

UNDERSTANDING THE TSM ASSESSMENT PROTOCOLS

Overview

Launched in 2004 by the Mining Association of Canada, the Towards Sustainable Mining (TSM) initiative is a performance system that helps mining companies and their facilities evaluate and manage their environmental and social responsibilities. TSM includes a set of tools and indicators to drive continuous performance improvement, provide transparent results to communities of interest, and ensure that key mining risks are managed effectively.

Participation in the TSM initiative is mandatory for all MAC member companies as a condition of membership. Upon becoming a member, companies commit to TSM's Guiding Principles – a set of leadership and operational commitments that relate to protecting the environment, establishing a safe workplace, and protecting the interests of Aboriginal communities and other stakeholders.

In recent years, TSM has grown beyond MAC's membership. Currently, the Mining Association of British Columbia and the Quebec Mining Association are implementing TSM for their members.

TSM focuses on six operational areas for which tools, referred to as Assessment Protocols (or Protocols), have been developed to assist mining companies in understanding and achieving the TSM Guiding Principles they subscribed to. The six Protocols are:

1. Aboriginal and Community Outreach
2. Crisis Management Planning
3. Safety and Health
4. Biodiversity Conservation Management
5. Tailings Management
6. Energy Use and Greenhouse Gas Emissions Management

The TSM Assessment Protocols also support the implementation of MAC's three Policy Frameworks: Mining and Aboriginal Peoples; Mining and Biodiversity Conservation; and Safety and Health. Each Protocol defines specific requirements, referred to as Performance Indicators (or Indicators) that must be met to achieve the TSM Guiding Principles. These requirements are grouped into three to five specific performance Indicators per Protocol. There are 23 Indicators across the six Protocols.

As with any assessment of a management system, professional judgment is required in assessing the degree of implementation of a system indicator, and the quality of management processes and intervention. Application of the Protocols requires a level of expertise in auditing and systems assessment, as well knowledge of and experience in the particular subject matter. The Assessment Protocols provide an indication of the level of management system implementation for each subject area in support of the TSM initiative. They are not, of themselves, a guarantee of the effectiveness of each management system.

Structure of the TSM Assessment Protocols

Each Protocol provides:

- A statement of purpose that expresses the spirit and intent of each indicator;
- Assessment criteria for each indicator for each level of performance;
- Frequently Asked Questions (FAQs) that provide further information, such as definitions for key terms and answers to common questions that arise; and
- A self-assessment checklist.

Facility-Level Reporting

As part of TSM, companies are required to annually report their performance for all Protocols at each of their Canadian facilities by completing the assessments provided in the Protocols. Canadian mining companies can also voluntarily apply this program to their international operations, and there has been a growing trend in doing so.

Respondents are required to provide facility-level self-assessments annually for all Indicators in all six Protocols. **Note:** Facility-level can mean each distinct operating unit or facility, of the company. The self-assessments are verified by a third-party every three years to validate that the reported results are an accurate reflection of the facility's performance in the six Protocols.

Performance Indicators and Ratings

For each Indicator, facilities assign a letter grade that reflects their performance with the exception of the crisis management protocol, which uses a "yes" or "no" rating scale. Ratings range from Level C to Level AAA. These grades are made public in the annual *TSM Progress Report* both in aggregate across the MAC membership and for each facility. Level A equates to good management practice, while Levels AA and AAA equate to excellence and leadership.

Levels C through AAA are described below in general terms. More specific criteria are established for each indicator within the protocols.

ASSESSMENT CRITERIA	
Level	Criteria
C	No systems in place; activities tend to be reactive; procedures may exist but they are not integrated into policies and management systems
B	Actions are not consistent or documented; systems/processes are planned and being developed
A	Systems/processes are developed and implemented
AA	Integration into management decisions and business functions
AAA	Excellence and leadership

When conducting the self-assessment, assessors should note that the Indicators complement one another. As such, performance improvements in one Indicator may depend on and/or coincide with performance improvements in another. For example, for the Aboriginal and Community Outreach Protocol, improved performance in community of interest (COI) engagement and dialogue (Indicator 2) is unlikely to occur unless COI identification (Indicator 1) has also improved.

The assessor is required to select the level that most clearly represents the status of the facility. Only one level can be selected for each Indicator, and it can be chosen only if all criteria for that level and all preceding levels have been met. No partial levels of performance (e.g. B+) can be reported.

Where an Indicator is not applicable at a particular facility, then an assessment of N/A should be assigned. **Note:** There are very few circumstances where a rating of N/A is appropriate and defensible. A clear rationale for any such rating is required.

The goal of each facility is to achieve, at a minimum, a "Level A" rating for all Indicators and to work towards continuous improvement.

Assessment and Verification Process

It is recommended that the self-assessment be completed using a process of interview, discussion and document review, including representative site management, operations and specialist personnel. A level of expertise in auditing and systems assessment, and some knowledge of and experience in the specific Protocol subject matter is required.

Where a facility is shared between two parties (e.g. a joint venture), the two parties are encouraged to discuss amongst themselves who should complete the assessment, and whether it should be undertaken jointly or divided so that the results reflect the appropriate activities of each company.

Every third year, the self-assessments must be externally verified by an independent and certified third party. The TSM third-party verification system aligns with the initiative's commitment to transparency and accountability.

MAC has a program to train and certify third-party verifiers, referred to as Verification Service Providers (or VSPs). MAC maintains and publishes a list of VSPs on its website.

Benefits of TSM

By evaluating performance against these Indicators each year, companies:

- Consistently assess current performance across their reporting facilities;
- Measure improvements in key areas from previous years;
- Identify actions that could be taken to improve management and performance;
- Develop and enhance internal capacity to monitor and improve performance; and
- Establish a basis for company assurance and assessing operational risks.

One of the key strengths of TSM is that mining companies are measured where the mining activity actually takes place – at the facility level. The results also provide local communities with a meaningful view of how a nearby mine is managing these important issue areas.

Definition of Key Terms

1. What is a Community of Interest (COI)?

COI include all individuals and groups who have an interest in, or believe they may be affected by, decisions respecting the management of mining operations. They include, but are not restricted to:

- employees
- Aboriginal or Indigenous Peoples
- mining community members
- suppliers
- neighbours
- customers
- contractors
- environmental organizations and other non-governmental organizations
- governments
- the financial community
- shareholders

2. What does “formal” mean?

The term “formal” is used frequently in the assessment, and usually in conjunction with “system” or “process”. Formalized processes or activities are usually given status through clear and precise requirements, and usually documented as a written procedure. This means that the facility can clearly and easily demonstrate that the process or system is in place. It would also typically require documented processes or an “audit trail”.

3. What is a “system”?

A system, or “management system”, represents processes that collectively provide a systematic framework for ensuring that tasks are performed correctly, consistently and effectively to achieve a specified outcome and to drive continual improvement in performance. A systems approach to management requires an assessment of what needs to be done, planning to achieve the objective, implementation of the plan and review of performance in meeting the set objective. A management system also considers necessary personnel, resources and documentation requirements. Other definitions associated with systems are:

- **Policy:** The formal expression of management’s commitment to a particular issue that presents the stance of the company to interested external parties.
- **Practice:** Informal, undocumented approaches to carrying out a task.
- **Procedure:** A formalized, documented description of how a task is to be carried out.

4. What does “effective” mean?

Where the term “effective” is used, it requires the element to be operational in order for that desired outcome to be achieved.

5. What does “accountability” mean?

Where the term “accountability” is used, the management system must identify the party who is ultimately answerable for management performance and the development and implementation of the management system at the facility. This accountability cannot be delegated. Resources are available to the accountable party to ensure proper systems (training, equipment, communications, etc.) are in place to effectively meet their management goals.

1. What does “responsibility” mean?

Where the term “responsibility” is used, specific management related requirements and tasks are identified within the management system and assigned to specific personnel within the facility. It is important that responsibilities are clearly communicated so that each person understands what is expected of them.