

Aidan Davy  
COO  
International Council on Mining and Metals

**18<sup>th</sup> May 2018**

Dear Aidan,

**Response to consultation on performance expectations of the ICMM Principles**

Hermes Investment Management is an asset manager with a difference. With £30.1 billion in assets under management, we focus on holistic returns – outcomes for our clients that go far beyond the financial and consider the impact our decisions have on society, the environment and the wider world. Its stewardship team, Hermes EOS, is one of the world's leading engagement resources, advising on £310.7 billion<sup>1</sup> on behalf of over 40 international institutional investors.

As part of our Equity Ownership Service (Hermes EOS), we respond to consultations on behalf of many clients around the world, including PNO Media (Netherlands), VicSuper (Australia) and PensionDanmark (Denmark). The views expressed in this letter are those of Hermes and those clients which have expressly given their support to this response and do not necessarily represent the views of all clients.

**Executive summary**

We welcome the ICMM's initiative to review and update the performance expectations which underpin its Principles. We believe this is vital to ensure their ongoing relevance and credibility. We also appreciated the time you took to discuss the consultation with us prior to our submission.

We have provided our view in the online survey and also provide the detail in the spreadsheet attached to this letter. Our feedback and recommendations reflect our view of current international good practice and expectations of society.

Our key messages are as follows:

- **SDG alignment** - Given the global and near universal adoption of the UN Sustainable Development Goals as a framework and common language we believe there is value in greater alignment of the ICMM performance expectations. In particular, harmonising wording and ambition can help streamline and focus approaches by member companies. The ICMM members that we have spoken with recently have also shared this view. However, we note that ICMM was informed by its own mapping exercise and member consultations and its preference to limit references to external initiatives.
- **Ambition** – Related to the above point on the SDGs we see this revision of the performance expectations as an opportunity to raise the bar on sustainable and responsible mining, not least as some ICMM members are exceeding the current expectations (for example on conservation and tax transparency). We feel the proposed wording does not currently reflect a notable step forward in ambition and expectation, and in a few areas the expectations have weakened. We truly hope the ICMM members are seeking continuous improvement and are now in a position to accept a set of expectations that reflect a higher standard of performance than those set in 2015. To maintain credibility the expectations also need to be relevant over

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<sup>1</sup> Assets under management and under advice correct as at 30 June 2017

the next few years and should therefore seek to be 'future-fit' and align with current trends and expected revisions to other standards, such as the likely strengthening of climate risk under the pending revision of the Equator Principles.

If this response provokes any questions, or a further discussion is useful, please do not hesitate to get in contact with us using the details below.

Yours sincerely,

**Jaime Gornsztejn and Andy Jones**  
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