

Summary of Public Comments

Tailings Management in Extractives

Executive Summary

The public comment period for the proposed revisions to the Metals & Mining and Coal Operations standards was open from December 17, 2020 to March 17, 2021. During this period, the SASB Standards Board (the “Board”) received public comment letters from 15 respondents, including 9 companies, 1 industry association, 3 investors, and 2 subject matter experts.

The key input from the public comment period was as follows:

- There is strong support for the separation of the tailings storage facilities management and waste management [& hazardous materials] topics.
- There is generally strong support for alignment with the Global Industry Standard on Tailings Management (GISTM) from multiple respondents, however there are some concerns that the alignment is not full, and some confusion around potentially duplicative efforts. Conversely, some companies commented that alignment with GISTM is premature.
- There is strong support for presenting tailings storage facility information in the form of a table at a site level, although there are some concerns with the precise columns of the table and multiple opinions on the appropriate level of detail.
- There are multiple useful comments on how to further improve the exposure draft, including modification of the Tailings Storage Facility inventory table and exclusion of elements regarding hazardous materials incidents from the waste topic. However, some of this feedback is conflicting and requires further analysis and Board deliberation.

The public comments, alongside the Exposure Draft and Invitation to Comment, can be viewed on the Project Page [here](#).

Responses to Questions Posed by SASB

Question 1: Do you support the proposed changes to the Metals & Mining and Coal Operations Standards?

The Board received strong support for the proposed changes at the topic level from all respondents, although several respondents had suggestions on how proposed metrics could be further improved. Several comments were made regarding the Tailings Inventory Table and are discussed in “Other Comments” section below. One respondent thought that the language in the proposed qualitative metrics for the Tailings Storage Facilities Management topic was creating an impression of a duplicative effort to the GISTM, which was seen as a burden on reporting entities.

The Board received no comment letters from coal companies. Investors supported the changes for both industries under question.

‘We strongly welcome SASB’s proposed disclosure alignment with the Global Industry Standard on Tailings Management, which we were delighted to co-convene on behalf of PRI, and the increased attention SASB is placing on tailings through its standard setting project. We remain convinced that tailings storage facilities (TSFs) represent a systemic challenge for the mining industry and supply chains that rely on mining, too often treated as an ‘externality’.’ – an asset owner

"In general, [our company] supports the overall approach embodied by the Exposure Draft, which appears intended to be in alignment with the recently developed Global Industry Standard for Tailings Management ("GISTM")." – a mining company

"The efforts of SASB are to be commended but in the tailings topic area, this isn't the time to be creating even more in this space." - a subject matter expert

Question 2: Do you support the expanded approach on tailings storage facilities management, including the creation of its own disclosure topic?

Overall, there was strong support for the expanded approach and the addition of a new topic to the Metals and Mining standard and the supporting rationale behind the proposed changes. All respondents recognized the added value of a separate disclosure topic on management of these facilities. Two mining companies recommended a closer alignment with the GISTM in the language used by the exposure draft. The Board received no comments on this element of the Coal Operations standard.

"We support SASB's proposal to expand disclosure requirements related to tailings management and agree that this issue is important enough to merit its own disclosure topic. That said, the specifics of SASB's proposal should be revised to conform to the GISTM disclosure requirements." – a mining company

"Our organization agrees that the expanded approach, including a separate disclosure topic, provides investors with more information to help assess risk for tailings storage facilities. Given the differences between the nature of the information collected under materials management and facilities management, the separation of the disclosure topics is logical" – an NGO

Question 3: Do you agree with the Board's conclusion that presenting tailings storage facilities inventory in a table format would be more useful than disclosure that is aggregated at the company level? Do you agree that company disclosure preparation costs for the table would not be significantly greater than the alternative?

Public comment letters expressed strong support for disclosures at the site level from investors and no concerns regarding such disclosure format from companies.

"[We] would support presenting tailings storage facilities in a table format as it is more useful than disclosure aggregated at the company level. [We] agree that the preparation costs for the table would not be significantly greater than the alternative. [...]- a company

"We agree that table format data (or equivalent) that itemises and provides details on individual tailings facilities is important" - an asset owner

Question 4: Do you agree with the Board's conclusion that a disclosure capturing all hazardous waste incidents is more useful than one focusing only on hazardous raw materials or one that requires separate disclosure of incidents involving hazardous raw materials versus other hazardous wastes?

The Board received a variety of responses to this question. Responses ranged from full agreement with the proposed changes to some levels of disagreement on usefulness of the metrics "Total

weight of hazardous waste that is recycled,” as well as “Number of significant incidents associated with hazardous materials and waste management.”

“I believe that disclosure on all hazardous waste incidents is useful and would prompt more complete disclosure on the nature of the material hazardous waste incidents.” – a mining company

“The recycling of hazardous waste is a common practice, yet volumes are insignificant for most mining companies and therefore not material for disclosure.” - a mining company

“[Our company] disagrees that disclosure of all hazardous waste incidents is useful to assess company risk profiles. We recommend that the scope of hazardous materials and hazardous waste be limited to those associated with tailings and waste rock only, as opposed to other hazardous materials utilized at the facility. For example, a small release of a hazardous laboratory chemical within a facility building that does not have an impact on financial performance or environmental liabilities but may require regulatory reporting is not critical for investors to make decisions on risk.” – a company

“Questions about weight, incidents and management should be asked by category: 1. tailings, 2. waste rock, 3. hazardous materials/waste. Consolidating in one disclosure all incidents associated with tailings/waste/hazardous materials makes it confusing and cumbersome. Same for management approach as these may vary significantly and are managed by different groups.” - a mining company

“Non-mineral waste is not material in this sector in comparison with mineral waste. The disclosure should therefore focus on mineral waste only” - a mining company

Definition of Significant Incidents

Two comments suggested that the standard could benefit from further clarity on the definitions of the term “significant incident.”

“The definition of 'significant event' could use a reference to materiality - or else will be point of contention for disclosure and transparency.” – a subject matter expert

Question 5: Do you agree with the Board’s decision to retain the Waste Management disclosure topic in the Coal Operations Standard? Should any of the corresponding metrics be excluded?

Investors did not comment on this question. The Board received no comments from coal companies.

Other Comments

The Board received comments on a variety of other aspects of the exposure draft, including proposed metrics to be included in a tailings facility inventory table and the desired level of alignment with GISTM.

Tailings Facility Inventory Table Content

Appropriate level of safety and structural integrity review

In developing the exposure draft, the Board sought to include information on how companies ensure the structural integrity of their facilities. One way to do so is to include a date of the most recent

Tailings Facility Construction and Performance Review, which is the term used in the GISTM. The Board received multiple comments that while safety checks are critical, the “Tailings Facility Construction and Performance Review” term is not the most appropriate one.

“The Tailings Facility Construction and Performance Review (TFPCR) may not be comprehensive enough to provide that level of detail for risk analysis, especially given the potential for variation between these types of reports on a company-by-company basis. Other documents, like a Dam Safety Review (required at least every five years in the Global Industry Standard on Tailings Management (GISTM) [Requirement 10.5]), and the Dam Breach Analysis or Inundation Study (required by the GISTM upon construction and updated with material changes to the dam [Requirements 2.3 & 2.4]), can provide more information and detail on potential risk. While we understand the need to streamline the process and reduce the reporting burden for companies, we are concerned that relying on the TFPCR will not provide enough information to investors to adequately assess facility risk. – an NGO

“Date of most recent tailings facility construction and performance review (TFPCR)” needs to be defined. It could range from an EoR [Engineer of Record] annual inspection, to a periodic independent review, to a full Dam Safety Review.” – a mining company

“The reference to a TFCR is surprising. This term is not commonly used so it needs definition, or a change for “Dam Safety Review” or “Dam Safety Inspection”. - a mining company

Definition of Material Findings

The Board received three comments suggesting that comparability of data in the tailings facility inventory table could be improved by providing the definition of “material findings” rather than leaving it undefined according to the GISTM.

We recommend that “material findings” as included in the tailings facility inventory table be carefully and specifically defined [...] One option would be for SASB to align the definition of “material findings” in the inventory table, and “significant incidents” to the language used in the Alberta Water Act and Regulation, Part 6, Dam and Canal Safety: (a) “critical safety deficiency” means a hazardous condition that has the potential to lead to an imminent failure; (l) “safety deficiency” (except where preceded by “critical”) means a hazardous condition that has the potential to develop into a critical safety deficiency over time; The key words are “has the potential to lead to an imminent failure.” Incidents (including movement) that do not have the potential to lead to an imminent failure should not be grouped in the same disclosure or assessment category as those which do have that potential.” – a mining company

“The GISTM definition of “material” for “material finding” is incorporated by reference. This definition allows the operator to define materiality, but there is significant ambiguity in how materiality would be interpreted by external stakeholders” – a mining company

Construction type

The Board received recommendations to include facility construction type into the Tailings Storage Facility Inventory table. These recommendations came from investors and an SME. There were no such comments from companies.

“Recommendation: Include construction method to the list of disclosures for each tailings facility. Understanding the construction method used can help identify tailings facilities that have potential for greater stability risk” – an NGO

“We recommend expanding the table to include the following metrics:

- Tailing dam construction method (upstream, downstream, centre-line or a combination of the aforementioned)*
- Maximum dam height*
- Tailings material placed in facility: dry stack material or wet tailings*

These additional metrics are mentioned in table form already by some companies such as AngloAmerican or BHP. A tabled summary serves the evaluation process well, and we are in full support of such an inventory table.” - an asset owner

Forward-looking metrics

One investor requested that the exposure draft include more forward-looking metrics.

“We note the absence of forward-looking data points, such as the planned volume of tailings in 5 years’ time for each impoundment. We found this to be a helpful metric, particularly when analysed against hazard classification (consequence of failure) and other data points.” – an asset owner

Level of Alignment with the GISTM

While there was strong support for alignment with the GISTM, the Board also received critical comments regarding the lack of completeness of alignment in some instances. Conversely, other respondents stated that full alignment is immature because the GISTM standard is still subject to regulatory review and not requiring implementation for an additional 3-5 years. One comment stated that some flexibility should be allowed for companies not to adhere to GISTM disclosure requirements fully.

“We strongly welcome SASB’s proposed disclosure alignment with the Global Industry Standard on Tailings Management, which we were delighted to co-convene on behalf of PRI” - an asset owner

“SASB could be seen as establishing new requirements [...]. By creating a potentially competing disclosure framework, SASB would [...] be subjecting companies to the administratively burdensome task of managing two separate but-substantially-overlapping sets of disclosure obligations. The Exposure Draft’s current approach could also create potential legal issues for companies that believe and publicly state that they are following SASB requirements only to have the language of the Exposure Draft interpreted differently at a later point in time. [...] In [our company’s] view, the best resolution of these issues would be to expressly provide that Requirement 15.1 of the GISTM is the equivalent of the standards set in the Exposure Draft and

disclosures may be made consistently with that framework for operators that have adopted the GISTM. [...] The Exposure Draft references the GISTM disclosure requirements on only a limited subset of topics—consequence classification, timing of performance reviews, and mitigation measures—but does not incorporate similar language in the broader disclosure requirements applicable to the description of the tailings management system and governance structure. See, e.g., id. at EM-MM-540a.1.2.9. The Exposure Draft provides no stated basis or justification for choosing among GISTM requirements in this manner, providing for alignment with some but not others.” - a mining company

“With the recent publishing of the GISTM, and the fact that it remains under review by various Regulatory Bodies and Industry Associations, it is premature at this point in time to measure/expect comprehensive alignment with Principles 7-11 of the GISTM (or any part of the GISTM). This fact has been acknowledged by the co-conveners of the GISTM, who have noted that ICMM members have committed to achieve conformance with the GISTM within a 3-5 year timeframe, depending upon facility classification”- a company

“Aligning the TSF level disclosures fully with the GISTM requirements is a potential problem. Specifically: 2.5: GISTM hazard classification should not be mandated. While close to CDA classification, the GISTM requirements are not exactly the same. The CDA classification is no less rigorous and has a longer history, and should be permitted as an acceptable framework for reporting hazard classification.” - a mining company

Risk Assessment

Multiple comments advised the Board not to imply that “risk likelihood” should be a key concept to measure in the basis for conclusions document because there are various factors that can contribute to risk likelihood, including ones outside of scope of the exposure draft and the GISTM. While these comments do not suggest changes to the exposure draft, they do provide helpful input to ensure the Board's characterization of risk likelihood is accurate.

Where the SASB Standard speaks to “risk” rather than consequence of failure, it would be helpful to provide context that many factors contribute to the overall risk (likelihood) of failure, including factors that are not covered by the SASB disclosure (e.g. seismicity, rainfall etc). These contributing factors can be extremely difficult to define given the brittle failure modes some facilities are vulnerable to. It is worth noting that the Standard was developed with the view that decisions should be made on the basis of high consequence of failure, rather than purely on residual risk. – an asset owner

“The risk likelihood is a misleading comment - as even with the TSF characteristics requested the ability to comfortably assess probability risk is a stretch for SASB, amongst professionals ... I do think the shift away from MHSA Risk Categorization based on potential number of deaths, to something inclusive of environmental, reputational and other related risks is a step forward.” - a subject matter expert

Level of Granularity for Qualitative Metrics

The Board received comments from companies on the qualitative metrics “Description of tailings management systems and governance structure used to monitor and maintain safety of tailings storage facilities” and “Summary of the emergency preparedness and response plan (EPRP) for

tailings storage facilities”. The comments imply that level of detail included in the exposure draft was inappropriate for the intended audience. Instead, a higher-level approach was recommended.

Management Approach

“A high-level summary and overview that speaks to how the structural integrity of tailings facilities is monitored and maintained is more practical” – a company

“interpretation could range from reasonable, summary level detail to too much detail that is not appropriate for disclosure”- a mining company

Emergency Response

“Company policies and procedures related to closure and post-closure plans contain scientific, technical, and commercial information that is proprietary and competitive and should not be expected to be disclosed ‘as-is’. Alternatively, a high-level summary at an appropriate technical level for the expected audience (i.e. the investment community) that speaks to emergency preparedness and response is a more practical disclosure. We could support a high-level summary disclosure that confirms facility closure plans are in place” – a fertilizer company

“There should be more focused on management aspects and training for operators of keeping the TSF integrity than on emergency plans a mining company. Recommendation: Include stakeholder participation in the disclosure list. It is imperative that Emergency Preparedness and Response Plans (EPRP) are discussed and prepared jointly with downstream communities and mine workers, and in collaboration with first responders, local governments and other stakeholders. Affected stakeholders must be able to provide the critical information and insight necessary to ensure the most practical, efficient, and effective EPRP. By asking whether or not EPRPs have been prepared with multi-stakeholder participation, investors will have insight into the quality of the EPRPs. This could be a (Y/N) question.” – an NGO

Financial Capacity

The Board received two contrasting comments on a metric concerning the frequency of reviews confirming the financial capacity of facilities.

“Frequency of reviews to confirm that adequate financial capacity (including insurance, to the extent commercially reasonable) is available for planned closure, early closure, reclamation, and post-closure of the tailings facility and its appurtenant structures.” This could be acceptable if it’s only about the frequency of reviews, but having to disclose the financial assurance is not reasonable. It could conflict with local regulatory requirements.” – a mining company

“We strongly support the inclusion of financial assurance information in the description of tailings management systems and governance structures. We recommend adding detail to specify the type of assurances or bonds used.” – an NGO

Units of Measurement

The Board received multiple comments from companies that tailings mass and volume are more appropriate quantities to be measured rather than weight.

Next Steps

The Board and research staff will continue deliberations and explore further improvements to the exposure drafts based on the comments received. Staff will also be collaborating with the Investor Initiative on Mining and Tailings Safety through joining its Technical Advisory Group. Interested parties are encouraged to visit the Tailings Management in Extractives [project page](#), as well as sign-up to receive project updates (see project page for details).