

Applying the ICMM Assurance Procedure

An interpretive guide

DECEMBER 2010



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1.1 Background

The ICMM Assurance Procedure, which was released in May 2008, outlines the commitment of ICMM company members to obtain independent external assurance of the other two elements of ICMM's Sustainable Development (SD) Framework, namely:

- implementing and measuring performance against the ten ICMM SD principles
- public reporting of performance in line with the Global Reporting Initiative's (GRI's) Sustainability Reporting Guidelines (G3, 2006 Guidelines) and the Mining and Metals Sector Supplement (MMSS).

The requirement to fully implement the Assurance Procedure comes into effect for member companies producing sustainability reports for 2010¹ and thereafter. A May 2010 review, of experience gained in the application of the Assurance Procedure since its introduction, identified some variations in interpretation and the need for greater clarity on certain issues.

1.2 Objective

This guidance has been developed to assist both ICMM member companies – who contract the services of assurance providers – and providers of assurance for sustainability reports, to achieve a common understanding and consistency of interpretation in the practical application of the ICMM Assurance Procedure. The content has been developed on the basis of feedback from ICMM member companies and assurance providers, drawing on their experience of applying the Assurance Procedure over the past two years.

1.3 Use of this guidance

This document is intended to help guide ICMM member companies in developing their sustainability reports and in engaging with assurance providers. It also provides interpretative guidance on ICMM's Assurance Procedure for assurance providers. Both may find value in the guide when agreeing the terms of an assurance engagement in line with the Assurance Procedure.

This guidance should be read in conjunction with the ICMM Assurance Procedure.

1.4 Further queries

If you have any further queries on either the ICMM Assurance Procedure or this guidance, please contact ICMM at info@icmm.com (and include the word **assurance** in the subject line).

1. This includes member company sustainability reports for the year ending 31 December 2009, 31 March 2010, 30 June 2010 or 30 September 2010.

Independent external assurance has the potential to deliver real value to mining and metals companies, both in terms of the credibility and effectiveness of their sustainability reporting practices and the integrity of their systems of internal control. The following suggestions, drawn from the experiences of those applying the Assurance Procedure over the past two years, should help users to obtain value from the future application of the procedure in terms of enhanced sustainability reporting and assurance practices.

2.1 Appointing an assurance provider

Member companies are encouraged to apply the provisions of the Assurance Procedure and this guidance in developing their request for proposals (RFPs) for report assurance and related discussions. This should ensure a common understanding early in the engagement, and support both comprehensive reporting and robust assurance.

Management is responsible for managing and reporting its sustainability performance. To enable an efficient assurance engagement, management should agree the following with assurance providers upfront:

- a) which subject matters will be assured and how these will be presented within the sustainability report
- b) what criteria have been used by the company to report performance and whether those criteria are suitable for delivering the assurance work
- c) Any evidence that needs to be made available to the assurance provider to demonstrate a given practice/performance.

There are a range of approaches taken to scheduling assurance work:

- a) some start early in the reporting year and work with the reporting entity throughout the report production process
- b) others mainly undertake assurance work a month or two prior to the sustainability report publication.

On balance, and depending on available resources, better value is likely to be generated from the first option, as it is more likely that the information included in the sustainability report that is relevant to an assurance engagement matches the expectations of both parties.

2.2 Developing a sustainability report and gaining third party assurance

The Assurance Procedure requires that selected information about each subject matter on which assurance is being sought is provided within a sustainability report (see details in Table 2.1 in Section 2.1.1/ICMM Requirement on page 5 of ICMM's Assurance Procedure available here: <http://www.icmm.com/our-work/sustainable-development-framework/assurance>). Such requirements need to be clearly identified by the member company at the report design stage and communicated to the assurance provider at the start of the engagement.

2.3 Delivering third party independent assurance

An assurance providers' understanding of a company's approach to identifying and managing material sustainability risks and opportunities is central to the delivery of the assurance work for all other subject matters (Subject Matter 2 on the company's materiality process). Assurance providers are encouraged to design assurance engagements with an initial focus on Subject Matter 2, which then influences the conduct of assurance against the other subject matters.

2.4 Stakeholder understanding of sustainability reports and third party assurance statements

Sustainability reports are ultimately produced for stakeholders to review and take into consideration when forming opinions on, or engaging with, a reporting company. To help stakeholders understand the sustainability report and assurance statement, reporting companies are encouraged to include the requirements of the Assurance Procedure and this guidance when engaging their stakeholders.

This section provides detailed guidance on the interpretation of each of the five subject matters. The guidance is presented as a response to series of questions or statements reflecting the key topics of mutual interest or concern to assurance providers and member companies.

3.1 Subject Matter 1:

The alignment of the member company's sustainability policies to ICMM's 10 Sustainable Development (SD) principles and any mandatory requirements set out in ICMM position statements.

What does the term "alignment" refer to?

Alignment refers to the level of consistency between the company's sustainability policies and ICMM's 10 SD principles and any mandatory requirements set out in the ICMM position statements (see Table 2.1/Section 2.1.1/Practical steps, on page 5 of the Assurance Procedure). Member companies are expected to report any inconsistency that exists, to allow stakeholders to form an opinion regarding the level of "alignment" with ICMM's SD principles and position statements.

What does the term "policies" refer to?

The term "policies" should be interpreted in an open and holistic way. It could include group level policies, management standards and procedures. The key consideration for reporting companies and assurance providers is that the status of the 'policy' provisions is such that they clearly demonstrate a corporate commitment to achieving an objective, course of action or stated outcome consistent with ICMM's SD principles or position statements.

What does the term "mandatory requirements" refer to in the context of ICMM position statements?

ICMM position statements follow a standard format that includes 'recognition statements' and 'commitments'. The former might acknowledge the intrinsic importance of environmental conditions or social interests, or the need for action in support of sustainable development objectives. Statements of 'commitment' set out specific actions that ICMM members commit to in pursuit of these sustainable development objectives.

Some of these impose obligations on ICMM members individually, whereas others can be collectively addressed by companies through their membership of ICMM (see Annex 1 for details).

The term "mandatory requirements" refers only to those commitments in the position statements that member companies are obliged to address individually, subject to a materiality assessment (see 3.2). It does not extend to commitments that can be addressed collectively through membership of ICMM.

Is assurance to be provided on whether the company's policies are aligned to ICMM's 10 SD Principles or whether the sustainability report is aligned with these principles?

It is the responsibility of the reporting company to establish the extent to which its policies and performance align with the ICMM 10 SD Principles and to clearly and fairly report on the status of alignment within its sustainability report.

The assurance providers' responsibility is to conclude whether the status of alignment of the member company's policies with ICMM's 10 SD Principles and any mandatory requirements set out in the position statements is appropriately reported within the sustainability report.

It does not extend to concluding whether the member company has implemented their policies (Subject Matter 3 and 4 delivers such outcomes for the material issues selected for assurance).

Does the reporting company have to disclose in its sustainability report whether its policies, codes of conduct etc are aligned to both the ICMM 10 SD principles and the mandatory requirements of the position statements, and how these are aligned?

As outlined in the Assurance Procedure (Table 2.1/Section 2.1.1/Practical steps on page 5), the reporting company should disclose whether its policies, code of conduct etc are aligned to both the 10 SD principles and the mandatory requirements of the position statements. Any gaps in alignment should be clearly identified and explained, ideally alongside a commitment to address them within a specific timeframe. However, companies are not expected to provide a detailed explanation of how alignment has been achieved.

INTERPRETING SUBJECT MATTERS 1 – 5

3

When delivering assurance on Subject Matter 1, is a desk-based review of alignment envisaged or is there a need to back this up with site visits or other evidence gathering?

As set out in the Assurance Procedure (Table 2.1/ section 2.1.3/Practical Steps on page 7), the assurance provider is expected to conduct a desk-based review only. This could involve:

- a review of management's assessment of alignment to each SD principle and any mandatory requirements of the position statements
- a sample cross-check of management's assessment of alignment of the company code of conduct, policy statements, management systems documentation etc
- discussion with management (usually the corporate level function responsible for sustainable development) to confirm the assurance provider's understanding of how the "policies" are aligned with the 10 SD principles and any mandatory requirements of position statements.

Is it necessary to assure policy alignment to each mandatory requirement set out in a position statement?

In some cases, the mandatory requirements (individual rather than collective commitments) set out in position statements identify discrete and distinct requirements of members (e.g. not to explore or mine in World Heritage Sites). In most cases, they enumerate a series of linked commitments that are supportive of an overall goal or objective (e.g. the responsible management of mercury, transparency of mineral revenues, or fostering respectful and constructive relationships with Indigenous Peoples).

Where position statements include a series of linked commitments, it would be impractical to expect members to have specific policy provisions that reflect each individual commitment. In such instances, it is acceptable for a member company's policy provisions to reflect the goals or objectives that the position statements support. If the position statement relates to a material issue selected for assurance, however, an assurance provider would need to consider the extent to which mandatory requirements were being implemented in delivering assurance against Subject Matters 3 and 4.

What should a company do when one of ICMM's position statements does not apply to them?

If, on the basis of its assessment of material risks, a company establishes that it does not need to implement one of ICMM's position statements, then this ought to be reported within the member company's sustainability report (including the basis for the decision).

Delivering the assurance work for Subject Matter 1 is therefore strongly connected to delivering assurance on Subject Matter 2, as an understanding of the reporting company's material sustainable development risks and opportunities is central to assessing whether alignment to the position statements is required.

How should a member company and assurance provider address position statement commitments which are intended to be delivered collectively (for details of these, see Annex 1 on page 18)?

Full reporting and assurance on commitments set out in position statements which are intended to be collectively delivered is not required. The distinction between mandatory requirements and those that can be collectively discharged through ICMM membership is explained above and outlined in detail in Annex 1.

Where a 'collective' commitment also relates to a reporting company's significant sustainable development risks and opportunities, it is suggested that the member company reports on its own efforts to address the risk/opportunity within its sustainability report.

When should a member company be expected to have implemented any mandatory requirements set out in a position statement following their adoption?

The expectation is that ICMM members will ensure policy alignment with current position statements by the end of the reporting cycle which follows the publication of this interpretative guide, subject to materiality considerations. Members are also expected to have implemented systems and approaches to support implementation and to report performance within the same timeframe. For any new position statements that ICMM members may adopt, the timelines for implementation will be clearly specified at the time of their adoption.

3.2 Subject Matter 2:

The company's material SD risks and opportunities based on its own review of the business and the views and expectations of its stakeholders.

What processes should companies use to identify their material risks and opportunities?

There is no single process that companies should use to identify and prioritize material risks and opportunities. Member companies should provide a description of the processes they apply in their SD reports. They might benefit from looking at leading examples from other reporting companies outside of the mining and metals sector (such as BT, Vodafone, Bayer, BMW, and E.O.N). If there is any concern that existing materiality processes are not sufficiently robust, companies can also consider drawing upon the GRI, AccountAbility, and ISO 3100 standards on Materiality/Risk Management frameworks to better understand the options for designing and implementing materiality processes. For example, AccountAbility has established criteria in its Accountability Principles Standard (AA1000APS) that set out the expectations for an appropriate materiality process.

What minimal disclosures are expected within the company's sustainability report?

As presented in the Assurance Procedure (Table 2.1/Section 2.1.1/Practical steps on page 5), the reporting company should at a minimum provide a brief description of the processes in place to identify and prioritise the SD risks and opportunities faced by the business during the reporting period, and the outcome of these processes i.e. its list of material issues. The number and nature of material issues will depend on the size and complexity of the company.

What should assurance providers look for to provide assurance against Subject Matter 2?

The company should disclose its assessment of its implementation of Subject Matter 2. An assurance provider should conclude on whether the sustainability report appropriately reflects the process in place to identify and prioritize the material SD risks and opportunities and outcomes. Assurance providers should seek to understand and gather evidence of the following:

- key stakeholder identification and engagement processes
- issues identification process/es
- documented evidence of the issues raised by internal and external stakeholders
- risk and opportunity identification/measurement process/es
- risk and opportunity analysis and evaluation/prioritization criteria
- linkages in the above processes from corporate to business units to site level
- documented evidence of the application of the processes above resulting in the identified material risks and opportunities.

Can assurance on Subject Matter 2 be undertaken by doing assurance work at corporate/group level only?

Delivering assurance on Subject Matter 2 requires assurance providers to go beyond an assessment of the member company's risk and opportunity management activities at a corporate/group level. Some assurance work is also required across the broader business structure and levels e.g. business units/sites/others as relevant. Annex 2 of this document provides additional guidance on delivering limited/moderate or reasonable/high assurance for all of the subject matters.

3.3 Subject Matter 3:

The existence and status of implementation of systems and approaches that the company is using to manage each (or a selection) of the identified material SD risks and opportunities.

Should a company-wide management system be developed and reported on by member companies (to manage all SD risks and opportunities) and assured by an assurance provider?

No, the company does not have to have a single SD management system that covers all of the material risks and opportunities. It can have several systems that address the different risks and opportunities (e.g. a company can have an environmental management system that has a community component and an occupational health and safety management system etc). However, to enable complete identification and prioritization of the material SD risks and opportunities at a corporate level, there should be a cross cutting mechanism for the aggregation or 'roll-up' of all of the SD risks and opportunities. This would normally be reported by the company and reviewed by the assurance provider as part of Subject Matter 2.

What is the difference between “systems” and “approaches”? What level of system or approach is considered to be adequate?

These two terms are closely linked and are sometimes used interchangeably. A “system” usually describes a structured framework of processes and procedures to manage the SD risks and opportunities of an organization. An approach describes “how” specific SD risks or opportunities are actually managed. For example, in the case of biodiversity, the risks and opportunities might be managed through an environmental management system consistent with the requirements of the ISO14001 management system standard and an approach to managing the risks and opportunities might be based on the concept of achieving 'no net loss' of biodiversity. Similarly, 'best available technology' might describe the approach a company adopts to achieving control of smelter emissions, but this approach needs to be applied within the context of an effective management system.

The system and approach should be sufficient to minimize or manage the risk or to take advantage of the opportunity. The formality and extent of the mechanisms used to manage SD risks and opportunities must be appropriate to the magnitude of the risk or opportunity.

How should the material risks and opportunities to be assured for Subject Matter 3 be selected?

As the Assurance Procedure allows for assurance to be provided on the systems and approaches used to manage a selection of “material” risks and opportunities, it is suggested that the member company has in place and discloses within its sustainability report its approach for selecting the material risks and opportunities and related systems and approaches to be assured.

The assurance provider is encouraged to discuss this selection with the reporting company, so they can reach agreement that the selection fully takes into consideration the business material SD risks and opportunities. For example, the selection could be influenced by the following:

- the materiality assessment undertaken is consistent with Subject Matter 2
- risks and opportunities which have been the subject of previous assurance engagements
- issues that have attracted stakeholder attention in the current reporting period
- new risks or opportunities introduced through merger, acquisition or divestment in the current reporting period, or
- changes in the level of risk assessed compared with previous reporting periods.

INTERPRETING SUBJECT MATTERS 1 – 5

3

Is delivering assurance on the AA1000APS 2008 responsiveness principle equivalent to delivering assurance on Subject Matter 3?

Delivering on the AA1000APS 2008 responsiveness principle is similar to delivering assurance on Subject Matter 3 **but not fully equivalent**. Therefore it is most likely that an assurance provider cannot provide an assurance conclusion on Subject Matter 3 by only designing and delivering its assurance work to satisfy the AA1000 APS and AA1000 AS 2008 requirements. The main reasons for the differences between the two requirements are:

- Subject Matter 3 requires a management system/approach to be used to address the given risk or opportunity. This is not explicitly required by the AA1000 APS Responsiveness principle
- The AA1000 APS responsiveness principle requires certain activities such as stakeholder engagement, data collections which Subject Matter 3 does not explicitly require.

3.4 Subject Matter 4:

The company's reported performance during the given reporting period for each (or a selection) of the identified material SD risks and opportunities.

How should the material risks and opportunities to be assured for Subject Matter 4 be selected?

As the Assurance Procedure allows for assurance to be provided on the performance data reported for a selection of "material" risks and opportunities, it is suggested that the member company has in place and discloses within its sustainability report its approach for selecting the material risks and opportunities and related performance data to be assured (similar to Subject Matter 3).

In practice, most companies will apply the same process for selecting material risks and opportunities for Subject Matters 3 and 4, and it is likely that the selected performance data will be related to the selected management systems/approaches. However, the selection of management systems/approaches may differ from the selection of performance data.

The assurance provider is encouraged to discuss this selection with the reporting company, so they can reach agreement that the selection adequately considers the material SD risks and opportunities.

The same issues identified above when selecting material SD risks and opportunities for Subject Matter 3 should be considered for this selection relating to Subject Matter 4.

Can assurance on Subject Matter 4 be undertaken by solely focussing at the corporate/group level?

Assurance on Subject Matter 4 requires consideration of the data measurement, collection, aggregation, and reporting process from end-to-end. Therefore assurance work would generally need to be undertaken at a business unit and site level in addition to work at the corporate/group level.

Risks that could materially affect the accuracy of reported data exist at many points in the data trail from operations to published report. The assurance provider should make clear in their report the nature of any limitations in their engagement that would affect their capacity to express an opinion on the ability of the control environment to address those risks.

3.5 Subject Matter 5:

The company's self declared application level of the GRI G3 Sustainability Reporting Guidelines (G3 Guidelines)

Can this requirement be met by GRI completing their standard application level check?

Yes. As stated in the ICMM Assurance procedure (Table 2.1/Section 2.1.6/ICMM Requirement on page 10), for Subject Matter 5, member companies have the option of either:

- including Subject Matter 5 in the scope of assurance by an external assurance provider, or
- requesting a Global Reporting Initiative (GRI) Application Level check service on their SD report.

What are the main differences between having GRI undertake a check on a company's self-declared application level of its' sustainability report and having a third party independent assurance provider undertake this work?

GRI has clarified its requirements for an application level check in a document titled "Application Level Check Methodology 2010":

In summary the process is as follows:

- GRI issues an opinion on the report by performing a check on a reporting company's self-declared application level. The GRI application level check will either concur with or dispute a company's self-declared application level. GRI's opinion will not address the quality of the report, but consider the extent to which the GRI Guidelines have been utilized.
- GRI's application level check includes two elements. Firstly, GRI checks if the GRI content index in a sustainability report is correctly cross-referenced to the reported information, in line with GRI's standard disclosures. Secondly, GRI conducts research on a sample of standard disclosures to check that a reporter has provided quantitative or qualitative information within the report (as required by the relevant GRI indicators). In summary, GRI only considers scope and alignment of information, not its quality.

A formal assurance process should focus on whether the sustainability report complies with the GRI requirements. This would include assurance on whether:

- the GRI reporting principles have been adhered to
- the definitions of the key performance indicators (KPIs) included within the sustainability report correspond to GRI's definitions (as relevant for GRI C/B/A levels) – but not that the KPIs are "accurately" reported (i.e. Subject Matter 4)
- the overall gathering of information (qualitative and quantitative) for the purpose of the sustainability report adheres to GRI's requirements
- the GRI content index is correctly cross-referenced.

1. Available at <http://www.globalreporting.org/NR/rdonlyres/AF7513BB-E216-415F-8137-1AD80AFB071F/4141/ApplicationLevelCheckMethod2010.pdf>

INTERPRETING CROSS-CUTTING ASSURANCE ISSUES

4

This section provides detailed guidance on a range of cross cutting issues. The guidance is presented as a response to series of questions or statements reflecting the key topics of mutual interest or concern to assurance providers and member companies.

4.1 Site selection

What further guidance does ICMM offer on the selection of sites for assurance purposes?

At the proposal stage, a reporting company and prospective assurance provider(s) would generally discuss the approach to site selection. The requirement for site visits will be determined by a number of factors, as outlined below. The expectation is that some work would be required at levels below the corporate/group level (e.g. business unit and site level). The associated effort would increase with a higher level of assurance. In general, providers should take the following into consideration:

- scope of issues to be assured
- the reporting company's activities, reporting structure, diversity, SD risks and opportunities, and historical performance
- quality of management practices, processes, risk assessments, internal controls, and internal assurance
- type of assurance to be delivered (limited/moderate or reasonable/high).

The number and nature of sites to be visited will depend on a combination of the assurance provider's professional judgement of the relative risks of misstatement at each site and the wishes of the reporting company. The reporting company and assurance provider should discuss and agree on sites to be visited at the scoping phase of the assurance engagement. This should take into consideration the past history of assurance visits and whether there are new sites within the portfolio of operations (e.g. following M&A activity).

Ultimately it is up to the assurance provider to use their professional judgement to determine the number and nature of sites they need to visit to obtain sufficient comfort to issue their assurance conclusion. Also, it is important to note that in some situations the contribution of a few individual operations to a corporate level reported KPI can be significant, which would lead the assurance provider to consider its sample testing differently year on year.

4.2 Assurance level and reliability

What is the difference between reasonable/high and limited/moderate assurance?

To further understand the meaning and differences between these types of assurance, it is best to refer to both the International Standard on Assurance Engagements 3000 (ISAE 3000) (and associated International Framework for Assurance Engagements) and the AccountAbility 1000 AS assurance standards, which provide definitions of reasonable/high and limited/moderate assurance.

Annex 2 includes guidance on key assurance activities which could be undertaken for each of the ICMM Assurance Procedure subject matters for limited/moderate and reasonable/high assurance. The proposed activities are based on the feedback provided by a number of assurance providers participating in the development of this guidance, and build on information already provided within the ISAE 3000 (2005) and AA1000 AS (2008) assurance standards. Given that the perspectives of assurance providers may differ and that practices will evolve over time, the activities presented are illustrative only.

INTERPRETING CROSS-CUTTING ASSURANCE ISSUES

4

4.3 Assurance statement

Is the ICMM Assurance Procedure an assurance standard?

The ICMM Assurance Procedure is not an assurance standard. It is a document outlining expectations of members and their assurance providers to ensure a level of consistency in sustainable development reporting and assurance among ICMM members. Members and their assurance providers should discuss and agree during the scoping of engagements how the ICMM Assurance Procedure requirements will be met by each party.

What should a credible assurance statement contain?

A credible assurance statement should clearly present the following items:

- The type/level of assurance that has been undertaken for each assurance subject matter (e.g. limited/moderate or reasonable/high). Further guidance on these levels/types of assurance in relation to the Assurance Procedure subject matters is presented in section 4.1.
- The subject matters selected for assurance and related suitable criteria. It should also ensure that assurance conclusions appropriately relate to these. For Subject Matter 3 (management systems) and Subject Matter 4 (performance data), the assurance provider should clearly present which material sustainability issues have been selected for assurance.
- The assurance standard(s) used and the assurance criteria related to each of the subject matters.
- The boundary of the assurance engagement, i.e. whether it applies to corporate/group level only, corporate and selected sites only, the company as a whole, or others.
- The period the assurance statement relates to.
- The level and extent of the effort applied. As a minimum this should indicate:
 - work undertaken at corporate/group and business unit level (seniority of management, specific teams, others)
 - number of sites assessed, their locations, and key sustainability areas addressed.

- The independence and competence of the assurance provider to undertake third party assurance for the reporting company.

It should be noted that ISAE 3000 and AA1000AS also prescribe required elements.

The assurance provider should seek to ensure that its assurance conclusions:

- use language appropriate to the level/type of assurance undertaken (limited/moderate or reasonable/high)
- relate fully to the scope of the assurance engagement (as presented at the beginning of the assurance statement)
- use language which does not leave any ambiguity in the reader's mind on the status of the company's practices and performance in relation to the assurance subject matters
- use language which does not leave any ambiguity in the reader's mind when presenting assurance findings or qualifications.

What does it mean for a member company to have a qualified assurance opinion? Is there a risk that this can be interpreted as meaning that the company's report is not credible?

Qualified assurance opinions may arise where:

- significant assurance findings arise, which the reporting organisation was not able to correct by the time of the sustainability report (including an assurance opinion) being issued, or
- significant assurance findings arise where the opinion of management and the assurance provider differed.

INTERPRETING CROSS-CUTTING ASSURANCE ISSUES

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Under ISAE 3000, there are three options open to an assurance provider (other than to provide an unqualified conclusion). These are: qualified conclusions, adverse conclusions or disclaimers of conclusion. For each option it also provides suggested wording for forming non-financial assurance conclusions. The four main options are:

- **Adverse:** “In our opinion, XYZ is not fairly stated, in all material respects, based on XYZ criteria,”
- **Qualified:** “In our opinion, except for [...], XYZ is fairly stated, in all material respects, based on XYZ criteria,”
- **Emphasis of matter:** “In our opinion, XYZ is fairly stated, in all material respects, but we do raise to the reader’s attention to the issue regarding TYU as stated on page 20 of the Sustainability Report”.
- **Disclaimer of conclusion:** We were not able to express an assurance opinion on XYZ subject matter. (Add a sentence explaining why).

Further details on these options are included in Annex 3 and within the ISAE 3000 standard. In the SD report assurance field, qualified assurance conclusions/opinions are not that common. However, there have been some examples of qualified conclusions or disclaimers of conclusion.

What are the interactions between assurance provider and client in coming to a qualified conclusion, and what are the options of the reporting company at that stage?

It is the assurance provider’s responsibility to ensure that it keeps the reporting company informed of its assurance findings and the potential implications of the assurance conclusions as they arise. They should also discuss the potential solutions, as necessary, with the reporting company.

To reduce the likelihood of a qualified statement, a company can:

- design the assurance scope and approach, with sufficient and appropriate discussion with the assurance provider so it is possible to obtain assurance over the selected subject matter. This is an important responsibility of both parties.

- take appropriate action(s) to correct reported information to enable an unqualified conclusion. This could mean that the reporting company self-qualifies its report, thereby enabling the assurance provider to conclude that the reported subject matter information is not materially misstated. Ideally, they should also report their commitment and timeframe to address the issues identified.
- agree to drop a subject matter from the scope of assurance, but publicly presenting that this has happened in the SD report and assurance statement. This is not preferred practice and should be avoided by design at the assurance project’s scoping stage.

Is there scope to exclude aspects that might give rise to a qualified assurance conclusion after the assurance providers work has commenced?

Good assurance practice should not allow a reduction in the assurance level of reliability from “reasonable” to “limited” or from “limited” or “reasonable” to allow for “exclusion from the scope of assurance” without reasonable justification (ISAE 3000, paragraph 11). Examples include a change in the circumstances that affects the requirements of the intended users or a misunderstanding concerning the nature of the engagement.

In practice, SD report assurance is still a voluntary activity and there are no generally accepted SD assurance standards or governing bodies. Some assurance providers apply this rule with some flexibility in recognition that companies are working to improve their SD management, performance and reporting and that the field is still evolving.

What does a qualified assurance conclusion mean in practice?

The impact of a qualified assurance report on the credibility of the SD report will depend on the nature and extent of the qualification and the perceptions of the intended users.

Ideally, the reporting company should self-qualify its report, even if the assurance provider also qualifies the report as this will:

- increase the credibility of the reporting organization, especially if it also commits to addressing/improving the situation in the future
- demonstrate/confirm whether the reporting company agrees with the assurance provider’s qualified conclusion(s)
- demonstrate the value of the assurance process to drive performance improvement over time.

ANNEX 1:

The requirements of ICMM position statements

The table below presents a summary presentation of the commitments associated with the ICMM Position statements. The right-hand column “Comments” identifies which commitments apply to individual member companies (mandatory requirements) and which may be delivered collectively and need not necessarily be assured by individual member companies under the Assurance Procedure.

Position statements	Date	Commitments	Comments
1. Mining and Protected areas	August 2003	1. To respect legally designated protected areas	Applies to individual members
		2. To not explore or mine in World Heritage properties. All possible steps will be taken to ensure that existing operations in World Heritage properties as well as existing and future operations adjacent to World Heritage properties are not incompatible with the outstanding universal value for which these properties are listed and do not put the integrity of these properties at risk.	Applies to individual members
		3. Through ICMM, to work with IUCN – The World Conservation Union - to address application issues and to strengthen the IUCN system of protected area categorisation. ICMM recognizes that sufficient reform of this system will lead to recognition of categories of protected areas as ‘No-go’ areas and others with a multiple-use designation	Applies to ICMM members collectively
		4. Through ICMM, to work with IUCN, governments, intergovernmental organisations, development and conservation NGOs and others to develop transparent, inclusive, informed and equitable decision-making processes and assessment tools that better integrate biodiversity conservation, protected areas and mining into land-use planning and management strategies, including ‘No-go’ areas	Applies to ICMM members collectively
		5. Through ICMM, to work with IUCN and others in developing best practice guidance to enhance industry’s contribution to biodiversity conservation, including in and around protected areas	Applies to ICMM members collectively

ANNEX 1:

The requirements of ICMM position statements

Position statements	Date	Commitments	Comments
2. Mining and Indigenous Peoples	May 2008	1. To acknowledge and respect the social, economic, environmental and cultural interests of Indigenous Peoples and their rights as articulated and defined within provincial, national and international laws	Applies to individual members
		2. To clearly identify and fully understand the interests and perspectives of Indigenous Peoples regarding a project and its potential impacts. Social impact assessments or other social baseline analyses for projects which may impact on Indigenous Peoples will examine their particular perspectives and be based on consultation with them	Applies to individual members
		3. To engage and consult with Indigenous Peoples in a fair, timely and culturally appropriate way throughout the project cycle. Engagement will be based on honest and open provision of information, and in a form that is accessible to Indigenous Peoples. Engagement will begin at the earliest possible stage of potential mining activities, prior to substantive on-the-ground exploration. Engagement, wherever possible, will be undertaken through traditional authorities within communities and with respect for traditional decision-making structures and processes	Applies to individual members
		4. To build cross-cultural understanding: for company personnel to understand Indigenous Peoples' culture, values and aspirations, and for Indigenous Peoples to understand a company's principles, objectives, operations and practices	Applies to individual members
		5. To encourage governments where appropriate to participate in alleviating and resolving any problems or issues faced by Indigenous Peoples near mining operations	Applies to individual members
		6. To design projects to avoid potentially significant adverse impacts of mining and related activities and where this is not practicable, minimizing, managing and/or compensating fairly for impacts. Among other things, for example, special arrangements may need to be made to protect cultural property or sites of religious significance for Indigenous People	Applies to individual members
		7. To seek agreement with Indigenous Peoples and other affected communities on programs to generate net benefits (social, economic, environmental and cultural), that is benefits and opportunities which outweigh negative impacts from mining activities. Specific consideration will be given to customary land and resource use in situations where formal title may be unclear or where claims are unresolved. ICMM members will measure progress to ascertain that specified social benefits are being achieved and if programs are not achieving stated goals, seek agreed modifications to improve program effectiveness. In general, ICMM members will seek to build long-term partnerships with Indigenous Peoples, to find ways to increase their participation as employees and suppliers, and to support self-empowered regional and community development such as through education, training, healthcare, and business enterprise support	Applies to individual members
		8. To support appropriate frameworks for facilitation, mediation and dispute resolution. ICMM members may assist with or facilitate basic capacity building for Indigenous Peoples organizations near their operations. In general, Indigenous Peoples as well as communities as a whole will be provided with a clear channel of communication with company managers if they have complaints about a mining operation and transparent processes through which to pursue concerns	Applies to individual members
		9. Through implementation of all of the preceding actions, to seek broad community support for new projects or activities. ICMM members recognize that, following consultation with local people and relevant authorities, a decision may sometimes be made not to proceed with developments or exploration even if this is legally permitted.	Applies to individual members

ANNEX 1:

The requirements of ICMM position statements

Position statements	Date	Commitments	Comments
3. Implementing a global solution to managing a low emissions economy: Policy on Climate Change	November 2009	ICMM members are committed to contribute to developing and implementing a global solution to managing climate change that recognizes the need for a measured transition to a low emissions global economy reconciled with the imperative for energy security, global economic growth, and improved living standards and poverty alleviation.	Applies to ICMM members collectively
		1. Responsibility to reduce greenhouse gas emissions, measure progress and report results.	Applies to individual members
		2. Responsibility to promote technical innovation and creativity in low greenhouse gas emission technologies while enhancing energy and resource efficiency.	Applies to individual members
		3. Responsibility to ensure efficient use of renewable and non-renewable natural resources and develop appropriate adaptation strategies specific to our operations.	Applies to individual members
		4. Responsibility to contribute to the sustainable development of local communities and societies in adapting to the impacts of climate change.	Applies to individual members
4. Mercury Risk Management	February 2009	1. To not open any mines designed to produce mercury as the primary product.	Applies to individual members
		2. To apply materials stewardship to promote the responsible management of the mercury produced from ICMM members' operations including that which naturally occurs in our products	Applies to individual members
		3. To identify and quantify point source mercury air emissions from our operations and minimize them through the application of cost effective best available technology, using a risk based approach	Applies to individual members
		4. To report significant point source mercury air emissions from our operations consistent with our commitment to report in accordance with the GRI framework	Applies to individual members
		5. To participate in government-led partnerships to transfer low- to no-mercury technologies into the ASM sector in locations where ICMM member companies have operations in close proximity to ASM activity such that livelihoods are enhanced through increased productivity and reduced impacts to human health	Applies to individual members
		6. Through ICMM, to encourage the development of sound science on the fate and transport of mercury as well as natural sources of mercury in the environment	Applies to ICMM members collectively
		7. To work on an integrated multi-stakeholder strategy through ICMM to reduce and eventually cease supplying mercury into the global market once policy and economically viable long-term technological solutions for the retirement of mercury are developed.	Applies to ICMM members collectively

ANNEX 1:

The requirements of ICMM position statements

Position statements	Date	Commitments	Comments
5. Transparency of Mineral Revenues	January 2009	1. To include a clear endorsement of EITI on their website and/or in their sustainable development reports in support of the process, and submit a completed international-level self-assessment form to the EITI Secretariat, for posting on the EITI website	Applies to individual members
		2. To engage constructively in countries that are committed to implementing EITI, consistent with the multi-stakeholder process adopted in each country	Applies to individual members
		3. To provide information on all material payments to the body assigned responsibility for reconciling details of payments provided by companies and revenue data provided by government according to the agreed national template, once implementation is sufficiently advanced in candidate countries. Material payments by companies are expected to have been independently audited, applying international standard accounting practices	Applies to individual members
		4. To support the public disclosure (i.e. publication) of relevant data in line with the implementation approach adopted in-country, with the oversight of the committee empowered to oversee the implementation and management of the EITI program (often referred to as the "multi-stakeholder group" in EITI publications)	Applies to individual members
		5. To engage constructively in appropriate forums to improve the transparency of mineral revenues – including their management, distribution or spending – or of contractual provisions on a level playing-field basis, either individually or collectively through ICMM.	Applies to ICMM members collectively

ANNEX 1:

The requirements of ICMM position statements

Position statements	Date	Commitments	Comments
11. Mining: Partnerships for Development	February 2010	<p>1. At the global level, member companies can either individually or collectively through ICMM:</p> <ul style="list-style-type: none"> Publicly and prominently support 'Mining: Partnerships for Development'. This will constitute a high-profile statement of willingness to work with development agencies, host governments, civil society organizations, and local communities to enhance mining and metals' contribution to social and economic development (and is in line with ICMM's overall goal of working in partnership with stakeholders across the range of sustainable development issues.) At appropriate international fora, commitment to actively encourage development agencies, governments, and civil society organizations to support Mining: Partnerships for Development. In practical terms, this will mean encouraging such stakeholders to join with industry in developing partnerships across one or more of the six priority themes set out above. 	Applies to ICMM members collectively
		<p>2. At the national and community levels, for major mining projects or major potential investments in regions where socio-economic outcomes are highly uncertain or where there are significant opportunities to enhance such outcomes, member companies commit to:</p> <ul style="list-style-type: none"> develop an understanding of the social and economic contribution of the project, including an analysis of the barriers that might weaken this contribution. actively support or help develop partnerships or collaborations with other stakeholder groups across one or more of the six priority themes, with the aim of ensuring the project's full potential socio-economic contribution is realized. Stakeholder groups with whom such partnerships will be developed may include key international agencies (such as the UN Agencies, the World Bank Group, and bilateral donors), host governments, civil society organizations, and local communities. 	Applies to individual members
		<p>3. At the global, national and community levels, member companies commit to:</p> <ul style="list-style-type: none"> review, at suitable intervals, the relative success of the partnerships and collaborations pursued under one or more of the six priority themes which constitute Mining: Partnerships for Development adapting these over time as appropriate to ensure they continue to contribute to the overall goal of enhancing the social and economic contribution of mining provide an overview of their work on such partnerships, as appropriate, in their annual external reporting and communications. 	Applies to individual members

ANNEX 2:

Guidance on assurance activities to be undertaken for each of the Assurance Procedure subject matters for limited/moderate and reasonable/high assurance

We have presented below guidance on key assurance activities which could be undertaken for each of the ICMM Assurance Procedure subject matters for limited/moderate and reasonable/high assurance.

The proposed activities are based on the feedback provided by a number of assurance providers participating in the development of this guidance, and build on information already provided within the ISAE 3000 (2005) and AA1000 AS (2008) assurance standards. It is recognized that each assurance provider will have their own perspectives on this and that practices will evolve over time. The activities presented are therefore illustrative only.

For each of these subject matters, the assurance provider should review the sustainability report disclosures and ensure that they correspond to the outcome of its assurance work.

Subject Matter	Key assurance activities for <i>limited/moderate</i> assurance	Key assurance activities for <i>reasonable/high</i> assurance
SUBJECT MATTER 1		
<p>The alignment of the member company's sustainability policies to ICMM's 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM position statements.</p>	<ul style="list-style-type: none"> • Understand the company's operations, its SD risks and opportunities, SD policies framework, and the company's stakeholders feedback • Review the company's self-assessment of its policies alignment to the ICMM SD principles • Desktop review and testing on a sample basis of the company's policies alignment to the ICMM SD principles • Understand and review why certain SD principles or mandatory requirements in the ICMM Position statements are not being adhered to • Check that the company's representation in the report is consistent with the conclusions reached after testing 	<p>In addition to all limited assurance activities,</p> <ul style="list-style-type: none"> • Assess and test all relevant SD principles or position statements to form an opinion on their alignment with the ICMM requirements • Understand and review why any ICMM requirements are not being adhered to
SUBJECT MATTER 2		
<p>The company's material SD risks and opportunities based on its own review of the business and the views and expectations of its stakeholders.</p>	<ul style="list-style-type: none"> • Understand the company's operations • Understand and test the company's approach to stakeholder identification, engagement, feedback collection, analysis and reporting (across Corporate/Business Units/Sites) • Desktop research of stakeholders views of the given company (media, web, others) • Understand and test the company's approach to reviewing its business activities and identifying its sustainability risks and opportunities (across Corporate/Business Units/Sites) • Understand and test the company's Materiality process (across Corporate/Business Units/Sites) • Check that the company's representation in the report is consistent with the conclusions reached after testing 	<p>In addition to limited assurance activities and the need for a bigger testing sample size for each activity:</p> <ul style="list-style-type: none"> • Observe certain stakeholder engagements • Potentially engage directly with stakeholders on a sample basis to corroborate what has been presented by management

ANNEX 2:

Guidance on assurance activities to be undertaken for each of the Assurance Procedure subject matters for limited/moderate and reasonable/high assurance

Subject Matter	Key assurance activities for <i>limited/moderate</i> assurance	Key assurance activities for <i>reasonable/high</i> assurance
SUBJECT MATTER 3		
<p>The existence and status of implementation of systems and approaches that the company is using to manage each (or a selection) of the identified material SD risks and opportunities.</p>	<ul style="list-style-type: none"> • Review the company’s approach to selecting the “material risks” for the purposes of reporting and assurance • Understand the management system, its objective, architecture, expectations for relevant activities/ individuals in the company, etc • Test the company’s adherence to a sample of the management system requirements (across Corporate/ Business Units/Sites) • Review any internal audit/external assurance work and management reports • Review stakeholders’ feedback on the company’s practices and performance related to the management systems being assessed • Check that the company’s representation in the report is consistent with the conclusions reached after testing 	<p>In addition to limited assurance activities and the need for a bigger testing sample size for each activity:</p> <ul style="list-style-type: none"> • Engage directly with stakeholders on a sample basis to corroborate what has been presented by management • Identify and test the validity of reported KPI’s associated with monitoring of adherence to the management system and approaches
SUBJECT MATTER 4		
<p>The company’s reported performance during the given reporting period for each (or a selection) of the identified material SD risks and opportunities.</p>	<ul style="list-style-type: none"> • Review the company’s approach to selecting the “material risks” for the purposes of reporting and assurance • Understand the data measurement, collection, aggregation, and reporting processes (from operations to report) to test completeness, and accuracy • Test the management controls in place for ensuring quality of data measurement, collection, aggregation, and reporting • On a sample basis test elements of the data measurement, collection, aggregation, and reporting processes to test data completeness, and accuracy • Review any internal audit/external assurance work and management reports • Check that the company’s representation in the report is consistent with the conclusions reached after testing 	<p>In addition to limited assurance activities and the need for a bigger testing sample size for each activity:</p> <ul style="list-style-type: none"> • Gather, review and test, insofar as is feasible, corroborative evidence for performance information

ANNEX 2:

Guidance on assurance activities to be undertaken for each of the Assurance Procedure subject matters for limited/moderate and reasonable/high assurance

Subject Matter	Key assurance activities for <i>limited/moderate</i> assurance	Key assurance activities for <i>reasonable/high</i> assurance
SUBJECT MATTER 5		
<p>The company's self declared application level of the GRI G3 Sustainability Reporting Guidelines (G3 Guidelines).</p>	<p>Understand and test whether:</p> <ul style="list-style-type: none"> • The GRI principles are being adhered to • The definitions of the KPIs included within the sustainability report correspond to the GRI definitions (as relevant for GRI C/B/A levels) – but not that the KPIs are “accurately” reported (e.g. Subject Matter 4) • The overall gathering of information (qualitative and quantitative) for the purpose of the sustainability report adheres to the GRI requirements • The GRI Content Index complies with the requirements for cross-references 	<p>In addition to limited assurance activities and the need for a bigger testing sample size for each activity:</p> <ul style="list-style-type: none"> • Test in more details the information reporting processes • Understand data measurement, collection and reporting processes for the performance information which is not being formally assured

ANNEX 3:

Extract from ISAE 3000 on assurance statements and assurance conclusions

Under ISAE 3000, there are three options open to an assurance provider (other than to provide an unqualified conclusion). These are: qualified conclusions, adverse conclusions or disclaimers of conclusion. Further details for each of these are presented below.

- (a) There is a limitation on the scope of the practitioner's work, that is, circumstances prevent, or the responsible party or the engaging party imposes a restriction that prevents, the practitioner from obtaining evidence required to reduce assurance engagement risk to the appropriate level. The practitioner should express a qualified conclusion or a disclaimer of conclusion.
 - (b) In those cases where:
 - i. The practitioner's conclusion is worded in terms of the responsible party's assertion, and that assertion is not fairly stated, in all material respects, or
 - ii. The practitioner's conclusion is worded directly in terms of the subject matter and the criteria, and the subject matter information is materially misstated, the practitioner should express a qualified or adverse conclusion, or
 - (c) When it is discovered, after the engagement has been accepted, that the criteria are unsuitable or the subject matter is not appropriate for an assurance engagement. The practitioner should express:
 - i. A qualified conclusion or adverse conclusion when the unsuitable criteria or inappropriate subject matter is likely to mislead the intended users, or
 - ii. A qualified conclusion or a disclaimer of conclusion in other cases.
52. The practitioner should express a qualified conclusion when the effect of a matter is not so material or pervasive as to require an adverse conclusion or a disclaimer of conclusion. A qualified conclusion is expressed as being "except for" the effects of the matter to which the qualification relates.
53. In those cases where the practitioner's unqualified conclusion would be worded in terms of the responsible party's assertion, and that assertion has identified and properly described that the subject matter information is materially misstated, the practitioner either:
- a) Expresses a qualified or adverse conclusion worded directly in terms of the subject matter and the criteria, or
 - b) If specifically required by the terms of the engagement to word the conclusion in terms of the responsible party's assertion, expresses an unqualified conclusion but emphasizes the matter by specifically referring to it in the assurance report.

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ICMM

The International Council on Mining and Metals (ICMM) was established in 2001 to act as a catalyst for performance improvement in the mining and metals industry. Today, the organization brings together 18 mining and metals companies as well as 30 national and regional mining associations and global commodity associations to address the core sustainable development challenges faced by the industry. Our vision is of member companies working together and with others to strengthen the contribution of mining, minerals and metals to sustainable development.

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