May 2022

Social and Economic Reporting

Framework and Guidance

Acknowledgements

The development of this publication would not have been possible without the input and support of the individuals below. ICMM gratefully acknowledges the following contributions:

External expertise
This report was developed by a team at ERM led by Clemence McNulty and supported by Yakira Bahadur and Jonathan Molyneux.

ICMM team
Hannah Clayton led the process to develop the framework and guidance, with input and support from Marcus Addy, Molly Stewart, Danielle Martin and Nicky Black.

Special thank you to the ICMM Community Support Working Group members who were key contributors to this document. The group provided direction, input and expert review to the development of the framework and guidance. Working group members included:

Jordan Kuschminder (Alcoa)
Lauren Vopni (Anglo American)
Tumelo Shakwane (Anglo Gold Ashanti)
Michelle Rafus (BHP)
Teodoro Schmidt (Codelco)
Tracy Bame (Freeport)
Catherine Pattenden (Glencore)
Allison Burger (Gold Fields)
Jorgen Hansen (Hydro)
Juan Mamini (Minera San Cristóbal)
Fiona Sartain (MMG)
Rebecca Darling (Newmont)
Alexander Sabeev (Polyus)
Victor Cook (South 32)
Vivianne Leffingwell (Vale)

We also acknowledge the contributions of the many colleagues from across the ICMM groups that were consulted throughout the development of the framework.

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Foreword

Mining can and does make a significant positive social and economic contribution in the regions in which it takes place. There are many examples of this through core business and social activities which create local jobs, provide access to health and education, and contribute to skills, infrastructure, and local business development.

There are numerous case studies of these benefits, but these can often be hard to compare and assess across different companies and contexts. What has been missing, despite a plethora of existing reporting frameworks, is a consistent set of indicators for measuring social and economic contribution. This is key to helping companies optimise social and economic development activities, and in supporting stakeholders to assess the extent to which companies, and the industry more broadly, contributes to social and economic development.

ICMM, working with members and external stakeholders, has developed the Social and Economic Reporting Framework to help address this. Through this, company members commit to reporting on a set of eight core indicators of social and economic contribution. Indicators include workforce composition, pay equality, wage level, provision of training, country-by-country tax reporting, local procurement, education and skills support, and capacity and institution support.

It builds on existing frameworks, such as GRI, but represents leading practice in several areas including the disaggregation of data by gender and ethnicity, and reporting of employee wages compared to the local living wage. This is a major step forward for the mining and metals industry, and to date we are the only industry group that requires reporting to this breadth or depth on these critical indicators.

The Social and Economic Reporting Framework has been designed with the flexibility to evolve over time. This is so that it can progressively cover other areas that demonstrate mining's contribution to social and economic development. At the same time, we recognise that mining activities can and do have negative consequences for people and the environment. We will continue to work closely with members, and relevant stakeholders to assess the potential evolution of the Framework so that we can continue to build on the data being shared by our members to give a clear picture of their performance.

While ICMM members have committed to report against the core indicators of the Framework, we encourage all mining companies to adopt this Framework to provide a consistent assessment of contribution from the whole industry in the future.

Ro Dhawan
ICMM CEO

Introduction

ICMM is a global leadership organisation for sustainable development, ultimately working to deliver a positive contribution to society. We judge our success by our contribution to creating a safe, just, and sustainable world through responsibly produced metals and minerals.

The core business activities and supplementary social and economic initiatives of mining and metals companies can contribute to economic growth, employment, skills, advancements in health and education, and a range of other development opportunities in the regions close to their operations.

Through the Social and Economic Reporting Framework, ICMM member companies have committed to a consistent approach to measuring and reporting on these social and economic activities. Through these disclosures, members will be able to assess and strengthen the delivery of their social and economic contribution in their local communities and provide consistent information to stakeholders. This document sets out the indicators and guidance, to support members in implementing their reporting commitment.

Why is reporting on social and economic activities important for the mining and metals industry?

Mining and metals companies play a critical role in catalysing sustainable development and contributing to the social and economic progress of national economies[1] and the communities where they operate. This contribution can lead to better outcomes for host communities, especially when this is reinforced by collaborative approaches to social performance management. The social and economic contributions made by the mining and metals sector is an essential part of earning and maintaining support from communities.

Mining and metals companies have been using increasingly sophisticated approaches to designing, implementing, measuring and monitoring their social and economic activities. However, there is no consistent, industry-wide approach to measuring and reporting on social and economic contribution. This creates challenges for identifying areas for performance improvement across the industry and hinders efforts to communicate the contribution responsible mining can make to society. The Social and Economic Reporting Framework aims to provide a foundation for consistent reporting. The goal is to build on current reporting practices to support a step change in social and economic contribution measurement and reporting for individual companies and the sector.

The Social and Economic Reporting Framework is intended to support members to demonstrate their implementation of ICMM's Mining Principles, in particular Principle 9 (Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities). It will help to establish a common view of meaningful indicators for the sector to ensure the social and economic contributions of the activities deployed are clearly understood, and their long-term impact better evaluated and explained.

How was the Social and Economic Reporting Framework developed?

The Social and Economic Reporting Framework was developed following a review of the landscape for measuring and reporting on social and economic activities in 2019 and early 2020. The review engaged with mining sector stakeholders and ICMM members and assessed existing frameworks[2]. The Social and Economic Reporting Framework was developed to address some of the drivers for measuring and reporting on social and economic contribution, encompassing broad trends, multi-faceted stakeholder expectations and current ICMM member company reporting practices.

The following key points should be noted:

— The Social and Economic Reporting Framework was intentionally developed from existing reporting frameworks and standards, especially the Global Reporting Initiative (GRI) Standards, on which ICMM member companies are required to report their sustainability performance in accordance with GRI's Core Option. This was important to ensure a streamlined approach to reporting. When indicators were not available in existing frameworks to support meaningful measurement and reporting on social and economic contribution, new indicators were developed.

— The Social and Economic Reporting Framework is anchored around a common definition of social and economic contribution (see Table 1) highlighting the full range of related activities. However, as there is an expansive set of potential contribution activities, priority areas were identified.

1. ICMM (2016), Role of mining in national economies: Mining contribution index, 3rd ed. [PDF]. Available at https://www.icmm.com/website/publications/pdfs/social-and-economic-development/161026_icmm_romine_3rd-edition.pdf

2. Some of the frameworks considered included the United Nations Sustainable Development Goals (UN SDGs), the Global Reporting Initiative (GRI), the Mining Local Procurement Reporting Mechanism, the Responsible Mining Index, the Social and Human Capital Protocol, the Corporate Impact Analysis Tool, as well as the World Benchmarking Alliance.

- The priority areas were selected by members based on the materiality of contributions resulting from activities and their importance for stakeholders, as well as alignment with other ICMM collective actions. The focus on education and skills will support the development of ICMM's Skills Initiative.
- The core indicators are focused on the measurement of inputs and outputs to enable a shared foundation for reporting across the ICMM membership.
- Process and management approach indicators, e.g. reflecting how a company approaches the development of its training programmes to ensure equitable access for all employees, are not included.
- The Social and Economic Reporting Framework may evolve to incorporate additional outcome and impact indicators. It will be important to respond to evolving expectations from a wide range of stakeholders who are increasingly keen to see companies use outcome and impact metrics to demonstrate their commitments and contributions.

What social and economic contributions are ICMM members committing to report on?

ICMM member companies commit to reporting on a set of core indicators that provide insights into the activities that can deliver, support and enable social and economic contribution. These activities are delivered around four primary activity areas:

- **Investment and revenue flows:** This spans financial payments (such as taxes and royalties), shared ownership structures, and participation and partnership models deployed by companies in relation to their projects and operations.
- **Operation of assets:** This is focused on each company's core business and the contribution that is derived through its operations via employment and workforce development, procurement, operating infrastructure, and assets which can be shared with communities.
- **Value chain:** This is linked to the final products and services that mining and metals companies and their downstream customers deliver to society, including considerations around the drive to circular economies.
- **Social and economic development interventions:** This relates to the range of community and social programmes delivered by companies as part of their social licence to operate and broader social and sustainability strategies.

The detailed social and economic contribution activities are presented in Table 1.

Framework focus areas

Considering the wide range of activities through which social and economic contribution can be delivered by mining and metals companies, six focus areas were identified based on the materiality of the issues for the sector and its stakeholders:

1. **Tax:** Taxes play a vital role in achieving the UN Sustainable Development Goals (SDGs) and are a key mechanism by which organisations contribute to the economies of the countries in which they operate.
2. **Employment:** Employment can have a significant impact in terms of building human capital, contributing to community resilience and enabling diversity, equality and inclusion in the workplace.
3. **Workforce development:** This is another area in which businesses can play a critical role and support SDG 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all) and SDG 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), which is composed of a set of related outcomes around access to education for all at various stages of their lives. This is also an area where significant business value can be derived as a capacitated and developed workforce can support improved productivity and business outcomes.
4. **Procurement:** Procurement is linked to SDG 8 and SDG 9 (Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation). In addition, several existing indicators were identified across frameworks such as the Local Mining Procurement Reporting Mechanism in relation to companies' management approaches and procurement processes.
5. **Education and skills:** This relates to the social and economic education and skills development interventions that are run by companies outside of

their workforce. It is directly linked to SDG 4, which includes a range of targeted outcomes that may be supported by company interventions.

6. **Capacity and institutions:** This relates to the range of programmes that mining and metals companies can deliver to establish and/or enhance civic organisations and their institutional capacity, which will amplify and embed the potential social and economic contributions that can result through improved governance and multi-stakeholder partnerships.

See Figure 1, which shows how the social and economic contribution indicators align with the ICMM Principles.

Audience

This guidance is intended to be used by ICMM member companies as they begin to report on the indicators. It aims to support consistency and alignment in reporting for all ICMM members. It can also be used by other mining and metals companies seeking to strengthen their approach to social and economic contribution. This guidance may also be of interest to investors, customers, civil society organisations and other external stakeholders seeking to better understand the contribution of the mining and metals industry.

Other Considerations

The aim of the Social and Economic Reporting Framework is to build a shared foundation for all ICMM members to align reporting on social and economic contribution. It is a set of core indicators covering six focus areas which have been prioritised by the membership. It is expected that members will seek to report on the identified indicators from the onset and continually improve on the granularity and accuracy of information supplied. It is acknowledged that this may require some time to enable upgrades to data collection systems and adjustments in line with members' operating contexts.

It is expected that this Framework will evolve and develop, progressively covering more of the potential social and economic contribution areas and identifying outcome and impact indicators.

Table 1: Social and economic contribution activities typically conducted by mining and metals companies

Activity area	Activity types
Investment and revenue flows	**Financial payments:** This spans the range of payments that companies will make to nations for operating in their jurisdictions and can include royalties, taxes (to various levels of government), required or negotiated payments and fees.
	Shared ownership: This includes the range of mechanisms through which stakeholders can participate in companies' activities via shared ownership structures, eg equity and dividends.
	Partnerships: Through their investments in certain regions or areas, companies can forge or support partnerships that enable socio-economic development, eg value chains and special economic development zones. This is not intended to cover Impact and Benefit Agreements (IBAs) with Indigenous Peoples or other local groups as these are likely to be unpacked through specific activities. However, reporting on the number of IBAs in place, etc, may be important for some stakeholders.
Operation of assets	**Employment and workforce development:** This spans the employment practices and impacts of companies throughout the project lifecycle, along with skills development and training either prior to or during employment. This could include direct and indirect employment, including via contractors, related to a company's operations. This is supported by wage payments as well as provision of other benefits, eg bursaries, subsidies for housing, education, health insurance.
	Procurement: This includes the procurement of goods and services by a company throughout its project lifecycle. This includes support for enterprise development and business support as part of developing supply chains.
	Infrastructure: This refers to shared infrastructure development (eg road or transport networks, water and sewage systems, and electricity generation and distribution networks) which will not be used exclusively by a company for its activities.
Value chain	**Products (services):** This notes the potential role of mining and metals to support energy transitions through its products, as well as efforts to innovate and continually improve the use of minerals and metals, including through circular processes.
Socio-economic development interventions	**Provision of public services:** This covers support for the provision of housing, energy, water, sanitation, connectivity, digital services, safety, and security. This is additional to any infrastructure that has been put in place to enable core business operations and may be shared with the community.
	Health and wellbeing: This encompasses the delivery of programmes designed to improve health and wellbeing outcomes.
	Education and skills: This covers programmes supporting education and skills development from early childhood development to adult learning.
	Food security and agriculture: This relates to programmes focused on improving food security and supporting the development of agricultural value chains as alternatives to mining land use.
	Economic support: This covers programmes to develop local businesses and create alternative livelihoods, jobs creation, etc.
	Environment: This covers programmes to conserve and/or improve the environment, including biodiversity, water resources, climate adaptation, etc, in ways that contribute to the socio-economic circumstances.

Activity area	Activity types
Socio-economic development interventions (continued)	**Culture and heritage**: This includes programmes that support arts, sports, and other cultural activities. It also includes cultural heritage programmes with Indigenous Peoples.
	Capacity and institutions: This relates to the range of programmes that can be delivered to establish and/or enhance civic organisations and their institutional capacity.
	Social cohesion and inclusion: This corresponds to programmes supporting enhanced participation by all groups in societies, eg gender, race, Indigenous Peoples etc.

Figure 1: ICMM Principles alignment

Principles		Highlighted Performance Expectations
03	**Human Rights** Respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities.	**3.5** Remunerate employees with wages that equal or exceed legal requirements or represent a competitive wage within that job market (whichever is higher) and assign regular and overlime working hours within legally required limits.
		3.8 Implement policies and practices to respect the rights and interests of women and support diversity in the workplace.
09	**Social Performance** Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.	**9.1** Implement inclusive approaches with local communities to identify their development priorities and support activities that contribute to their lasting social and economic wellbeing, in partnership with government, civil society and development agencies, as appropriate.
		9.2 Enable access by local enterprises to procurement and contracting opportunities across the project lifecycle, both directly and by encouraging larger contractors and suppliers, and also by supporting initiatives to enhance economic opportunities for local communities.
10	**Stakeholder Engagement** Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner, effectively report and independently verify progress and performance.	**10.1** Identify and engage with key corporate-level external stakeholders on sustainable development issues in an open and transparent manner. *Noting specific commitment on Mining Partnerships for Development Position Statement.*
		10.2 Publicly support the implementation of the Extractive Industries Transparency Initiative (EITI) and compile information on all material payments, at the appropriate levels of government, by country and by project.

Section 01: Core Indicators

Overview

ICMM member companies have committed to report against the Social and Economic Reporting Framework through a set of eight core indicators, covering social and economic contribution activities across the six focus areas (tax, employment, workforce development, procurement, education and skills, and capacity and institutions). The eight indicators are summarised in Table 2. Further detail for each indicator is provided in Section 2 Guidance: Reporting on Social and Economic Indicators and in Appendix 1.

When do members need to report by?

It is expected that ICMM members will begin to report using the Social and Economic Reporting Framework from 2023, ie for 2024 disclosure, apart from the metrics on country-by-country tax reporting which members will begin to report on from 2024, ie for 2025 disclosure[3]. It should be integrated into members existing disclosures via their annual reports.

Table 2: Core indicators

Focus Area	Core indicators	Overview
Tax	1. Country-by-country reporting of business activities, revenues, profit and tax	Financial, economic, and tax-related information for each jurisdiction in which a member operates (aligned to GRI, or OECD Action 13 BEPS Country-by-Country Report)
Employment	2. Workforce composition	Information on workforce split across different regions, equality areas and permanent/contractor (Aligned to GRI)
	3. Pay equality	Ratio of the basic salary and remuneration by employee categories/regions by equality areas (Adapted from GRI with some indicators from World Economic Forum (WEF) Common Metrics)
	4. Wage level	Ratios of entry level wages vs local living wage and CEO compensation to median employee compensation (Aligned to GRI, with some indicators from WEF Common Metrics)
Workforce development	5. Training provided	Overview of training provided including average hours of training per employee (disaggregated per gender and ethnicity), average spend on training and percentage of employees receiving training provided per category (Adapted from GRI with inclusion aspects from WEF Common Metrics)
Procurement	6. Local procurement	Percentage of the procurement spend that is spent on suppliers local to operations (disaggregated per gender and ethnicity) (Aligned to GRI)
Education and skills	7. Education and skills support	Overview of the range of education and skills programmes deployed outside of workforce, spanning number and types of programmes, spend and beneficiaries (disaggregated per gender and ethnicity) (ICMM specific metric)
Capacity and institutions	8. Capacity and institution support	Overview of the range of capacity and institution programmes deployed, spanning number and types of programmes, spend and beneficiaries (disaggregated per gender and ethnicity) (ICMM specific metric)

3. This reflects the current level of reporting on a country-by-country basis; GRI 207-4 came into effect on 1 January 2021.

How do ICMM's reporting commitments relate to other reporting frameworks?

The core indicators have been intentionally aligned to the GRI Standards, as it is a requirement under ICMM's Performance Expectations that all member companies report their sustainability performance against these. This is expected to provide a solid foundation for the evolving Framework. For activities where there were no existing GRI indicators, or those existing were not deemed to provide a full overview of the mining and metals sector's social and economic contributions, new indicators have been developed to enable meaningful reporting on activities by ICMM members.

Integrating with Annual Reporting Process

In line with the requirements of GRI,[4] it is expected that where the core indicators fall within the boundary of a company's material risks and opportunities, these will be reported as part of Subject Matter 4[5] of the ICMM requirements, which is required to be covered by the sustainability report assurance engagement for ICMM member companies. (Subject Matter 4 states that: 'The company's reported performance during the given reporting period for each (or a selection) of the identified material sustainability risks and opportunities.') It is therefore expected that the core indicators will be considered as part of member companies' materiality assessment processes which would allow for the management thereof to be integrated within the organisation.

Subject Matter 4 also requires that the definitions of any quantitative or qualitative performance measures need to be publicly available and may include cross-referencing to the relevant, topic specific, GRI Standards (200-, 300-, and 400-) or other generally accepted reporting standards such as those of the World Business Council for Sustainable Development (WBCSD). It is expected that member companies will report according to and reference the definitions described in this guidance for the core indicators as part of their annual reporting cycle, along with the existing performance information disclosed as part of Subject Matter 4.

Discretion for the data management process adopted will remain with member companies as part of their general approach to sustainability reporting. Member companies could consider tracking and reporting these core indicators in line with existing data management systems and approaches to ease adoption.

It is also expected that the integrity of the reported information will be maintained for quality reporting purposes. Members may consider including the scope of these social and economic contribution indicators within their annual sustainability report assurance engagements as part of Subject Matter 4, as member companies have the option to select the material sustainability risks and opportunities for assurance in discussion with their assurance provider.

Report or explain

In line with the ICMM and GRI Standards[6] requirements, in the instance that a company's systems are not dependable or mature enough to deliver reliable information for inclusion in public reporting (or to undergo assurance purposes as part of Subject Matter 4), it is expected that the company will disclose the intended approach (and timeframe) to bridge such gaps. This should be done in the earliest possible timeframe from when companies are expected to report on the social and economic contribution indicators (2024 for all metrics apart from country-by-country tax reporting, when reporting is expected from 2025).

Negative impacts

It is expected that companies will adhere to good practice, including alignment to ICMM's Mining Principles and Performance Expectations, to deliver their activities and manage potential negative impacts. They are also expected to report on this transparently as part of their existing disclosures to stakeholders.

Reporting on negative impacts is consistent with the goal from GRI 101 'of providing a balanced and reasonable representation of the organisation's economic, environmental, and social impacts'. Specifically, GRI 101:

— In terms of the GRI Reporting Principle of Sustainability Context[7]: 'The report shall present the reporting organization's performance in the wider context of sustainability. When reporting on topics that have positive or negative local impacts, it is important to provide insight into how

4. As the GRI Standards are evolving, it is the responsibility of member companies to make use of the most updated GRI Standards in effect for ICMM member companies at the time of reporting.

5. ICMM (2021), Assurance and Validation Procedure: Performance Expectations. [PDF]. Available at https://www.icmm.com/website/publications/pdfs/mining-principles/assurance-and-validation.pdf

6. GRI 101: Foundation – Reasons for omission

7. GRI 101: Foundation – Principles for defining report quality (page 9)

the organization affects communities in different locations. It is equally important for the organization to distinguish between patterns of impacts across the range of its operations, contextualizing performance location by location.'

— In terms of the GRI Reporting Principle of Balance[8]: 'The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance. The report is expected to include both favourable and unfavourable results, as well as information that can influence the decisions of stakeholders in proportion to their materiality. The information in the report is presented in a format that allows users to see positive and negative trends in performance on a year-to-year basis.'

What principles underpin ICMM's Social and Economic Reporting Framework?

Transparency

It is expected that companies will be transparent on how indicators are measured. Any context or company specific approaches to the core indicator definitions will need to be clearly highlighted. This is in line with the expectations of GRI 101 which mandates that the 'overall presentation of the report's content is expected to provide an unbiased picture of the organization's performance. The report is expected to avoid selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the report reader.'

Transparency is deemed by stakeholders to be a pre-requisite for credibility and trust. Mechanisms that are acceptable to stakeholders will need to be identified, possibly jointly, or at least validated by external stakeholders. For reporting on programmes supporting education and skills, capacity and institutions, it will be important for companies to clearly identify where they are working with partners, other companies, or other sectors to deliver programmes and ensure that only their contribution to these programmes is reflected.

At present, the core indicators identified are focused on clarifying the inputs and outputs of specific activities conducted by members through which social and economic contribution may be derived. The Framework does not mandate for companies to report on outcomes and impacts that may arise from social and economic contribution activities. However, companies are encouraged to report on any relevant qualitative information related to the identified indicators, especially where this provides insights into possible outcomes and impacts from the activities, or insights into stakeholder perceptions and perspectives on these activities. This will support stakeholders to fully understand the potential benefits and impacts of companies' activities, while providing companies with the opportunity to proactively mature their reporting on social and economic contributions.

It will be important that where stakeholder perspectives and qualitative case studies are shared, companies carefully consider how they will demonstrate the principle of transparency to reflect a fair and representative cross section of stakeholder feedback and not just focus on the positive. Additionally, it will be essential for companies to maintain strong social baselines that will enable them to understand and

8. GRI 101: Foundation – Principle of Balance (page 13)

demonstrate outcomes and impacts. For example, where an education and skills programme is implemented by a company in a community, it will be important to understand the initial social context, such as current access to education programmes in the community, to fully understand the extent of the change achieved via the company's intervention.

Reporting levels

In line with the GRI and typical processes for sustainability reporting, it is expected that member companies will report on the core indicators at an aggregated corporate level. It is at the discretion of companies to consider more granular reporting on performance, eg for key regions or potentially, where this is deemed important, by site or operation. It has been noted by stakeholders that understanding social and economic contribution is more meaningful in relation to a specific operating context. Increasingly, there is an expectation by civil society and other stakeholders, such as customers, that companies should report on performance at site or operation level in relation to the specific operating context. Although site-level reporting is not mandated, it is recommended that member companies carefully consider the levels of reporting they adopt in order to meet broad stakeholder expectations.

Accuracy and completeness

It is expected that member companies will adhere to the GRI's Reporting Principles for report content and quality (including accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and stakeholder inclusiveness) to ensure the quality and proper presentation of these indicators. The requirements of each of these Reporting Principles and how to apply them are detailed in the GRI 101 series[9].

It is acknowledged that there may be risks that could materially affect the accuracy and completeness of performance information along the reporting trail, especially as this is aggregated from assets for public disclosure at the company level. As such, assurance on Subject Matter 4 requires consideration of the controls and measures in place to govern the integrity of the data management process, including measurement, collection, aggregation and reporting of data. Various frameworks exist to support and strengthen the integrity of reported information, eg the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Control – Integrated Framework. Where appropriate, these could be applied to the data management process for the proposed core indicators. In this regard, member companies may also decide to select these core indicators for assurance with the company's internal and/ or external assurance provider to provide comfort to stakeholders regarding the integrity of the reported information.

Discretion for the data management process adopted will remain with the companies as part of their general approach to sustainability reporting.

9. GRI 101: Foundation (2016)

Section 02: Guidance: Reporting on Social and Economic Indicators

Overview

This section provides detailed information and practical guidance for companies on each of the eight core indicators within the Social and Economic Reporting Framework and covers:

— Why the indicator has been included.

— What the indicator covers, including the definition for each indicator and scope for reporting.

— How the indicator aligns with existing reporting requirements.

— What the gap is between GRI requirements and the indicator.

— What additional definitions support the framing and reporting of the indicator.

— How the data can be collected, including approaches to data collection for each indicator.

The section also includes additional guidance for companies on disaggregating the indicators by diversity groups, reporting against living wage and how to define 'local'.

Indicator 1:
Taxes – Country-by-country reporting

Indicator 2:
Workforce composition

Indicator 3:
Pay equality

Indicator 4:
Wage level

Indicator 5:
Training provided

Indicator 6:
Local procurement

Indicator 7:
Education and skills

Indicator 8:
Capacity and institutions

Indicator 1: Taxes – Country-by-country reporting

Why is this included?

Taxes play a vital role in achieving the UN Sustainable Development Goals (SDGs) and are a key mechanism by which organisations contribute to the economies of the countries in which they operate. It also supports ICMM Principle 10 (Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance) and, specifically, Performance Expectation 10.2 (Publicly support the implementation of the Extractive Industries Transparency Initiative (EITI) and compile information on all material payments, at the appropriate levels of government, by country and by project).

What does it cover?

If reporting under GRI 207-4, companies should provide information on:

a. 'All *tax jurisdictions* where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.

b. For each tax jurisdiction reported:
   i. Names of the resident entities;
   ii. Primary activities of the organization;
   iii. Number of *employees*, and the basis of calculation of this number;
   iv. Revenues from third-party sales;
   v. Revenues from intra-group transactions with other tax jurisdictions;
   vi. Profit/loss before tax;
   vii. Tangible assets other than cash and cash equivalents;
   viii. Corporate income tax paid on a cash basis;
   ix. Corporate income tax accrued on profit/loss;
   x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.

c. The time period covered by the information reported in Disclosure 207-4.'

If reporting to OECD Action 13 BEPS Country-by-Country Report, companies to provide information for the fiscal year concerned on:

a. The allocation of income, taxes, and business activities by tax jurisdiction, including:
   i. Tax jurisdiction
   ii. Revenues, including unrelated party, related parties and total revenues
   iii. Profit (loss) before income tax
   iv. Income tax paid (on cash basis)
   v. Income tax accrued – current year
   vi. Stated capital
   vii. Accumulated earnings
   viii. Number of employees
   ix. Tangible assets other than cash and cash equivalents

b. List of all the constituent entities of the Multi-National Enterprise group included in each aggregation per tax jurisdiction, including:
   i. Constituent entities resident in the tax jurisdiction
   ii. Tax jurisdiction of organisation or incorporation if different from tax jurisdiction of residence
   iii. Main business activity(ies)

How does it align to existing reporting requirements?

In 2015 country-by-country reporting was adopted by all G20 and OECD countries as part of the OECD/G20 *Base Erosion and Profit Shifting Project.* 84 countries had implemented the country-by-country reporting rules by 2020. It is expected that tax will be identified as part of the material topics for most mining and metals sector companies. The GRI Tax Standard 207 came into effect in 2021.

What is the gap?

GRI 207-4 is a recent Standard, having come into effect in January 2021. Reporting against it is at a very early stage across all sectors. Whilst OECD BEPS country-by-country reports have been required in a significant number of countries for several years, they are provided directly to tax authorities and are not regularly publicly disclosed. GRI requirement 207-4 is almost identical to the reporting requirements recommended by OECD, the main difference[10] GRI 207-4-b-x which requires the company to provide country-by-country explanations (see below for full definitions). Recognising the early stage of reporting, ICMM members will begin to report on tax from 2024, ie for 2025 disclosure, a year later than the other core indicators in this framework.

What are the supporting definitions? How should the data be collected?

For supporting definitions and broader guidance on reporting to GRI 207-4, please see GRI 207: Tax 2019. For supporting definitions and broader guidance on reporting to OECD BEPS, please see *Guidance on the Implementation of Country-by-Country Reporting; BEPS Action 13*.

10. See Comparison of GRI 207: Tax 2019 & OECD Action 13 BEPS Country-by-Country Report.

Indicator 2: Workforce composition

Why is this included?

Employment is a key area where companies in the mining and metals sector can have a significant impact in terms of contributing to socio-economic development and enabling diversity, equality and inclusion in the workplace. This indicator can demonstrate progress towards SDG 8. It also supports ICMM Principle 3 (Respect human rights and the interest of cultures, customs, and values of employees and communities affected by our activities) and, specifically, Performance Expectation 3.8 (Promote workplace diversity – Implement policies and practices to respect the rights and interests of women and support diversity in the workplace).

What does it cover?

Companies to provide information on their employees and other workers including:

a. Total direct workforce split by region.

b. Proportion of permanent vs contractor workforce.

For their direct workforce, companies should also report on the percentage (%) of employees per employee category, by age group, gender and other indicators of diversity (eg ethnicity) to the extent practicable based on their local operating context and what is legally permissible . Wherever possible, this disaggregation should also be considered for reporting on contractor workforce.

How does it align to existing reporting requirements?

It is expected that employment will be identified as part of the material topics for most mining and metals sector companies as it relates directly to their operations. As such, some level of reporting should be in place in line with the GRI Standards General Disclosures and Topic Specific Standards,

Specifically, this indicator should be considered in line with the following GRI Standards:

— **GRI 102-7:** Scale of the organization (2016)

— **GRI 102-8:** Information on employees and other workers (2016)

— **GRI 405-1:** Diversity of governance bodies and employees (2016).

What is the gap?

In line with the increased scrutiny of stakeholders in relation to inclusion and diversity, the expectation is that companies will disaggregate their reporting on workforce across meaningful categories such as age, gender and other equality areas to enable a better understanding of the fair participation of all within the workforce. See Box1 for more detail about reporting on diversity.

What are the supporting definitions?

It is recommended that member companies align their definitions for this indicator with the GRI Standards definitions[11] to ensure the consistency of the reported indicators within the industry.

— **Workforce composition:** Information on workforce split across different regions, equality areas and permanent or contractor.

— **GRI Standards Glossary: Employee:** Individual who is in an employment relationship with the organization, according to national law or its application.

— **GRI Standards Glossary: Worker:** Person that performs work.

- Note 1: The term ‘workers’ includes, but is not limited to, employees.
- Note 2: Further examples of workers include interns, apprentices, self-employed persons, and persons working for organizations other than the reporting organization, eg, for suppliers.
- Note 3: In the context of the GRI Standards, in some cases it is specified whether a particular subset of workers is to be used.

— **GRI Standards Glossary: Contractors:** Persons or organizations working onsite or offsite on behalf of an organization. A contractor can contract their own workers directly, or contract sub-contractors or independent contractors.

How should the data be collected?

Each company will need to identify the best way to integrate workforce composition into its existing reporting. There may be constraints on reporting some diversity information (eg ethnicity, gender and disabilities) because of regulatory and data privacy limitations. ICMM members are expected to operate within the legal and regulatory requirements of the

11. As per Subject Matter 4 of the ICMM requirements, the definitions or any qualitative of quantitative performance measures need to be publicly available. Examples of this include definitions as per the relevant GRI topic-specific standards, other generally accepted reporting standards or the company’s own published definitions.

jurisdictions in which they operate. This is also in line with GRI 101 which states that 'the reporting organization has taken into account the factors of laws, regulations, international agreements, or voluntary agreements of strategic significance to the organization and its stakeholders'.

Box 1: Reporting on diversity

Stakeholder scrutiny on issues related to diversity and inclusion has risen in recent years and is expected to increasingly form part of company disclosures. Specifically, there has been an increase in stakeholder and investor focus on comprehensive Environmental, Social and Governance (ESG) reporting, including diversity. For example, the US Securities and Exchange Commission (SEC) human capital disclosure rule (November 2020), which is part of a project to modernise the reporting requirements for SEC, requires filings of publicly traded companies to disclose specific information about their human capital resources, touching on aspects of diversity and inclusion. Similarly, mandatory reporting on gender pay gap in the UK, with discussions around the reporting of ethnicity pay gap, demonstrate the importance that stakeholders place on disclosures relating to diversity and inclusion. The strong business case is that diverse workplaces drive better outcomes and enhance business growth and brand reputation. Reporting on diversity signals a company's commitment to the global diversity agenda.

Currently, GRI 405 addresses an organisation's approach to diversity and equal opportunity at work. It focuses on the management approaches adopted to support diversity and inclusion. Reporting around gender and equality can be against diversity indicators including age, ancestry and ethnic origin, citizenship, creed, disability and gender. Reporting on diversity and inclusion is also intrinsically linked to ICMM Performance Expectation 3.8.

ICMM members commit to disaggregating the core indicators by gender, ethnicity, and other areas of diversity to the extent practicable based on what is appropriate and relevant to their operating context. This will include detail about which indicators have been selected and any commitments to future reporting improvements. In addition, where relevant, it is recommended that demonstrable inclusion of Indigenous and First Nations Peoples within organisations and their value chains should be included in reporting.

There may be some challenges to collect, collate and analyse this data. Companies should ensure alignment to the General Data Protection Regulation (GDPR) 2016/679 and other relevant national or local legal considerations as well as give specific consideration to the security of their data collection systems and repositories. One of the other typical challenges is to identify appropriate data categories for reporting. Companies should consider using census data or other relevant local demographic research to determine data categories as well as local market practice, whilst running focus groups or engagements with employees around diversity to ensure support for data collection processes. Another challenge may be ensuring the integrity of the data. If a dataset is known to be statistically invalid or unrepresentative (eg, because the information is provided voluntarily and it is known that less than a statistically significant sample size of the target population has provided the data) companies should explain this rather than report the data until the data is validated in line with GRI Reporting Principles (see section 1.2.6). See the guidance published by PwC on tackling the challenges relating to data collection and management.[12]

In some operating contexts it may not be appropriate to ask workers or communities to identify their ethnicity or other identity characteristics as it might not support the desired outcome of addressing inequalities but have unintended consequences, eg fuelling conflict. Companies should consider carefully what is appropriate in each operating context.

12. PwC (2020), Ethnicity pay gap reporting – A focus on inclusion, equality and fairness. [PDF]. Available at https://www.pwc.co.uk/human-resource-services/assets/pdfs/ethnicity-pay-report.pdf

Indicator 3: Pay equality

Why is this included?
The fair distribution of wages is crucial for eliminating inequalities such as wage gap differences between women and men, or nationals and migrants. This also supports ICMM Principle 3.

What does it cover?
Companies to report on the ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas (as appropriate based on their local operating context and what is legally permissible). This should be provided for direct employees only.

How does it align to existing reporting requirements?
This indicator is adapted from GRI 405: Diversity and Equal Opportunity (2016).

It is expected that employment will be identified as a material topic for most mining and metals companies as it relates directly to their operations. As such, some level of reporting should be in place in line with the GRI Standards General Disclosures and Topic-Specific Standards.

What is the gap?
This indicator of pay equality is more ambitious than the current GRI requirement, which only covers the ratio of men to women. This broader overview of pay equality has been proposed as part of the WEF Common Metrics (September 2020). The expectation is that companies will disaggregate their reporting on workforce across meaningful categories such as age, gender and other equality areas to enable a better understanding of pay equality across the workforce. See Box 1 for more detail.

What are the supporting definitions?
It is recommended that member companies align their definitions for this indicator with the GRI Standards definitions to ensure consistency of the reported indicators within the industry.

- **GRI 405-2:** Ratio of basic salary and remuneration of women to men (2016)
- **GRI Standards Glossary: Basic salary:** Fixed, minimum amount paid to an employee for performing their duties, excluding any additional remuneration, such as payments for overtime working or bonuses.
- **GRI Standards Glossary: Employee category:** Breakdown of employees by level (such as senior management, middle management) and function (such as technical, administrative, production) based on the organization’s own human resources system.
- **GRI Standards Glossary: Remuneration:** Basic salary plus additional amounts paid to a worker.
  - Note: Examples of additional amounts paid to a worker can include those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances, such as transportation, living and childcare allowances.

How should the data be collected?

Each ICMM member will need to identify the best way to integrate pay equality into their existing reporting. There may be limits on what companies can report around diversity, as discussed previously. However, in line with GRI 405, indicators of diversity that may be relevant include age, ancestry and ethnic origin, citizenship, creed, disability and gender. Companies should consider what is relevant and important for stakeholders and report accordingly, as a minimum providing information by gender and age.
See Box 1 for more detail.

Indicator 4: Wage level

Why is this included?

Providing wages above the minimum wage can help to contribute to the economic wellbeing of workers performing the organisation's activities. This also supports ICMM Principle 3 and specifically Performance Expectation 3.5 (Provide fair pay and working hours – Remunerate employees with wages that equal or exceed legal requirements or represent a competitive wage within that job market (whichever is higher) and assign regular and overtime working hours within legally required limits).

What does it cover?

Companies to provide an overview of the following ratios:

a. Ratios of standard entry level wage by gender compared to local living wage. Where a value for a representative living wage is not available, then the ratio to local minimum wage should be reported.

b. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all the organisation's employees, except the CEO.

This should be provided for direct employees only. This indicator should also be disaggregated per gender and, if appropriate, ethnicity to the extent practicable based on the local operating context and what is legally permissible.

How does it align to existing reporting requirements?

It is expected that employment will be identified as a material topic for most mining and metals companies as it relates directly to their operations. As such, some level of reporting should be in place in line with the GRI Standards General Disclosures and Topic-Specific Standards. Specifically, companies may already report on the following related measures to which reporting on wage levels will align:

— **GRI 102-38:** Annual total compensation ratio (2016)

— **GRI 202-1:** Ratios of standard entry level wage by gender compared to local minimum wage (2016) which requires companies where a significant proportion of employees are compensated based on wages subject to minimum wage rules, to report on the ratio of the entry level wage to the minimum wage as well as management approach to defining defining entry level wage

— **GRI 207-4, reporting recommendation 2.3.1:** Total employee remuneration (aggregated by each tax jurisdiction)

What is the gap?

The GRI Standard currently only covers reporting on the ratio of standard entry level wage to minimum wage. This broader overview of pay equality has been proposed as part of the WEF Common Metrics and is adapted from the Dodd-Frank Act, US SEC Regulations.

In line with stakeholder expectations,[13] as well as ICMM Performance Expectation 3.5, the core indicator for wage level suggests that where information is available, ICMM members report against the living wage. Where information is not available, or not deemed of sufficient quality, members will be expected to report the ratio against minimum wage. Whichever option ICMM members follow, they will need to clearly and transparently report on the approach they have adopted.

It is expected that companies will disaggregate their reporting on wage level across meaningful categories such as age, gender and other equality areas to enable a better understanding of wage levels across the workforce. See Box 1 for more detail.

What are the supporting definitions?

It is recommended that member companies align their definitions for this indicator with the GRI Standards definitions to ensure consistency of the reported indicators within the industry.

— **GRI Standards Glossary: Entry level wage:** Full-time wage in the lowest employment category.
  - Note: Intern or apprentice wages are not considered entry level wages.

— **GRI Standards Glossary: Local minimum wage:** Minimum compensation for employment per hour, or other unit of time, allowed under law.
  - Note: Some countries have numerous minimum wages, such as by state or province or by employment category.

13. For example, note that previously the Dow Jones Sustainability Index (DJSI) allowed for sharing information on living wage, but it was not part of the formal assessment. Recently, this has changed and will need to be reported indicating evolving stakeholder expectations in this space.

In addition, the following supporting definitions are noted for this indicator:

— **Global Living Wage Coalition[14] – Living Wage:** The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family.

  Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

— **Workforce Disclosure Initiative[15] – Legal minimum wage:** The minimum compensation for employment per hour, or other unit of time, as set out by statutory law. The legal minimum wage may differ according to region and/or employment category.

  - Note: Compensation is considered as: 'The total remuneration payable by the employer to the employee in return for work done by the employee during the employment period. Compensation may be direct, including wages and salaries, or indirect, including contributions to social insurance schemes, overtime pay and annual leave.'

How should the data be collected?
Each ICMM member will need to identify the best way to integrate wage level into their existing reporting. It is noted that information around living wages may not be available in all jurisdictions, in which case the local minimum wage will need to be considered as part of reporting. See Box 2 (below) for more detail about minimum/living wage.

Box 2: Minimum/Living wage
Minimum wages have not kept up with the rising cost of living and therefore do not always allow for decent living. This has resulted in working poverty becoming a reality worldwide. The United Nations Global Compact (UNGC)[16] encourages companies to promote and provide a living wage as an essential aspect of decent work with the aim of enabling workers, families and communities to live in dignity. While there is neither a universally agreed definition nor an accepted amount that defines living wage, the common idea is that a living wage is 'remuneration received for a standard work week by a particular worker in a particular place, sufficient to afford a decent standard of living for the worker and their dependents'. The Global Living Wage Coalition[17] applies this definition of living wage, which incorporates the main ideas found in over 60 living wage descriptions and definitions from human rights declarations, national constitutions, NGOs, multinationals and corporate codes of conduct, International Labour Organization (ILO) documents and statements.[18] The Action, Collaboration, Transformation (ACT) initiative[19] uses a similar definition: 'A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (ie without overtime).'

Reducing income inequality is supported by various stakeholders. ShareAction aims to increase workforce disclosure and encourages investors to sign The Workforce Disclosure Initiative (WDI) The Platform Living Wage Financials (PLWF) is an alliance of fifteen financial institutions encouraging and monitoring investee companies to address the non-payment of living wage in global supply chains. There is a business case for living wage practices, as employees who are remunerated fairly provide a more secure, productive and healthier workforce.[20] Paying a living wage has the potential to improve employee relations and provide reputational benefits. There a range of sources and methodologies looking at Living Wage. One potential source for living wages is the Global Living Wage Coalition which uses two components to measure living wages: 1. The estimated costs of a basic but decent lifestyle for a worker and his/her family in a particular place. 2. Whether estimated living wage is being paid to workers. This methodology includes the participation of local people and organisations, which has increased stakeholder credibility and acceptance. It calculates living wage values for 41 countries and growing. It is expected that members will consider the available methodologies as part of their reporting.

14. Global Living Wage Coalition (2021), What is a living Wage? [Online]. Available at https://www.globallivingwage.org/about/what-is-a-living-wage/

15. WDI (2020), WDI Glossary. [PDF]. Available at https://shareaction.org/wp-content/uploads/2020/10/WDI-glossary.pdf

16. UNGC (2021), Improving Wages to Advance Decent Work in Supply Chains. [Online]. Available at https://livingwages.unglobalcompact.org/

17. https://www.globallivingwage.org/

18. Anker, R. (2011), Estimating a Living Wage: A Methodological Review. [PDF]. Available at http://www.ilo.int/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/publication/wcms_162117.pdf

19. https://actonlivingwages.com/

20. Living Wage Foundation, Advocating the Real Living Wage. [PDF]. Available at https://www.livingwage.org.uk/sites/default/files/78354%20-%20A4%204pp%20policy%20briefing%20RLW%20v7%20proof_1.pdf

Indicator 5: Training provided

Why is this included?
Workforce development is an area where businesses can play a critical role, supporting both SDG 4, which has outcomes for access to education for all at various stages of their lives, and SDG 8. Significant business value can be derived as a capacitated and developed workforce can support improved productivity and business outcomes.

What does it cover?
Companies to provide an overview of the training provided to their direct employees including:

a. Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees).

b. Average training expenditure per full time employee (total cost of training provided to employees divided by the number of employees).

c. Percentage of employees that received training (split per employee category and where relevant equality categories).

This indicator should also be disaggregated per gender and, if appropriate, ethnicity to the extent practicable based on the local operating context and what is legally permissible.

How does it align to existing reporting requirements?
It is expected that workforce development will be identified as a material topic for most companies and hence reporting in relation to this area is likely to already exist, especially via GRI 404-1: Training and Education (2016). However, this is only focused on reporting on average hours of training.

What is the gap?
The GRI Standard currently only covers reporting on average hours of training. A broader compound indicator around training has been developed to provide an improved view of the current investment in capacity building and how this is provided across the workforce. This core indicator is intended to provide a perspective on inclusion. This aligns to the indicator proposed as part of the WEF Common Metrics as relating to a potential measure of ICMM's 'Skills for our Common Future' initiative and is aligned to Sustainability Accounting Standards Board (SASB) HC 101-15.

What are the supporting definitions?
It is recommended that member companies align their definitions for this indicator with the GRI Standards definitions[21] to ensure consistency of the reported indicators within the industry.

— **GRI 404-1:** Average hours of training per year per employee (2016) which requires reporting of the hours of training that the organization's employees have undertaken during the reporting period. In the context of GRI 404-1, training refers to:
  - All types of vocational training and instruction.
  - Paid educational leave provided by an organization for its employees.
  - Training or education pursued externally and paid for in whole or in part by an organization.
  - Training on specific topics.
  - Note that training does not include on-site coaching by supervisors.

— **GRI Standards Glossary: Employment type: Full-time:** A 'full-time employee' is an employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that 'full-time' means a minimum of nine months per year and a minimum of 30 hours per week).

How should the data be collected?
Each ICMM member will need to identify the best way to integrate the compound core indicator for training provided into their existing reporting. Ensuring strong management systems track the hours of training provided across the organisation will be critical. If possible, there should be transparency on the types of training provided as there is a need to upskill employees in technical skills relating to their work and in cognitive and portable skills that will empower them for the future and for potential transitions to other career paths. While reporting on cognitive and portable skills is not mandated, companies are expected to consider how this could be tracked and reported going forward. The information on training should also be disaggregated to reflect how investments in training are split across the workforce.

21. As per Subject Matter 4 of the ICMM requirements, the definitions of any qualitative or quantitative performance measures need to be publicly available. Examples of this include definitions as per the relevant GRI topic-specific standards, other generally accepted reporting standards or the company's own published definitions.

Indicator 6: Local procurement

Why is this included?

By supporting local suppliers, a mining company can support the development of local value chains and ensure stronger links to the local economy. Local sourcing can be a strategy to help ensure supply, support a stable local economy, and maintain community relations.

What does it cover?

Companies to report on the percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally). This information should also be disaggregated per gender, eg to reflect women owned businesses in the local supply chain and, if appropriate, ethnicity to the extent practicable based on the local operating context and what is legally permissible.

How does it align to existing reporting requirements?

Considering the importance of procurement in companies' operations and the existing topic-specific GRI Standard related to this focus area, most member companies already track measures around their local procurement spend in line with line with GRI 204-1: Proportion of spending on local suppliers (2016).

What is the gap?

To support strong social and economic contributions at the local level, it is proposed that companies should systematically report on local procurement contributions and seek to highlight the integration of specific groups, such as businesses owned by women, or other minority groups, within their local value chains.

It is expected that ICMM members will carefully consider what 'local' means in their context and adopt a definition that will be more granular than that proposed by the GRI for 'local supplier' and reflect a more detailed site-centric approach to reporting. See Box 3 for more detail about defining 'local'.

What are the supporting definitions?

It is recommended that member companies align their definitions for this indicator with the GRI Standards definitions[22] to ensure consistency of the reported indicators within the industry.

— **GRI 204-1:** Proportion of spending on local suppliers (2016)

— **GRI Standards Glossary: Supplier** – Organization or person that provides a product or service used in the supply chain of the reporting organization.
  - Note 1: A supplier is further characterized by a genuine direct or indirect commercial relationship with the organization.
  - Note 2: Examples of suppliers[23] can include, but is not limited to:
    - Brokers
    - Consultants
    - Distributors
    - Franchisees or licensees
    - Home workers
    - Independent contractors
    - Manufacturers
    - Primary producers
    - Sub-contractors
    - Wholesalers.

— **GRI Standards Glossary: Local Supplier** – Organization or person that provides a product or service to the reporting organization, and that is based in the same geographic market as the reporting organization (that is, no transnational payments are made to a local supplier).
  - Note: The geographic definition of 'local' can include the community surrounding operations, a region within a country or a country. For the purpose of this reporting process, it is expected that members will specify the definition of 'local' that they have adopted, see details in Box 3.

— **GRI 204: Procurement Practices (2016) – Economic inclusion** includes consideration for:
  - Small and medium-sized suppliers
  - Suppliers owned by women
  - Suppliers which are owned by or recruit workers from members of vulnerable, marginalized, or under-represented social groups.

How should the data be collected?

Each ICMM member will need to identify the best way to integrate the proposed core indicator on local procurement into their existing reporting. Wherever possible, it will be important for ICMM members to also include additional information on the training that is provided to suppliers as well as continue to report on other indicators around value chain development and local procurement.

22. As per Subject Matter 4 of the ICMM requirements, the definitions of any qualitative or quantitative performance measures need to be publicly available. Examples of this include definitions as per the relevant GRI topic-specific Standards, other generally accepted reporting standards or the company's own published definitions.

23. See the GRI Standards Glossary document for additional guidance on the definitions for each supplier example.

It is expected that member companies will disaggregate this information per gender and ethnicity to the extent practicable as this will be essential to demonstrate the inclusion of all stakeholders within their value chains (see Box 1). It is acknowledged that this may require some additional efforts to categorise suppliers. The Mining Local Procurement Reporting Mechanism (LPRM) guidance on categorising suppliers may be relevant here:

— **Disclosure 301: Categorising Suppliers** – The reporting organisation shall report how the mine site categorises suppliers based on:
  - Geographic location, such as proximity to the site.
  - Level of participation, including level of ownership and/or employment by local individuals or particular groups (Indigenous People, vulnerable groups, etc).
  - Level of value addition.

It is expected that as this Framework develops and companies seek to better articulate the SEB outcomes achieved via their activities, additional indicators around enterprise development specifically linking to procurement programmes will be considered. Wherever possible, ICMM companies are expected to continue reporting on these to meet stakeholder expectations around socio-economic development in the areas where they operate. It is expected that ICMM members will seek to establish a definition for local that is tied to their sites and operating context and is more granular than national level. See box 3 (below) for more information on 'defining local'.

Box 3: Defining 'local'
Local procurement can offer significant opportunities for enhancing mining and metals companies' social and economic contributions. Similarly, purchasing goods and services in host countries and communities can support mining companies to strengthen their social licence to operate, while potentially lowering the costs of procurement and increasing the security of supply. The current definition for 'local supplier' from GRI 204 is an organisation or person 'that provides a product or service to the reporting organization, and that is based in the same geographic market as the reporting organization (that is, no transnational payments are made to a local supplier)'. GRI 204 also notes that: 'The geographic definition of 'local' can include the community surrounding operations, a region within a country or a country.' This broad definition of local may not adequately reflect the localised impact that companies can have as it may include national level suppliers that have limited local benefit.

The LPRM is a set of disclosures on local procurement that has been defined to support an improved understanding of mining companies' impacts by taking a site centric view of activities. Specifically, while the LPRM does not create a standardised definition of 'local' (as this is deemed to be context-specific and varies based on the relevant stakeholders for each mine site), the mandated site-level reporting for the LPRM addressed this challenge. However, the Framework is designed for aggregated corporate level reporting and does not mandate site-level reporting, hence the approach taken by the LPRM cannot be adopted.

Best practice indicates that any definition of 'local' should address the level of participation, level of value addition, and geographic location.[24] The definition for 'local community' in GRI 413 is: 'Persons or groups of persons living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by an organization's operations.' It is expected that ICMM members will seek to establish a definition for local that is tied to their sites and operating context and is more granular than national level.

24. GIZ (2017), Mining Local Procurement Reporting Mechanism (LPRM) [PDF]. p. 8. Available at https://static1.squarespace.com/static/54d667e5e4b05b179814c788/t/5fb82959404f7008313b33c9/1605904737667/LPRM-English-Nov2020.pdf

Indicator 7: Education and skills

Why is this included?

This indicator relates to the socio-economic development interventions that are run by companies in relation to education and skills development outside of their workforce. It is directly linked to SDG 4. Most mining and metals companies deploy education and skills programmes outside of their workforce and can create significant social and economic contributions.

What does it cover?

Companies to provide details on the range of education and skills programmes that they deploy outside of their workforce, including:

a. Number of education and skills programmes supported (including early childhood development (ECD), bursaries and scholarships provided across all education levels, provision of primary, secondary and tertiary education support (including after school programmes or online support) and adult learning programmes).

b. Total investment on education and skills programme(s) (outside of workforce) split by programme area.

c. Total number of beneficiaries of education and skills programmes (disaggregated per gender and ethnicity to the extent practicable based on the local operating context and what is legally permissible).

How does it align to existing reporting requirements?

There are no identified indicators relating to this specific area, aside from training provided to own workforce.

What is the gap?

This is a new indicator. It is not covered by GRI.

What are the supporting definitions?

- **Bursaries/scholarships:** An amount of money given to a person by an organisation to pay for them to study. This could cover the cost of tuition or support with living expenses during studies.
- **Provision of education support:** Provision of instructional methods, educational services, or school resources to support learners in the effort to help them accelerate their learning progress, catch up with their peers, meet learning standards or generally succeed in school.
- **Adult learning programmes:** Any form of learning undertaken by or provided for adults (over 18) for vocational, professional or technical competence.

UNESCO proposes that early childhood care and education (ECCE) is more than preparation for primary school. It aims at the holistic development of a child's social, emotional, cognitive and physical needs from birth to age eight. The aim is to build a broad, solid foundation for lifelong learning and wellbeing. UNESCO's approach is reinforced in the Education 2030 agenda and in SDG 4.2 (By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education).[25]

How will the data be collected?

Each ICMM member will need to identify the best way to integrate reporting on the education and skills core indicator into their existing reporting. This should be linked to their tracking of socio-economic interventions and reflect the types of beneficiaries supported. It will be important to disaggregate this information by gender and ethnicity to the extent practicable, as this will be essential to demonstrate inclusion of all stakeholders. For this indicator, companies should also clearly identify where they are working with partners, other companies, or other sectors to deliver programmes and ensure that only their contribution to these programmes is reflected.

It should be noted that some additional indicators are sometimes tracked relating to outcomes achieved, eg around completion rates, enrolment for programmes, satisfaction and engagement measures relating to programmes, and the long-term improvements in beneficiary skills. At this stage, companies are not specifically expected to report on this type of information, though, wherever possible, they should consider their ability to track and report on this information if it is likely to be material and of importance to stakeholders.

25. UNESCO Early childhood care and education. [Online]. Available at https://en.unesco.org/themes/early-childhood-care-and-education

26. These types of programmes were identified as part of the pilot to assess relevance of indicators and dimension for companies.

Indicator 8: Capacity and institutions

Why is this included?

This relates to the range of programmes that can be delivered to establish and/or enhance civic organisations and their institutional capacity. One of the biggest challenges to ensuring social and economic contributions from the mining and metals sector is around governance and the ability of companies to partner with existing stakeholders in the areas where they operate to deliver meaningful progress on socio-economic development. As such, companies expand a range of programmes to build institutional capacity (eg local government training or community leadership support) and financial support for civic organisations to enable maximised impact.[26]

Action is framed by SDG 16 (Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels) and SDG 17 (Strengthen the means of implementation and revitalize the global partnership for sustainable development).

What does it cover?

Companies to provide details on the range of capacity and institution programmes that they support, including:

a. Number of capacity and institution programmes supported with a proposed initial classification to cover training programmes specifically focused on local government or community leadership development, funding for civic organisations and, where relevant, other programmes such as staff secondments or leadership development programmes external to the workforce. (Programmes reported under this core indicator should be distinct to the programmes reported in relation to education and skills to avoid duplication of reporting.)

b. Total investment on capacity and institution programmes split by programme area.

c. Total number of beneficiaries of capacity and institution programmes (disaggregated per gender and ethnicity to the extent practicable based on their local operating context and what is legally permissible).

How does it align to existing reporting requirements?

This is not aligned to existing indicators, as there are no identified indicators relating to this specific area, aside from indicators relating to ethical business practices, which should be encompassed as part of reporting on management approach.

What is the gap?

This is a new indicator. It is not covered by GRI.

What are the supporting definitions?

ICMM members will need to identify the programmes that they might deploy to improve the capacity of public institutions, local community and civil society and systematically start to report on these.

It is proposed that companies should identify the categories of programmes that may be relevant and report accordingly, to reflect the split between direct funding for specific organisations vs the provision of alternative means of support such as delivery of training programmes or staff secondments. It is expected that companies will be transparent on the categories adopted as part of their reporting.

It should be noted that some additional indicators could be tracked relating to outcomes achieved, eg around sustainable community growth and the improved completion of public projects. Wherever relevant and possible, companies should consider reporting on this.

The following definitions should be considered when framing this indicator:

— **GRI Standards Glossary: Local community** – 'Persons or groups of persons living and/or working in any areas that are economically, socially, or environmentally impacted (positively or negatively) by an organization's operations.'
  - Note: The local community can range from persons living adjacent to an organization's operations, to those living at a distance who are still likely to be impacted by these operations.

— **World Bank definition of Civil Society:** This refers to a wide array of organisations: community groups, NGOs, labour unions, Indigenous Peoples, charitable organisations, faith-based organisations, professional associations and foundations.

How should the data be collected?

Each ICMM member will need to identify the best way to integrate the capacity and institutions core indicator into their existing reporting. As this is a new indicator, it is expected that companies will provide some narrative and qualitative descriptions around the types of programmes they support to enable an understanding of the focus of their actions.

For this indicator, additional information should be provided on the number of partnerships the companies has with different types of institutions, eg around gender issues. Wherever possible, it will be important to disaggregate beneficiary information by gender and ethnicity as this will be essential to demonstrate inclusion of all stakeholders.

Section 03: Going Further

Evolving to outcomes and impact reporting

The goal of the Social and Economic Reporting Framework is for all ICMM members to report consistently on their social and economic contributions. It is expected that this Framework will evolve to cover more of the areas through which the sector can support social and economic development and to identify further outcome and impact indicators, as illustrated by Figure 2. The aim is to move towards reporting on outcomes and impacts and expanding the number of social and economic areas that ICMM members report on. For example, Table 3 (opposite) denotes how potential additional indicators relating to education and skills could be added in future reporting.

To ensure that there is sufficient time to prepare for new indicators, and to stabilise the reporting of the indicators in scope, it is anticipated that a period of two to three years for potential updates would be appropriate. This should also be appropriate to keep pace with the developments in sustainability and social and economic contribution reporting, and progression in stakeholder expectations, especially in areas such as human capital management.

Table 3: Outcomes and impacts

Education and skills programmes	
Current focus: Input / Output	Future reporting: Outcome / Impact
— Number of education and skills programmes supported — Total investment on education and skills programmes — Total number of beneficiaries of education and skills programmes	— Completion rates of programmes — Reported improvement in beneficiary skills, or other satisfaction/ engagement measures — Jobs accessed by beneficiaries — Participation in alternative value chains/ sectors by beneficiaries

The gradual evolution of reporting to provide more clarity on performance at site and local level is also a strong expectation from external stakeholders. It is expected that as the Framework develops it will be essential for companies to maintain strong social baselines that will enable them to understand and demonstrate outcomes and impacts.

Figure 2: Potential example of framework evolution towards outcomes and impacts

From a mutually agreed set of activities that can enable social and economic contributions to a common set of indicators that can be used to understand outcomes eg workforce development

Investment and revenue flows
- Financial payments
- Shared ownership
- Partnerships

Operation of assets and products
- Employment
- Workforce development
- Procurement
- Infrastructure

Value chain
- Products and services

Socio-economic development interventions
- Provision of public services
- Health and wellbeing
- Education and skills
- Food security and agriculture
- Economic support
- Environmental enhancements
- Culture and heritage
- Capacity and institutions
- Social cohesion and inclusion

Process: Workforce development

Input	Output	Outcome	Impact
• Investment in training • Time on training/ employee	• Hours of training/ employee • Types of training	• % access to higher skilled jobs	• TBC dependent on goal eg % skilled jobs filled by local workforce

Companies report on activities using commonly agreed indicators leading to societal goals/impacts

4 QUALITY EDUCATION

Appendix: Core Indicators (Detailed)

Core indicators	Indicator type	Definition	GRI Standards or other Reporting Framework Reference	Extent to which covered by existing reporting
Financial payments				
1. Country-by-country reporting of business activities, revenues, profit and tax	Input/ Output	Financial, economic, and tax-related information for each jurisdiction in which a member operates. See GRI and OECD BEPS for definitions.	GRI 207-4, OECD BEPS Country-by-Country reporting template.	Limited reporting as a new area of public disclosure
Employment				
2. Workforce composition	Output	Companies to provide information on their employees and other workers including: — Total direct workforce split by region — Proportion of permanent vs contractor workforce — For direct workforce only – the percentage (%) of employees per employee category, by age group, gender and other indicators of diversity (eg ethnicity), as deemed appropriate by the company and its operating context	GRI 102-8: Information on employees and other workers (2016) and GRI 405: Diversity and Equal Opportunity (2016) for 1c	Expected to be widely reported in line with GRI material topics

Core indicators	Indicator type	Definition	GRI Standards or other Reporting Framework Reference	Extent to which covered by existing reporting
3. Pay equality (%)	Output	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas This should be provided for direct employees only. It is noted that in certain jurisdictions reporting against ethnic groups may not be permitted and this will need to be specifically noted by ICMM member companies.	Adapted from GRI 405: Diversity and Equal Opportunity (2016) Note that the GRI currently only covers ratio of men to women, but this broader overview of pay equality has been proposed as part of the WEF Common Metrics as published in September 2020.	Some coverage where identified as material issue, noting the broad approach to pay equality of the Framework is more ambitious than current GRI requirements
4. Wage level (%)	Output	Companies to provide an overview of the following ratios: — Ratios of standard entry level wage by gender compared to local living wage — Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO This should be provided for direct employees only.	GRI 102-38: Annual total compensation ratio (2016) and GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage (2016) Note that the guidance proposes to assess the ratio against living wage where this information is available. Note that the GRI Standard currently only covers 3b, but this broader overview of pay equality has been proposed as part of the WEF Common Metrics and as adapted from Dodd Frank Act, US SEC Regulations.	Some coverage where identified as material issue, noting the broad approach to pay equality of the Framework is more ambitious than current GRI requirements

Core indicators	Indicator type	Definition	GRI Standards or other Reporting Framework Reference	Extent to which covered by existing reporting
Workforce Development				
5. Training provided (compound)	Input/ Output	Companies to provide an overview of the training provided to their direct employees including: — Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees) — Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees) — % of employees that received training (split per category and where relevant equality categories as per the employment indicators including gender and ethnicity)	GRI 404-1: Training and Education (2016) Note that the GRI Standard currently only covers 4a, but this broader overview of training provided has been proposed as part of the WEF Common Metrics as relating to a measure of 'Skills for the future' and is aligned to SASB HC 101-15.	Expected to be widely reported in line with GRI material topics with additional requirements to provide a perspective on inclusion
Procurement				
6. Local procurement (%)	Output	% of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally) (disaggregated per gender and ethnicity)	GRI 204-1: Proportion of spending on local suppliers (2016)	Expected to be widely reported in line with GRI material topics

Core indicators	Indicator type	Definition	GRI Standards or other Reporting Framework Reference	Extent to which covered by existing reporting
Education and Skills				
7. Education and Skills support provided	Input/ Output	Companies to provide details on the range of education and skills programmes that they deploy outside of their workforce, including: — Number of education and skills programmes supported with a proposed initial classification to cover support for early childhood development (ECD), bursaries and scholarships provided across all education levels, provision of primary/secondary/ tertiary education support (including after school programmes or online support) and adult learning programmes — Total investment on education and skills programme(s) (outside of workforce) split by programme area — Total number of beneficiaries of education and skills programmes (disaggregated per gender and ethnicity)	This is not aligned to existing indicators, as there are no identified indicators relating to this specific area, aside from training provided to own workforce. For this area, the Framework has proposed a definition, which relates to the areas identified by members as relevant initiatives.	New KPI as not covered by GRI but expected to be information collected by companies

Core indicators	Indicator type	Definition	GRI Standards or other Reporting Framework Reference	Extent to which covered by existing reporting
Capacity and Institutions				
8. Capacity and institution support provided	Input/ Output	Companies to provide details on the range of capacity and institution programmes that they support, including: — Number of capacity and institution programmes supported with a proposed initial classification to cover training programmes specifically focused on local government/ community leadership development, funding for civic organisations and where relevant other programmes such as staff secondments or leadership development programmes external to workforce (programmes reported under this core indicator should be distinct to the programmes reported in relation to education and skills to avoid duplication of reporting.) — Total investment on capacity and institution programmes split by programme area — Total number of beneficiaries of capacity and institution programmes (disaggregated per gender and ethnicity)	This is not aligned to existing indicators, as there are no identified indicators relating to this specific area, aside from indicators relating to ethical business practices, which should be encompassed as part of reporting on management approach. For this area, the Framework has proposed a definition, which relates to the areas identified by members as relevant initiatives.	None at present.

ICMM stands for mining with principles.

We bring together a third of the global metals and mining industry, along with key partners to drive leadership, action and innovation for sustainable development, ultimately delivering a positive contribution to society.

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May 2022

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