

RobecoSAM digs deeper into mining sector risks

Risk oversight is an important part of a company's corporate governance. It is vital to the mining sector, where the risks are significant. Senior Engagement Specialist Carola van Lamoen will start an active dialogue with mining companies to help them keep their risks in check.

Corporate risk oversight: an important issue ...

RobecoSAM attaches great importance to corporate risk oversight, and is involved in both the development of policy in this area and engagement with companies. Senior Engagement Specialist Carola van Lamoen currently co-chairs the International Corporate Governance Network (ICGN) Corporate Risk Oversight Committee with Philip Soulanille of Deloitte & Touche. This committee develops guidance to improve corporate risk oversight worldwide and reacts to consultations in this area. Conceived by a group of major institutional investors, the ICGN was founded in 1995. It represents investors, companies, financial intermediaries, academics and other parties interested in the development of global corporate governance best practices.

... especially in the mining sector

Corporate risk oversight is particularly important in the mining sector. Mining activities can have severe consequences for employees, the environment and society at large. Incidents have a substantial impact given the high number of fatalities, and operations are predominantly located in relatively unstable emerging markets. As a result, mining companies are closely scrutinized by a variety of stakeholders. The main ESG risks incurred by mining companies relate to bribery, biodiversity, climate change, community impact, health and safety, human rights, waste and water.

Engagement

Opening, exploiting and closing a mine all come with their own specific risks. Add to this the huge variety in types of mines and it is clear that the issue is very broad. Van Lamoen therefore commissioned EIRIS, a global provider of research into companies' ESG profile, to carry out an assessment of risk oversight in ten prominent

companies in the mining sector. "Although the results vary greatly, EIRIS found that the areas where mining companies generally show the greatest room for improvement are the monitoring of risk management performance after risk policy breaches and the linkage of ESG risks to remuneration," says Van Lamoen.

"Based on EIRIS' findings and our own assessments, we will start an engagement with several companies that we think offer room for improvement," Van Lamoen reveals. She will focus on areas such as the independence of the board members, regular board review of risks, and the presence of a whistleblowing system for potential breaches of the company's risk management system.

"Corporate risk oversight is vital to the mining sector."



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