

# ESG Criteria: New paradigm that will redefine the Precious Metals Supply Chain?

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World Gold Council  
Monday 10 June



# Why is ESG important to investors?



# Investors are integrating ESG into decisions

**3<sup>rd</sup> ASIA PACIFIC  
PRECIOUS METALS  
CONFERENCE**  
9-11 June 2019  
PARKROYAL on Beach Road, Singapore

**The Telegraph**

13 July 2018 • 10:00am

**How the principles of ESG investing became mainstream**

**The Economist**

**Sustainable investment joins the mainstream**

*Millennials are coming into money and want to invest it responsibly*

**WORLD  
ECONOMIC  
FORUM**

**Why CEOs need to become activists in sustainability**

**funds europe**

Alternative investors demand ESG ability

INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL  
**INVESTMENT EUROPE**

**Millennials champion the ESG revolution**

25 April 2019

**FINANCIAL TIMES**

**Sustainable investing can propel long-term returns**

Mark Haefele SEPTEMBER 18, 2018

**WORLD  
ECONOMIC  
FORUM**

**Sustainability is now mission critical for businesses. Here's why**

**IPE**

**EIOPA confirms ESG risk assessment in 2019 pension fund stress tests**

28 NOVEMBER 2018 BY SUSANNA RUST

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**ESG accelerates into the investment mainstream**

**PORTFOLIO  
ADVISER**

**Funds rebadging as ESG reaches new heights**

By Jessica Tasman-Jones, 8 Mar 18

# Climate change is a mainstream issue



## Allianz is the latest insurer to bank on carbon neutrality

Madeleine Cuff  
Tuesday, May 8, 2018 - 1:48am

## Europe's Banks Move to Greener Finance in Response to Climate Change Risks

By Anna Hirtenstein | July 12, 2018

BlackRock, the world's largest asset manager, recently made climate risk a top priority in engaging with corporations. It says that all directors of companies facing climate risk – such as mining and oil firms, for example – should “have demonstrable fluency in how climate risk affects the business.” **The Guardian** 20 February, 2018

SCIENTIFIC AMERICAN

## Powerful Investors Push Big Companies to Plan for Climate Change

PENSIONS**Age**  
The leading pensions magazine

BoE pension fund asked how it's addressing climate risks

 INDEPENDENT

## Climate change: More than 1000 institutions pledge to withdraw investment from fossil fuels

Thursday 13 December 2018 19:51

'This is a moral movement as well as a financial one,' campaigners say

THE WALL STREET JOURNAL

## Climate Change Is Forcing the Insurance Industry to Recalculate

# Investors are committed to act on climate change



Declarations by investors to commit to policies/actions on climate change or sustainable energy	Signatories' AUM	Number of Signatories (institutions)	Location
Fossil Fuel Divestment Commitments	USD 5.6 trillion	<b>811</b>	Global
DivestInvest	USD 5.6 trillion	<b>780</b>	Global
Climate Action 100+	USD 26.3 trillion	<b>225</b>	Global
Institutional Investors Global on Climate Change (IIGCC)	EUR 21 trillion	<b>150</b>	Global
Investor Network on Climate Risk and Sustainability	USD 20 trillion	<b>130</b>	US/global
Montreal Climate Pledge	USD 10+ trillion	<b>120</b>	Global
Open letter to world's largest banks	USD 1.8 trillion	<b>100</b>	US/global
Business Alliance for Water and Climate	USD 60 billion	<b>49</b>	Global
Portfolio Decarbonization Coalition	USD 800 billion	<b>32</b>	Global
Declaration of Institutional Investors on Climate-Related Financial Risks	CAD 1.2 trillion	<b>30</b>	Canada
<b>Task Force on Climate-related Financial Disclosures (TCFD)</b>			
Supporters of the TCFD	Undisclosed	232	Global
Committed to implement the recommendations of the TCFD	Undisclosed	193+	Global

# One Planet Sovereign Wealth Fund

The “One Planet Sovereign Wealth Fund Working Group” was established to accelerate efforts to integrate financial risks and opportunities related to climate change in the management of large, long-term asset pools.



**Founding members have a collective AUM of ≈US\$3 Trillion:**



## Principles:

- **Alignment** - Build climate change considerations, which are aligned with the SWFs’ investment horizons, into decision-making.
- **Ownership** - Encourage companies to address material climate change issues in their governance, business strategy and planning, risk management and public reporting to promote value creation.
- **Integration** - Integrate the consideration of climate change-related risks and opportunities into investment management to improve the resilience of long-term investment portfolios.

# Implications for the Precious Metals Sector

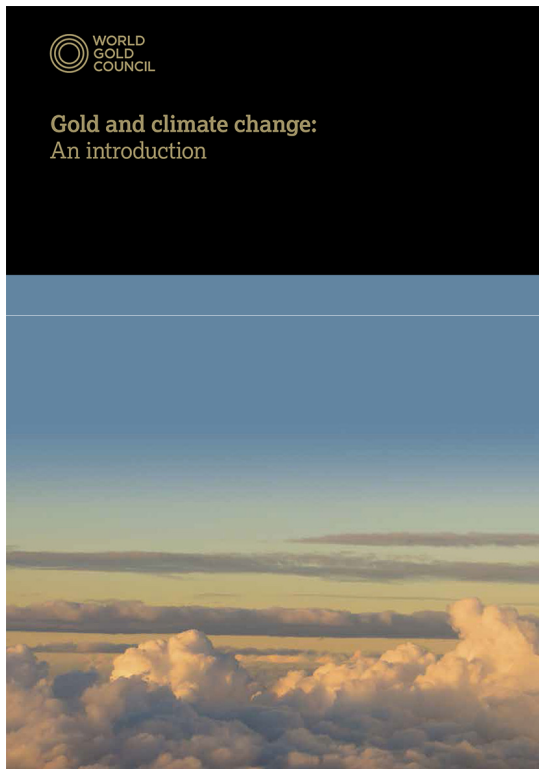


- Willingness to engage in the dialogue on climate change
- Importance of demonstrating commitment to responsible business practices
  - Responsible mining
  - Responsible sourcing
- Specific challenges for the precious metals sector



Obuasi mine, Image courtesy of AngloGold Ashanti

# Willingness to engage on Climate Change



- **Gold's overall carbon footprint is relatively small** - smaller than most other key metals and minerals.
- On a **value basis, gold's GHG emissions intensity is relatively low**, compared to most metals and minerals.
- Recent research suggests an investment in **gold may help reduce the carbon footprint of an investor's portfolio** over time.
- **Gold mining is making positive progress** in lowering GHG emission by introducing greater energy efficiency and low carbon energy sources.
- Gold has considerable potential in a range of **technological applications** that can help reduce GHG emissions.
- Current academic measures and data inputs vary widely; **more work is needed** to obtain a clear and consistent picture.



# Gold mining – taking action...

Responsible gold mining companies are seeking to **reduce their carbon footprint through improvements in energy efficiency** and, where possible, **transitioning to low carbon energy sources**.

Their initiatives vary greatly in type and scale but share the objective of lowering CO<sub>2</sub>e emissions and indicate the direction in which the industry is heading.



Borden electric underground mining vehicle. Image courtesy of Goldcorp.

Goldcorp's Borden: the all-electric mine of the future



Kumtor mine. Image courtesy of Centerra Gold.

Hydropower keeps emissions low at Centerra Gold's Kumtor mine



Installation of solar panels at Essakane. Image courtesy of IAMGOLD.

Solar power transforms IAMGOLD's Essakane mine



Hemlo mine. Image courtesy of Barrick.

Award-winning optimised ventilation system at Barrick's Hemlo mine

# Responsible Mining



## Responsible Gold Mining Principles Exposure Draft March 2019

We believe that responsibly undertaken, gold mining plays an important role in supporting sustainable development.

1. **Ethical conduct:** We will conduct our business with integrity including absolute opposition to corruption.
2. **Understanding our impacts:** We will engage with our stakeholders so as to ensure that we understand and manage our impacts.
3. **Supply Chain:** We will require that our suppliers conduct their businesses ethically and responsibly.
4. **Safety and Health:** We value the safety and occupational health of our workforce above all other priorities .
5. **Human Rights and Conflict:** We respect the human rights of our workforce, affected communities and those with whom we interact.
6. **Labour rights:** We will ensure that our operations are places where employees and contractors are treated with respect.
7. **Working with communities:** We contribute to the socio-economic advancement of communities associated with our operations.
8. **Environmental stewardship:** We will ensure that environmental responsibility is at the core of how we work
9. **Biodiversity, land use and mine closure:** We will work to ensure that fragile ecosystems and critical habitats are protected from damage
10. **Responsible Resource Use:** We will improve the efficiency of our use of water and energy, and recognise the impacts of climate change

- **The Responsible Gold Mining Principles define what constitutes responsible mining**
- Recognises existing approaches under a single reporting and assurance framework, including:
  - UN Global Compact
  - OECD Guidelines for Multinational Companies
  - ICMM Performance Expectations
  - International Cyanide Management Code
  - WGC Conflict-Free Gold Standard
  - ...and many more
- Credible and pragmatic
- Our ambition: widespread adoption by gold miners and recognised as a leading indicator of high ESG performance

# Responsible Sourcing: Approaches and Challenges



- KYC & Due-Diligence Expectations
  - Anti-money laundering
  - Conflict; and conflict-sensitive sourcing
  - Counter-terrorism financing
  - Environmental (including use of mercury and cyanide)
  - Social
- “Gatekeeper” role of refiners
- Opaque supply chains and lack of traceability
- Artisanal and small-scale mining
- Are we de-commoditising the ultimate commodity?



Artisanal mining, Thailand. Shutterstock

# Thank You



For more information:

[www.gold.org/research/gold-and-climate-change](http://www.gold.org/research/gold-and-climate-change)

[www.gold.org/who-we-are/our-members/responsible-gold](http://www.gold.org/who-we-are/our-members/responsible-gold)