severe risks, and helps define the issues that should be the focus of their human rights disclosure. In determining a company’s salient human rights risks, we look to risks to people rather than risks to business, although the two often converge, especially when impacts are particularly severe. The identification of salient human rights issues—and public disclosure around those issues—is key to focused reporting: articulating salient issues enables investors and other stakeholders to make judgments about the company’s performance, and supports the company in avoiding disclosure that focuses simply on ‘good stories’ aimed at supporting public relations.

Of this group of 18 companies, almost half (44% at the *Basic* level) fail to identify which human rights issues are important or relevant to their businesses. One company achieved a *Leading* level in this area by clearly identifying their salient human rights risks and explaining how those issues were identified, through a process that focused on risks to people (rather than risk to business). A common pitfall—also seen within this group—is a misunderstanding of what human rights are. Disclosure of several companies exhibits this disconnect by separating issues in a materiality matrix that are related to human rights (e.g. health and safety, labour rights, security) from the broader category ‘human rights’. There is an opportunity to improve disclosure in this area by adopting a saliency lens, and stating how human rights issues were selected based on risks to potentially affected people.



## Stakeholder engagement

A critical element of the human rights due diligence process concerns consulting impacted stakeholders to understand the effects of the company’s activities and its relationships on individuals or groups. Subsequently, this knowledge should inform a company’s behavior and management of human rights. Quality reporting explains who the company’s stakeholders are and how and at what frequency the company engages them, all through a lens of respect for human rights. Valuable disclosure also includes concrete and insightful examples of this commitment in action, with a marked focus on the impact of stakeholder inputs—especially affected stakeholders—on the company’s decision-making.

The majority of this group achieved scores at or below the *Established* level, with the average score across the group slightly above the *Improving* level. Our analysis indicates that the average company provides information on general processes and structures for stakeholder engagement, but they are not oriented to human rights specifically, or they only address certain human rights. Disclosure in this area can be improved by ensuring stakeholder engagement around human rights is framed clearly; explaining how engagement processes are connected to the company’s salient human rights issues; and ensuring stakeholder inputs are valued and used to inform the company’s decisions and actions on addressing human rights risks.

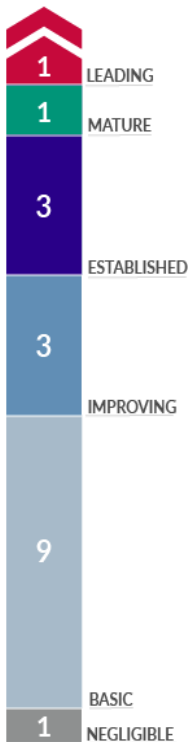
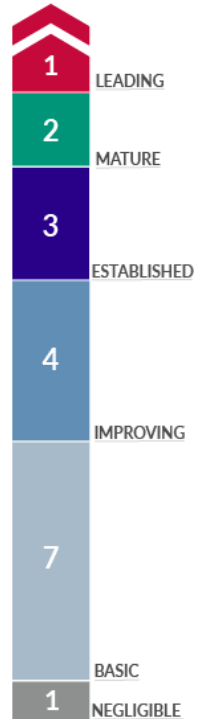
“ Stakeholder inputs should be valued and referenced to inform the company’s decisions and actions on related human rights risks. ”

## Risk assessment

Assessing human rights risks connected to a company's operations and value chain is an ongoing process that draws on multiple inputs, including internal and/or independent external human rights expertise and consultation with potentially affected stakeholders. Proper risk assessment processes enable companies to identify and understand where and how impacts occur—and to tailor actions to appropriately address those impacts. Quality disclosure will illustrate the company's processes or tools for assessing the nature and likelihood of impacts upon rights holders, giving clarity as to whether the company is actively engaged in finding and therefore addressing these risks. A strong foundation in risk assessment can also enable a company to readily identify their salient human rights issues.

“Quality disclosure will illustrate the company's processes or tools for assessing the nature and likelihood of impacts upon rights holders.”

39% of companies assessed score at the *Basic* level in the area of risk assessment, with the average score across the group at the *Improving* level. Generally, disclosure of this group of companies lacks details about processes that exist to assess human rights risks. Often, companies will state that such processes exist but provide no examples or details to illuminate how those processes function, or how they may be integrated into larger risk management systems. The most mature company of this group discloses details about various internal and external audit and assessment processes in place to support their human rights program, and gives specific examples around how those processes are integrated into broader risk management systems.



## Integration and action

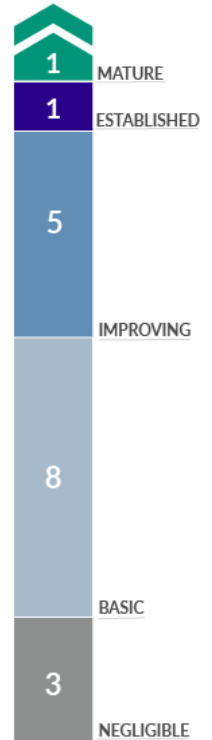
After assessing risks, companies are expected to integrate those findings in ways that allow them to prevent and mitigate adverse impacts. Understanding impacts, identifying appropriate responses, and putting them into practice takes time—and human rights risks themselves can change over time. Therefore, it is unlikely that a company can show that all challenges have been addressed; rather, mature disclosure takes the opportunity to demonstrate specific examples and approaches to addressing impacts within a detailed narrative.

While two of the companies analyzed achieved respective scores of *Mature* and *Leading* levels, 50% of companies assessed in this group were assessed at the *Basic* level. Analysis of their disclosure, if reflective of actual practices, would suggest that little action is being taken on human rights more broadly. Reporting is often limited to long-recognized issues common to the mining industry (e.g. health and safety, diversity, security, air and water quality), rather than full inclusion of all issues salient to the company. Quality disclosure in this area includes a general description of the company's approach to mitigate human rights risks; insightful examples from the reporting period that ground general descriptions in practice; and details about why and when action was taken, which stakeholders were involved in the action taken, and any outcomes.

## Tracking performance

A company's processes for tracking their human rights performance is a key element of the due diligence process outlined within the UN Guiding Principles. Valuable disclosure focuses on methods of tracking that go beyond identifying whether certain actions have been taken by the company, and assess their effectiveness in preventing and mitigating potential impacts, or in enabling remedy if actual impacts occur. In addressing human rights, companies often begin by adopting a policy commitment, assessing their impacts, and determining their salient issues. Typically, the effectiveness of their tracking methods is not necessarily a priority at the beginning of this process. The result is that monitoring of performance remains the least mature element of due diligence and reporting.

This general trend holds true for the 18 Canadian mining companies assessed in this report: the average score for this indicator is slightly above the *Basic* level. The average company in this group provides limited disclosure about tracking systems, or mentions broader processes that address only some human rights issues (typically long-recognized issues), and either fails to provide any data or only provides data on certain long-recognized issues such as health and safety or diversity. One company is at the *Leading* level in this group, with disclosure that discusses processes oriented to continuous improvement, and provides broader data points to illuminate their tracking mechanisms. Disclosure can be improved in this area by providing an explanation of the company's approach to tracking human rights issues, giving relevant and insightful data, including independent assessment and/or research findings, and sharing how the data they are collecting is used to improve the company's performance. If a company is only beginning to track its human rights performance, acknowledgement of their progress in this process is important to include in their disclosure.

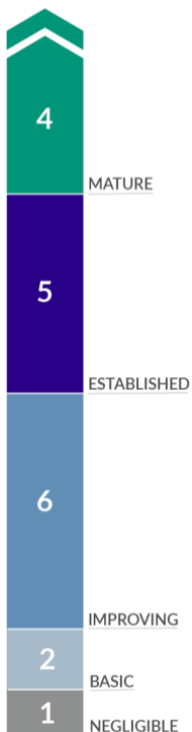


## Remediation

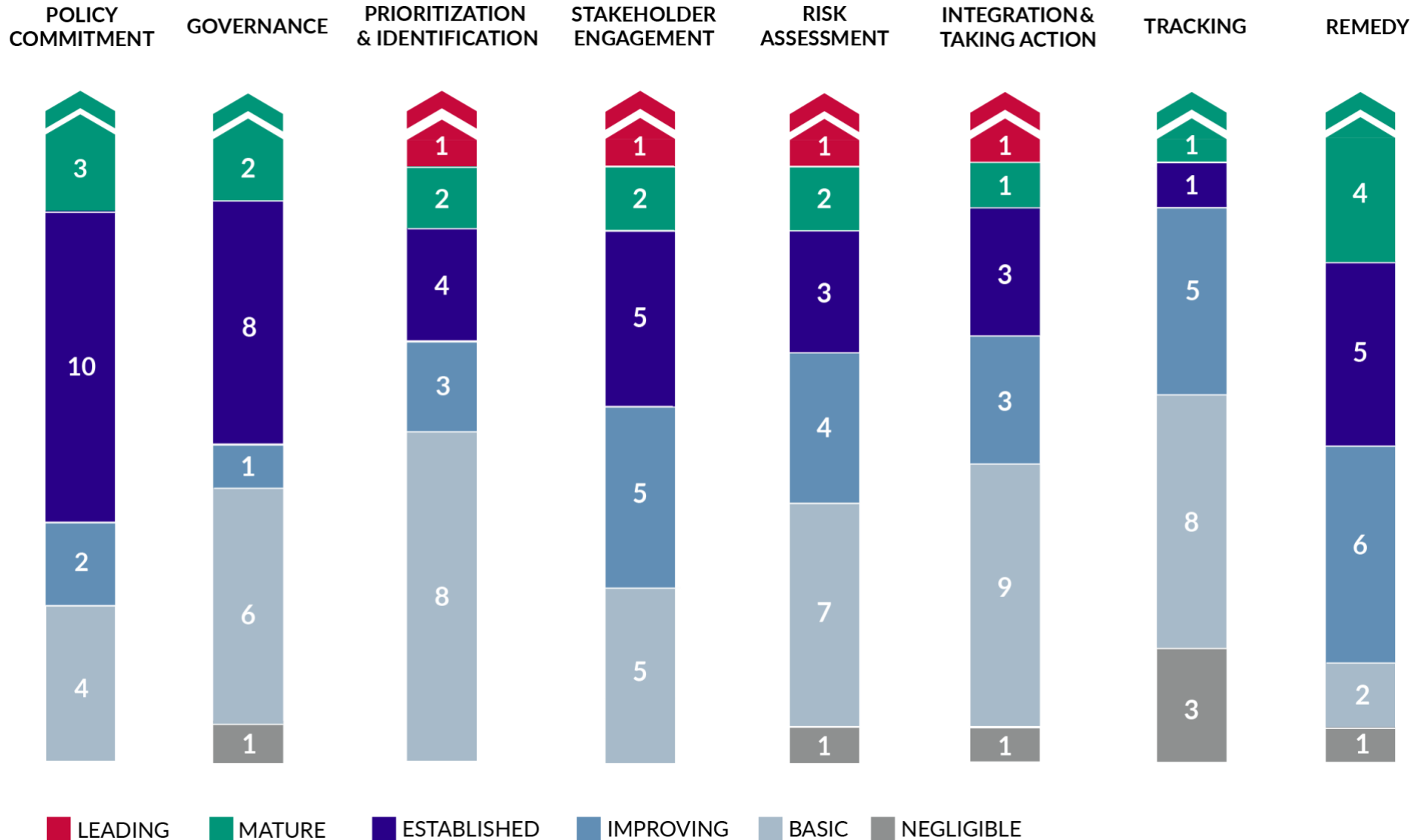
Human rights impacts are, to some degree, inevitable given the typical complexity of large companies' operations and value chains. Even the most diligent companies will likely be involved in such impacts at some point. For this reason, processes to ensure affected people receive effective remedy are included as an expectation within the UN Guiding Principles. In a company's reporting, it is vital to indicate ways in which remedy is or can be provided or supported by the company. This will include details on available grievance mechanisms, the extent to which the company can accommodate complaints about all human rights, the existence of any constraints, and how complaints are addressed.

“ Processes to ensure affected people receive effective remedy are included as an expectation within the UN Guiding Principles. ”

One third of companies assessed in this group achieved the average score, at the *Improving* level, indicating that the average company in this group identifies a hotline or other avenue that potentially affected stakeholders, including but not limited to company employees, can use to raise human rights grievances. However, these companies do not discuss processes to address grievances, complaint outcomes, nor any information about independent reviews or oversight of the grievance mechanism, all of which are important to disclose if they exist, as they provide a basis for confidence in a company's ability to ensure affected people receive effective remedy. *Mature* disclosure included clearly identified hotlines or channels that affected stakeholders (including but not limited to employees) may use to raise grievances, explained the process used to address grievances, and gave some information on complaint outcomes.



## Key findings | How does disclosure of Canadian mining companies match up to the expectations of the UN Guiding Principles?



## Cross-cutting indicators of mature reporting

### Openness to sharing challenges

Companies confront an array of challenges in addressing human rights impacts that can be systemic in certain regions or sectors. For example, the mining industry often faces challenges in tackling risks related to land rights, indigenous peoples’ right to free, prior and informed consent, and the right to water. Some impacts, such as forced labour, may be more difficult to identify, as victims may not feel able to report the violation. Other impacts may involve challenges in using leverage over other actors, such as powerful governments or actors downstream in a company’s value chain. Sharing these understandable and real challenges lends credibility and authenticity to reporting; by including balanced information and lessons learned, a company can help readers contextualize and evaluate their efforts to address human rights risks.

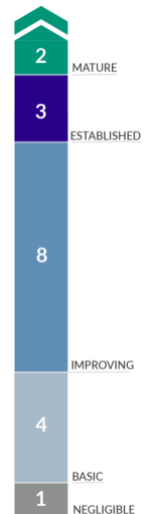
Among this group, the average tendency was to share high-level or general challenges faced in the sector—such as health and safety challenges at mining sites—warranting an *Improving* level on the maturity scale. A handful of companies shared virtually no challenges and focused solely on positive information; in fact, some companies chose to avoid discussion of high-profile, public challenges. Encouragingly, however, 39% of the group attained an *Established* level on this scale, providing some examples around stakeholder engagement, community rights, and water impacts that gave further insight into their approaches to human rights risk management.



### Specificity and concrete examples

Mature reporting relies on meaningful examples to demonstrate how high-level policy statements and general processes affect actual practices. Case studies, specific examples, and even anecdotes from the field provide a window into how processes play out on the ground. Examples like this add to a robust and well-rounded narrative about a company’s management of human rights risks.

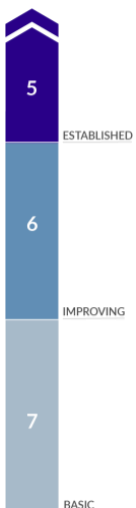
Disclosure across this group generally lacked concrete examples that provide insight into a company’s human rights practices. 44% of companies were scored at the *Improving* level, where examples were limited in number and scope and lacked details; most companies share examples about health and safety issues at mine sites, or environmental impacts. The opportunity for improvement is significant in this cross-cutting area.



### Forward-focused reporting

Mature disclosure demonstrates a commitment and intent to continue improving management of human rights risks by discussing intended plans or activities, from high level priorities to specific issues. When a company develops measurable goals and targets for these plans and communicates them publicly, this contributes to increased accountability for progress.

Analysis of this group reveals the average company to be just below the *Improving* level on this maturity scale, including statements around intended improvement along with some specific planned activities (such as site closure plans containing human rights components). However, disclosure here often fails to use a human rights lens and instead focuses, for example, on general sustainability goals, health and safety, or emergency preparedness. Better disclosure could be achieved here by including clear and specific objectives, targets, and planned activities in connection to the human rights issues that are salient to the company.







## Overall maturity

The analysis of disclosure amongst this group of 18 Canadian mining companies exhibits trends comparable to those of other groups of companies Shift has analyzed in the UNGP Reporting Database. However, the curve for the Overall maturity indicator is different: Overall maturity is slightly lower amongst this group than for other groups analyzed, with an average Overall maturity slightly above the Improving level (2.1/5). Notably, 66% of companies analyzed in this group do not achieve a level above *Improving*.

At the average, companies are failing to develop a comprehensive narrative around human rights and instead focused on either a limited set of traditionally-recognized human rights issues, or general sustainability and corporate social responsibility issues without explicitly acknowledging human rights. While there may be policies in place around human rights, and even examples given that demonstrate the company is addressing some human rights concerns, most disclosure lacks a cohesive narrative, structure, and insight into how companies understand, prioritize, address, and manage human rights.

Additionally, the streaming and royalty companies analyzed in this group did not achieve Overall maturity levels above the *Basic* level. Their reporting focuses entirely on positive stories and typically relies heavily or solely upon the disclosure of third-party mine operators. In that reliance, these companies similarly only choose to highlight the most positive aspects of the third-party operators' disclosure. Unfortunately, disclosure of this nature reflects an inherent misunderstanding of human rights impacts connected to their business: because streaming and royalty companies are involved in many operating mines across different regions, their human rights risks can be considerable across their value chain and require substantial due diligence to identify risks to which they are connected.

Encouragingly, two mining companies solidly attained *Mature* levels at this Overall indicator. Both companies illustrated their strong human rights policy commitments, operative grievance mechanisms and remedy provided, and robust stakeholder engagement practices. Remaining opportunities for improvement lie in providing further clarity about governance structures and specific examples of how human rights risks are managed in practice.

## Year-on-year maturity

Four of the companies assessed in this group were previously analyzed in the UNGP Reporting Database, so Shift has conducted analysis for multiple years of disclosure. For the purposes of this grouped analysis, only their most recent disclosure was evaluated using Shift's maturity methodology. These four companies plateaued in maturity levels across the majority of indicators in analysis conducted in 2017 and 2018. Exceptions to this were two instances of slight improvement around stakeholder engagement, one instance of slight improvement around tracking, and one instance of improvement at the cross-cutting indicator on forward-focused reporting. For example, one company redrafted their stakeholder engagement policies during the reporting period, expanding them to include policies on engaging with indigenous peoples around their rights, concerns and cultural activities, as well as with union leaders. Similarly, disclosure that improved at the cross-cutting forward-focus indicator included specific, human rights-oriented goals within their Sustainability Goals for the following reporting period.

Plateauing of maturity levels year-on-year is not uncommon. It is possible to advance in some areas without improving enough to attain a higher overall maturity level. This is also indicative of the need for companies to develop a robust, coherent, and insightful narrative that explains how the company approaches human rights and embeds elements of that approach throughout other areas of the business.



## Conclusion and key recommendations

This research analyzed the disclosure of a selection of 18 Canadian mining companies listed on the Toronto Stock Exchange. The findings of this work provide insight into general trends across this sector and illuminate opportunities for improving human rights reporting—which in turn can translate into improved performance on human rights issues across mining companies in Canada and beyond.

An astute reporting process can serve as a powerful driver of improved performance by highlighting gaps in knowledge and practice that should be addressed. This process can enable iterative learning and improvement. Quality reporting also informs meaningful dialogue with stakeholders and investors, which in turn informs improved systems and practices. Conversely, as overall human rights performance improves, so too does a company's ability to report on its progress. With this understanding, Shift presents the following recommendations based on this analysis:

1. **Mature reporting requires development of a strong, overarching narrative** anchored in the expectations of the UN Guiding Principles. This narrative should be tailored and unique to each company to illustrate understanding and management of human rights risks—and how that approach is embedded into broader business strategies.
2. Sharing a policy commitment is important, but only a first step: indicating how a company's human rights policy commitment was developed, and how it is communicated to all relevant stakeholders is key to improving both human rights reporting and performance. Further, companies should build on their policy commitments by adopting a rights-respecting lens to identify salient human rights issues (those human rights at risk of the most severe negative impact as a result of business activities), contributing to reporting cohesiveness and clarity as well as providing insightful prioritization for acting on and addressing those issues. Likewise, **quality human rights disclosure will understand the distinction between human rights risks and philanthropic or charitable activities—and ensure the two are not conflated.**
3. It is vital for mining companies to be engaging in and reporting upon proper and effective stakeholder engagement—particularly as it relates to human rights. **Disclosure should explain engagement processes and how they are connected to the company's salient human rights issues**, as well as provide specific and detailed examples to demonstrate how this engagement functions in practice, and how a company considers and implements stakeholder views.
4. Ensuring effective remedy for people harmed by a company's actions or decisions is an essential component of any company's human rights strategy. **Reporting can inform stakeholders' confidence in a company's ability to enact effective remedy** by disclosing specific processes employed to address grievances, information about complaint outcomes, and details about independent reviews or oversight of available grievance mechanisms.
5. In their reporting, streaming or royalty companies do not tend to reflect on the extent to which they are connected to potential risks in their value chains through their investments in numerous mining operations across multiple companies operating in various regions. **Streaming companies should not, therefore, rely solely on their third-party operators' disclosure, particularly if in doing so the company highlights only positive achievements of that mine operator.** Rather, these companies should explain through their disclosure the human rights due diligence approach they undertake across their own value chain.
6. **Insightful reporting requires frank and honest sharing of challenges faced by a company**, and is bolstered by specific examples that shed light on a company's approach. A company's discussion of challenges that may be high-profile, such as well-known litigation around human rights issues connected to a company's actions or decisions, can serve as an indicator for the company's attitude towards human rights more generally; honest discussions can provide positive insights and confidence in a company's ability and efforts to improve upon their approach, while a defensive narrative can decrease such confidence.

## Annex: Shift's maturity scales

### I. Components of the responsibility to respect human rights

#### Human rights policy commitment

- 0:** (Negligible)
- 1:** Brief high-level commitment to respect certain human rights (e.g., employee labor rights, health and safety, non-discrimination).
- 2:** Brief high-level commitment to respect "human rights" without further detail.
- 3:** More detailed commitment to respect human rights but does not explicitly cover all internationally recognized human rights.
- 4:** Commitment explicitly covers all internationally recognized human rights and extends across the value chain.
- 5:** Commitment includes all of the above as well as information about the development of the policy and its communication to employees, business partners and other stakeholders.

#### Governance and embedding

- 0:** (Negligible)
- 1:** Disclosure only provides information about the level of responsibility for sustainability, CSR or a similar topic, but offers no clarity about who is responsible for human rights issues specifically.
- 2:** Disclosure provides only generalized information about who is responsible for human rights issues.
- 3:** Disclosure provides information about day-to-day management of human rights issues, as well as about top leadership or Board oversight on these issues.
- 4:** Disclosure provides information about who is responsible for human rights issues including day-to-day management, specific responsibilities, top leadership or Board oversight, as well as cross-functional structures and processes.
- 5:** Disclosure includes all of the above as well as information about company leadership's understanding of how respect for human rights is reflected in the business model and strategy.

#### Prioritization of risks and identification of salient human rights issues

- 0:** (Negligible)
- 1:** Readers may infer that the company has priority human rights issues because some human rights issues are highlighted in the disclosure (e.g., disclosure is available on certain human rights issues, dedicated sections in reporting, or rights listed in policy commitments).
- 2:** The company states that the human rights issues highlighted are of particular importance or priority but does not explain how they were determined.
- 3:** The company states that the human rights issues highlighted are of particular importance or priority and explains how they were determined.
- 4:** The company states that the human rights issues highlighted are determined based on risks to potentially affected people (with particular attention to severity and likelihood).
- 5:** The company states that the human rights issues highlighted are determined based on risks to potentially affected people (with particular attention to severity and likelihood) and explains how these issues were determined.

#### Stakeholder engagement

- 0:** (Negligible)
- 1:** Disclosure provides a high-level statement about the importance of stakeholder engagement without further detail (general, not specific to human rights).
- 2:** Disclosure provides some information about stakeholder engagement on general sustainability issues, with little to no specific information about human rights and/or disclosure is limited to certain human rights without any indication that the company has thought about human rights more broadly.
- 3:** Disclosure provides information about general processes and structures to engage stakeholders on human rights issues specifically, with limited examples from the reporting period.

- 4: Disclosure provides information about general processes and structures to engage stakeholders on human rights issues, with several specific examples of engagement from the reporting period that offer insight into how issues are discussed and managed.
- 5: Disclosure includes all of the above as well as specific information about engagement with potentially affected stakeholders

## Assessing human rights risks

- 0: (Negligible)
- 1: Disclosure provides information about processes to assess only certain human rights risks.
- 2: Disclosure provides a basic statement about the existence of processes to assess human rights risks, without further detail.
- 3: Disclosure provides more detailed information about general processes to assess human rights risks.
- 4: Disclosure provides comprehensive information about processes to assess human rights risks, and explains how they work in practice, with concrete examples from the reporting period.
- 5: Disclosure includes all of the above as well as information about how human rights risks are integrated into enterprise risk management systems and discussed by top leadership.

## Integration and mitigation measures

- 0: (Negligible)
- 1: Disclosure provides some information about actions taken to mitigate only certain human rights risks, without any indication that the company has thought about human rights more broadly.
- 2: Disclosure provides a general description of actions taken to mitigate human rights risks, without further detail.
- 3: Disclosure provides a general description of actions taken to mitigate human rights risks, with limited examples from the reporting period.
- 4: Disclosure provides a general description of actions taken to mitigate human rights risks, with several insightful examples of mitigation from the reporting period.
- 5: Disclosure includes all of the above, with a particular degree of comprehensiveness: examples of actions taken, with details about the reasons for taking action, stakeholders engaged, different steps followed and outcomes.

## Tracking

- 0: (Negligible)
- 1: Disclosure provides basic data about certain human rights issues (e.g., long-recognized human rights issues such as diversity and health and safety<sup>6</sup>) and/or a brief narrative about the company's approach to tracking its performance around these issues.
- 2: Disclosure provides basic data and/or a brief narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues.
- 3: Disclosure provides more detailed data and a narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues.
- 4: Disclosure provides comprehensive data and a detailed narrative about the company's approach to tracking human rights performance specifically, beyond long-recognized issues, and includes independent assessment findings.
- 5: Disclosure includes all of the above and also explains how the company is using the data to improve its human rights performance.

## Remedy and grievance mechanisms

- 0: (Negligible)
- 1: Disclosure describes a generic hotline or other channel that could in principle receive some kind of human rights complaints from company employees solely.
- 2: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances.

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<sup>6</sup> While diversity and health and safety may indeed be salient human rights issues for companies, we distinguish them here because very often these are the *only* issues companies report on. Often, companies report data on these issues because the data is easy to gather, because of regulatory pressures, or because these issues are well established within companies' management systems. These reasons are different from expectations on human rights reporting, which requires a focus on information on the company's greatest risks to people (its salient human rights issues).

- 3: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances, and explains the company's process to address grievances.
- 4: Disclosure expressly identifies a hotline or other channel that potentially affected stakeholders, including but not limited to company employees, may use to raise human rights grievances, explains the company's process to address grievances, and includes information about complaint outcomes.
- 5: Disclosure includes all of the above as well as information about an independent review or oversight of the grievance mechanism.

## II. Cross-cutting indicators of quality reporting

### Openness to sharing challenges

- 0: (Negligible)
- 1: Disclosure includes only positive information and successes.
- 2: Disclosure includes some high-level statements on general challenges.
- 3: Disclosure includes high-level statements on general challenges and a few examples to provide insight into the issue(s).
- 4: Disclosure includes specific examples of challenges experienced by the company and explained clearly.

### Specific examples

- 0: (Negligible)
- 1: Disclosure includes mainly generic, high level statements.
- 2: Disclosure includes mostly generic statements but some examples help provide insight into the company's processes and practices.
- 3: Disclosure is specific and several examples help provide insight into the company's processes and practices.
- 4: Disclosure is exceptionally specific and provides clear insight into the company's processes and practices.

### Forward focus

- 0: (Negligible)
- 1: Disclosure includes a general statement of intent for continued improvement.
- 2: Disclosure includes specific planned activities to enable continued improvement.
- 3: Disclosure includes a plan regarding some human rights issues to enable continued improvement, with clear targets.
- 4: Disclosure includes a clear and comprehensive plan to enable continued improvement, with clear targets.

### III. Overall maturity of reporting

Basic	Improving	Established	Mature	Leading
<ul style="list-style-type: none"> <li>• Disclosure is focused on broad “sustainability” and “CSR” issues, with little clarity that these labels includes human rights</li> <li>• Brief, high level commitment to respect human rights</li> <li>• Little to no disclosure about who is responsible for human rights issues</li> <li>• Little to no disclosure about a process to assess and mitigate human rights risks</li> <li>• Hotline available to employees only for some human rights related complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure is focused on “sustainability” and “CSR” issues, but it is clear that these labels include human rights High level commitment to respect human rights extends to the supply chain</li> <li>• Some disclosure about the highest level of accountability in the company for human rights</li> <li>• Disclosure focuses on human rights risks that have been traditionally addressed by companies, like health and safety and diversity, without an explanation that these issues are indeed salient for the company</li> <li>• Human rights risks are assessed but no detail on the process is provided</li> <li>• Disclosure focuses on basic stakeholder engagement on sustainability issues including human rights Description of mechanism to receive human rights-related complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure is specific to human rights and offers more details about the company’s efforts to implement the elements of the corporate responsibility to respect human rights</li> <li>• Commitment to respect human rights covers all internationally recognized human rights and extends across the value chain</li> <li>• A governance structure for human rights is identified, with some level of leadership oversight</li> <li>• Human rights risks are prioritized and identification process is explained</li> <li>• Employees and business partners are aware of the human rights commitment and receive specific training or guidance</li> <li>• Human rights risks are assessed with some level of regularity and integration</li> <li>• Stakeholders are regularly engaged on human rights issues and general processes for that engagement are explained</li> <li>• Grievance mechanism is available to all potentially affected stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure includes a forward focused approach or strategy to further embed respect for human rights</li> <li>• Commitment to respect human rights has top leadership sign-off and is supported by a coherent set of governance documents</li> <li>• Top level messaging recognizes relevance of human rights for the business</li> <li>• Responsibility and accountability structures for human rights are identified and explained</li> <li>• Reporting and actions on human rights are prioritized based on risk to potentially affected stakeholders</li> <li>• Human rights risks are assessed regularly and processes are explained in detail</li> <li>• Stakeholders are engaged on human rights issues during the reporting period, and the company shares the purpose of the engagement(s) and inputs by stakeholders</li> <li>• Disclosure provides a description of types of mitigation measures taken, with specific examples from the reporting period</li> <li>• Human rights performance is tracked, based on the company’s salient human rights issues.</li> <li>• Process to address grievances is explained and examples of outcomes are provided</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure is transparent, addresses challenges, lessons learned and includes concrete examples throughout</li> <li>• Forward focused strategy to further embed respect for human rights, with clear, measurable objectives</li> <li>• Commitment to respect human rights developed in collaboration with internal and external stakeholders, with top leadership involvement and sign-off</li> <li>• Clear leadership understanding and messaging on human rights risks pertinent to the business</li> <li>• Description of human rights governance demonstrates top level oversight and well-integrated cross-functional structures</li> <li>• Human rights are continually assessed and integrated into enterprise risk management systems</li> <li>• Stakeholders’ inputs, especially from potentially affected stakeholders, are actively sought and taken into consideration, including to design and implement mitigation measures</li> <li>• Human rights performance is tracked and linked to performance incentives Grievance mechanism is independently reviewed, available to all potentially affected stakeholders, the process is explained, and examples of remedy are provided</li> </ul>