



Defining material issues for a FTSE-100 gold-mining company

Case Study: Randgold Resources



The Business Challenge

In the same way that something may appear shiny and precious but turn out to be worth little, so is there a risk that companies are tackling some sustainability issues that are not particularly important for their business. As the field matures, companies are being encouraged to focus both their actions and their reporting on the issues that really matter—the most ‘material’ ones, in the jargon. The industry-leading guidelines for sustainability reporting, the *Global Reporting Initiative (GRI) guidelines*, put materiality at the core of their fourth edition (G4) launched in 2013. Before preparing a sustainability or CSR report in accordance with the GRI, companies are now expected to conduct a materiality analysis to determine what issues ‘are material’ to their stakeholders. These issues must be front and centre for the report to be considered a ‘G4 report’.



Conducting this thorough and robust materiality process has given us a deeper insight into our stakeholders’ concerns, and ***ensured our sustainability report addresses the issues that really matter.***

Charles Wells, *Sustainability Director,*
Randgold Resources

FTSE-100 gold-mining company Randgold Resources Ltd wanted to apply the new G4 guidelines, and in partnership with our colleagues at ESG Communications, Junxion was asked to design and implement a full materiality analysis.

How We Helped

We started the process by creating a long list of possible issues from various sources including research into what investors are concerned about and the GRI Mining and Metals Supplement. Identifying 41 of these issues as the most significant ones, we asked the executive management team to prioritise them based on their potential business impact.

The internal viewpoint was then combined with the results of a questionnaire-based assessment of external stakeholders' views. We asked a range of investors, employees, representatives from locally affected communities, NGOs, government officials, suppliers and trade unions for their views. Given the geographic range and remoteness of many of the stakeholders, the questionnaire approach was deemed most efficient. Stakeholders were asked to classify the top issues, considering their current impact and potential impact on Randgold in the short-medium term (one- to three-year timescale). If stakeholders felt any important issues were missing from the list, they were invited to add and score them.

When we received the completed questionnaires we scored and weighted the results, before plotting them on a scattergraph to determine where 'to draw the line' in terms of the material issues to report on. The process identified five critically important and 14 further important issues to cover in the report. Safety was the number one most important issue with community engagement in second, emphasizing how important it is that foreign-controlled companies treat local people fairly. Controlling water pollution, managing the use of cyanide (which is used in the gold extraction process), and ensuring high levels of local and national employment were the other issues in the top five. We discussed the results with Randgold and determined which indicators would best express how the company was managing each of the 19 material issues. The decisions were checked to determine whether the final list of issues and indicators provided complete and balanced coverage of Randgold's issues and then they were signed off by the CEO.

Measuring Success

The process gave Randgold a clear sense of what their stakeholders consider important and confidence that their sustainability report was covering the issues that matter. It was clear that stakeholders appreciated being consulted. Internally, colleagues who had content to contribute to the report were 'primed' by engaging in the materiality assessment and externally the process led to some interesting conversations, which have helped Randgold complete a fuller picture of concerns they need to tackle. ***Randgold was also one of the first 100 companies around the world to issue a Sustainability report in accordance with the new GRI G4 guidelines.***

This project was conducted in partnership with ESG Communications.