

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES OF GOLD MINING INDUSTRY IN CAMBODIA

December 2023

Sam Chanthy, PhD



មេតាសង្គមស្ថាប័នមិនមេរដ្ឋាន ផ្លូវចិត្តកម្ពុជា
The NGO Forum on Cambodia



FAIR FINANCE CAMBODIA
A MEMBER OF FAIR FINANCE ASIA



FAIR FINANCE CAMBODIA

A MEMBER OF FAIR FINANCE ASIA

© Fair Finance Cambodia (FFC), December 2023

The Fair Finance Cambodia (FFC) coalition aims to reduce the negative impacts of cross-border investments on human rights, the environment, and climate change, particularly those made by multinational financial institutions, banks, and insurers, while increasing inclusive economic development. FFC is operational in Cambodia – wherein the FFC Civil Society Organization (CSO) coalition leads research and engagement with key stakeholders, including financial regulatory and policymaking institutions, banking and investment associations, multilateral development banks, and academia. FFC is a member of Fair Finance Asia, a regional network of CSOs committed to ensuring that financial institutions' funding decisions in the region respect local communities' social and environmental well-being.

This report is copyrighted. Individuals, agents, and institutions wishing to re-publish this report must communicate with The NGO Forum on Cambodia at the following contact:

The NGO Forum on Cambodia
House # 9-11, Street 476, Toul Tompong 1, Phnom Penh, Cambodia
Telephone: 855 (0) 23 214 429/ (0) 23 994 063
Website: www.ngoforum.org.kh

The report was researched by Dr. SAM Chanthy and Mr. MAR Sophal.

Substantive inputs as well as author inputs have been provided by FFC's members & Fair Finance Asia Executive Team's members.

Disclaimer: The content of this publication is the sole responsibility of Fair Finance Cambodia and can in no way be taken to reflect the views of the Fair Finance Asia/Fair Finance International network. The opinion and views expressed in this work do not represent the position and value of FFC. They are expressed in support of the consultant's opinions and recommendations.

Cover Photo: Gold Milling Factory of Renaissance Minerals (Cambodia) Limited, taken by Dr. Sam Chanthy

TABLE OF CONTENTS

ACRONYMS	iii
SUMMARY.....	v
1. INTRODUCTION	1
2. PURPOSE	4
3. STRUCTURE OF THE REPORT	4
4. STUDY METHODOLOGY	4
5. STUDY RESULTS.....	8
5.1 National Policies	8
(A) National Policy on Mineral Resources 2018-2028	8
(B) National Environment Strategy and Action Plan 2016-2023	9
(C) MME’s Effort to Manage Extractive Industry in Cambodia	9
(D) Mineral Licensing Process in Cambodia	11
5.2 National Compliance on ESG in Mining Sector in Cambodia	12
(A) Environmental Aspect.....	12
(B) Health and Safety Aspect	14
(C) Labor Aspect	17
(D) Gender Aspect.....	18
(E) Indigenous Community Aspect.....	19
(F) Local Development Aspect	19
(G) Corporate Governance	21
5.3 International Compliance on ESG in Mining Sector	22
5.4 Financing Gold Mining Operations.....	26
5.5 Gold Mining Industry Profiles in Cambodia	29
(A) Renaissance Minerals (Cambodia) Ltd. (RNS)	29
(B) Angkor Resource Corp.....	30
(C) Mesco Gold (Cambodia) Ltd.	31
(D) Xinshan Industrial (Cambodia) Co., Ltd.....	32
(E) Delcom (Kampuchea) PTE. Ltd.	33
(F) Rong Cheng Industrial Investment (Cambodia) Co., Ltd.....	33

5.6 ESG Performance of Gold Mining Industry in Cambodia.....	34
(A) What is environment, social and governance (ESG)?.....	34
(B) Why is ESG essential in gold mining in Cambodia?	34
(C) Environmental Performance	36
(D) Social Performance	38
(E) Corporate Governance Performance	42
(F) Financial Support for Gold Mining in Cambodia.....	44
(G) Extractive Industry Governance Forum (EIGF).....	46
5.7 Key Discussion on ESG Practices of Gold Mining Industry in Cambodia	47
6. CONCLUSION	56
7. RECOMMENDATIONS.....	58
8. BIBLIOGRAPHY.....	62
9. ANNEX.....	71

LIST OF TABLES

Table 1: Participant samples	5
Table 2: Available MF for each province by September 2022	21
Table 3: ESIA status of the gold mining companies.....	36
Table 4: Angkor Gold's ESG.....	43

ACRONYMS

ADBC	Agricultural Development Bank of China
ASEAN	Association of Southeast Asian Nations
ASM	Artisanal and Small-Scale Mining
AXS	Australian Stock Exchange
BAP	Biodiversity Action Plan
CBOs	Community-Based Organizations
CDB	China Development Bank
CDC	Council for Development of Cambodia
CDP	Commune Development Plan
COF	Cost Overrun Facility
COVID-19	Corona Virus Disease 2019
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
DoEIA	Department of Environmental Impact Assessment
DPA	Development and Partner in Action
EC	Environmental Contract
EI	Extractive Industry
ESIA	Environmental Impact Assessment
EIGF	Extractive Industry Governance Forum
EITI	Extractive Industries Transparency Initiative
EMP	Environmental Management Plan
EMR	Emeralds Resources
ESG	Environment, Social, and Governance
ESIA	Environmental and Social Impact Assessment
EWMI	East West Management Institute
FDI	Foreign Direct Investment
F/IESIA	Full/Initial Environmental Impact Assessment
FIs	Financial Institutions
FPIC	Free, Prior, Informed, and Consent
FTFs	Foundations, Trusts, and Funds
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
ICMM	International Council on Mining and Metals

IF	Internal Funds
IFC	International Finance Corporation
IFC PS	International Finance Corporation Performance Standard
IGF	Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development
IPO	Initial Public Offering
JICA	Japanese International Cooperation Agency
JPOI	Johannesburg Plan of Implementation
JVs	Joint Ventures
LOM	Life of Mine
MACRA	Mining Awards Corruption Risk Assessment
MF	Mineral Fund
MLVT	Ministry of Labor and Vocational Training
MME	Ministry of Mine and Energy
MoC	Ministry of Commerce
MoE	Ministry of Environment
MRD	Ministry of Rural Development
NGO	Non-Governmental Organization
NGOF	The NGO Forum on Cambodia
NPMR	National Policy on Mineral Resources
OECD	Organization for Economic Cooperation and Development
PEA	Preliminary Economic Assessment
PF	Project Facility
PPWS	Phnom Prich Wildlife Sanctuary
PRI	Principles for Responsible Investments
RGC	Royal Government of Cambodia
RNS	Renaissance Minerals (Cambodia) Ltd.
RTO	Reverse Takeover
TIC	Transparency International Cambodia
TXS	Toronto Stock Exchange
UN	United Nations
UNEP FI	United Nations Environment Programme Financial Initiative
WGC	World Gold Council

SUMMARY

This report examines the practices of Environmental, Social, and Governance (ESG) principles and other related compliance within Cambodia's gold industry. The findings, discussions, conclusions, and recommendations presented in this report are based on extensive research, including in-depth interviews conducted with investment personnel, provincial department representatives, and international NGOs, as well as semi-structured interviews with gold mining employees. Field observations were also carried out during data collection in Preah Vihear, Mondulkiri, and Ratanakiri provinces in September 2022. The report provides an overview of the state of labor rights during a specific period. It primarily focuses on issues such as working conditions, labor laws, health and safety regulations, environmental management, and any community-related concerns that may arise from gold mining operations. Methodologically, a qualitative approach was employed to gather data and information, enabling the formulation and analysis of findings from six gold mining companies across the three provinces. The study was conducted in a participatory manner, ensuring the active involvement and participation of key stakeholders throughout the various stages of the study.

Cambodia has established legal requirements pertaining to various aspects of ESG practices. These requirements encompass areas such as labor rights, health and safety, environmental protection, impact assessment, human rights, child rights, gender equality, and private corporate governance. While ESG may not be explicitly referred to, its concepts and practices have been widely adopted and implemented. Various policies and sub-decrees, such as the Environment and Natural Resource Code, the Law on Mineral Resource Management and Exploitation, and the Law on Forestry, among others, have been effectively put into practice. The Ministry of Mines and Energy (MME) has reported many signs of progress and growth in mineral management and revenue collection while risks and impacts are mitigated and compensated.

The 2001 Law on Mining Resource Management and Exploitation and the 2016 Sub-Decree No. 72 on the Management of Mineral Resource Exploration License and Industrial Mining License are the primary laws governing mineral licensing and operations in Cambodia. According to the law, MME is responsible for granting mineral permits for both industrial mining and exploration activities in Cambodia. No mining operations can proceed without the proper permits as mandated by the law. While Cambodia may not have positioned itself explicitly as an advocate for responsible and sustainable gold mining, it has received support

from various global organizations and initiatives dedicated to promoting sustainability and ethical practices within the mining industry. These external collaborations have contributed to the transformation of the industry towards more sustainable and ethical approaches. Over the past three decades, international organizations and private investments have formulated, endorsed, and implemented principles, codes of conduct, and recommendations linked to responsible mining and ESG. These organizations are World Gold Council (WGC), International Council on Mining and Metals (ICMM), The Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF), International Finance Corporation (IFC), The UN Guiding Principles on Business and Human Rights, The United Nations Global Compact, United Nations Environment Programme Financial Initiative (UNEP FI), Principles for Responsible Investment (PRI), The Global Reporting Initiative (GRI), The Transparency International Accountable Mining, and Extractives Industries Transparency Initiatives (EITI).

When it comes to funding large-scale gold mining projects, the complexity of financing varies based on the stage of the project, unlike the support provided to small-scale or artisanal gold mining, which is predominantly backed by the informal sector and often neglects ESG considerations. Currently, Equity Financing and Alternative Financing options (like Royalty and Streaming Deals) are common sources of funding for the gold mining industry. Additionally, certain gold mining companies also utilize Internal Funds and Debt Financing to secure capital for their operations.

Key discussions can be summarized as follows:

- ESG principles have been established as a foundation, but their optimal implementation is still not widely observed. Companies such as Renaissance Minerals (Cambodia) Ltd. (RNS), Angkor Gold, and Mesco Gold, engaged in advanced gold mining and primary exploration stages, are seen to be adopting ESG practices effectively. However, companies like Rong Cheng, Xinshan, and Delcom have shown subpar performance or are suspected of violating ESG regulations. The environmental compliance practices, including Environmental and Social Impact Assessment (ESIA) and licensing for mineral exploration and exploitation, among the gold mining companies in the studied areas have demonstrated accountability and adaptability. Prior to beginning their industrial mining and ground exploration operations, all gold mining companies have complied with the pre-requisitions of the Ministry of Environment (MoE) and Ministry of Mine and Energy (MME). It has been asserted that the legal framework for

ESIA in Cambodia has established strong standards for effect assessment and environmental management. There is limited transparent information on ESG and the gold mining industry in Cambodia. The study finds that the mining industry's public information is not accessible to the general public or available upon request. Even though the extractive sector is flourishing, little information is readily available to Cambodian citizens. Simply put, the existing legal system and administrative structure have not been able to generate and disseminate the kind and quantity of information required to guarantee industry openness.

- The environmental management compliance demonstrated by RNS in its gold mining operations is a commendable and progressive model that should be expanded for broader adoption. RNS has gained recognition as a leading professional in gold mining in Cambodia, prioritizing minimizing the adverse impact on the environment and nearby communities. From the initial stages of exploration to the commencement of mining activities, RNS has consistently acted responsibly, adhering to IFC standards and Cambodian laws.
- The limited follow-up to the ESIA and mineral license also poses a challenge to ensuring the safeguards of the environmental and social resources. The Office of Project Monitoring, which is housed within Department of Environmental Impact Assessment (DoEIA), oversees and follows up on ESIA to evaluate its compliance and Environmental Management Plan (EMP) performance. To schedule a monitoring program and make plans to evaluate project performance using agreed-upon ESIA reports, DoEIA and the Project Monitoring Office are required. Although MoE, DoEIA did not provide a direct response during this study, it was assumed that monitoring had taken place, albeit it was unclear to what extent. Social conflicts remain worrisome, particularly with the indigenous and local communities. Few gold mining operations have not yet successfully resolved the problems with indigenous peoples, despite numerous positive efforts at reconciliation. Rong Cheng, Delcom, and Xinshan are allegedly involved in unsolved conflicts with local people over rights to utilize land and restricted access to traditional resource uses. Conflicts between Delcom Cambodia Pty Ltd Company and locals have been frequent because the companies' lease covers a region where artisanal miners had already established themselves in 1995.
- Gold mining companies affiliated with or owned by Chinese investors seem reluctant to comply with national and international standards. This issue

has garnered significant attention in national and international news networks, shedding light on the concerns regarding Chinese investments. These investments have been widely perceived as less meticulous and effective in safeguarding the environment and promoting social welfare in the countries where they are established. There must be a proper benefit-sharing mechanism and principles between the government, mining corporates, and the local communities. Mining businesses in developing nations are increasingly expected to provide long-term benefits to stakeholders on a local and national scale, as they are given a “social license to mine”. Therefore, there shall be a concrete mechanism to ensure a fair share of the benefits with the local communities.

- The financial capital of Chinese gold mining corporations raises concerns as it lacks transparency and cannot be easily tracked. While specific information regarding their funding is unavailable, it can be speculated that their capital may come from a combination of local sources and Chinese citizens who serve as individual shareholders. However, due to the lack of accessible data, the exact details and sources of their funding remain undisclosed, contributing to suspicions surrounding their financial operations.

The study concludes that ESG has been quite well implemented for RNS in its advanced mining stage, Angork Gold in its exploration phase, and Mesco Gold in its really early but paused mining phase. For the corporate entities Rong Cheng, Delcom, and Xinshan, this is quite the reverse. There have been numerous unsuccessful attempts to access the contacts and information of the last three corporations, and this has limited detailed critical analysis from being done. Best practices have been investigated, but it has been proven that they are still in the early stages of implementation, especially for RNS, because the operation has only been running for about two years. In serious attempts to fill the gaps, the study proposes several practical recommendations, as detailed in this report. Key recommendations are highlighted here:

- It is crucial for the Ministry of Environment (MoE), Ministry of Mines and Energy (MME), and other pertinent authorities at the national and sub-national levels to conscientiously uphold and enforce regulations within their respective jurisdictions. This proactive stance plays a vital role in effectively identifying and addressing any irregularities or instances of non-compliance that may arise, with a particular focus on problematic mining projects.

- Through a joint effort, MME and MoE shall work together to develop a comprehensive policy and guideline for the integration and implementation of ESG principles in Cambodia's extractive mining industry. This process will involve active participation and consultation. A '*minimum standard*' shall be determined to set the benchmark for ESG practice in the gold mining industry. Corporate gold miners must strictly adhere to their EMP in ESIA Reports and other related compliances throughout their actual performance and monitoring to ensure proper treatment of ESG, including laborers' rights, local communities' rights, gender equity, indigenous peoples, and other surrounding natural and socio-cultural environment. MME shall develop a publicly accessible database of all gold mining companies in Cambodia with all related information, such as detailed corporate profiles, management reports, the status of mineral licenses, ESIA reports, mineral deposit reports, monitoring reports, compliance reports, financial statements, or community mineral funds. MME and MoE shall highlight and document the exemplary practices of RNS (regarding the best gold industrial project) and Angkor Gold (regarding the best gold exploration project) and also monitor gaps and identify where further improvements can be made. These documented cases will serve as models to inspire other gold mining corporations, irrespective of their size, to adopt similar practices to the best of their ability and resources.
- MME shall develop a more effective grievance and redress mechanism to address issues and grievances from important stakeholders, particularly the local communities.
- In a manner similar to MME, MoE continues to update and disseminate information about Environmental and Social Funds associated with gold mining projects to all relevant parties via its website or periodic announcements.
- MME shall impose strict requirements for fund or capital investment declaration or reporting for the gold mining operations in Cambodia.



Local Route in Peak Village, rehabilitated in 2020 by Mineral Fund, contributed by Angkor Gold (Photo: Sam Chanthy, 2022)

1. INTRODUCTION

Globally, the effects of extractive industry activities, such as mining and oil/gas drilling, on public health and safety have sparked increased concern and prompted critical inquiries into the social and political dynamics, as well as the governance frameworks, that support these operations (Bambas-Nolen, et al., 2013). Mining is a significant contributor to GDP growth, generating jobs and income for governments in many resource-rich developing nations. Additionally, there is a chance for sustainable mining to provide surrounding communities with real, long-term advantages (IFC, 2021). In 2019, 21.4 million people were employed in mining and quarrying, with an estimated 18.3 million men and 3.1 million women (ILO, 2021). Artisanal and small-scale mining (ASM) employs at least 44.75 million people in at least 80 countries worldwide (World Bank, 2020).

Paragraph 46 in the Johannesburg Plan of Implementation (JPOI) recognized the importance of the mining, minerals, and metals sector to economic and social development (WSSD, 2002). It further emphasized that enhancing the contribution of mining, minerals, and metals to sustainable development entails actions at all levels to support efforts to address the environmental, economic, health, and social impacts and benefits of mining, minerals, and metals throughout their life cycle, including worker health and safety (ibid. p. 26).

Due to increasing demand for other commodities during the COVID-19 pandemic, gold prices surged dramatically (10% from January to May 2020) (Ahadjie, Gajigo, Gomwalk, & Kabanda, 2021). During the crisis, gold was known to be a safe asset for investment, and demand for gold increased by over 80% in the first quarter of 2020 (ibid. p.3). On the other hand, COVID-19 affected mining businesses of all sizes, drastically reducing or suspending operations as workers had to stay home. As national lockdown measures are implemented, mining companies are scaling back, leading to layoffs of workers both in mines and throughout the supply chains (IISD, 2020, p. 3).

ASEAN acknowledges the positive mineral potential and market indicators within the region. However, recent efforts to attract investment, particularly in exploration and industrial mining, have been deemed unsatisfactory (ASEAN Secretariat, 2022). Investors in the mineral sector have been favoring other regions over ASEAN. To fully tap into the potential of the minerals industry and enhance its contribution to the economic growth of ASEAN member countries, this trend needs to be reversed.

In Cambodia, the mineral industry holds significant appeal due to the presence of reported substantial mineral deposits, including gold, copper, aluminum, uranium, and various construction resources. Currently, there are 478 construction mineral licenses, 21 industrial licenses, and 34 exploration licenses in Cambodia by the first semester of 2022 (Dipola, 2022). The mineral production by 2021 is 19,000 tons of coal, 10.5 million tons of limestone, and 8.8 million tons of cement (ibid.). For gold alone, the total production reached 4,825kg by November 2022 (Fresh News, 2022).¹

The total investment in mining in Cambodia is US\$ 975.29 million in industrial mining; US\$ 170 million in open-pit and quarry; and around US\$ 107.16 million in mineral exploration, employing around 8,156 laborers in which industrial mining employs 3,440 workers (ibid.). In terms of revenue, Cambodia has managed to collect around US\$ 137.2 million from 2017 to the first semester of 2022, and for non-tax revenue, Cambodia can collect around 80,832.86 million Cambodian Riels (approximately US\$ 19,715,331.7)² by the same time (ibid.). By mid-2022, MME will have licensed small and medium industrial mining operations for two companies – Delcom and Xinshan, in Rovieng district, Preah Vihear province.³

With an increase in the number of foreign and domestic businesses authorized to explore mineral, oil, and gas resources offshore and onshore of Cambodian territory, the extractive industry in this country is rapidly increasing. Few details have been made accessible to the general public for Cambodian people. Not enough information is being produced and shared under the current legal system and administrative structure to guarantee transparency in this sector (NGOF, 2011). It has been understood that concessions are being granted at an alarming rate across Cambodia. However, almost no information has been made publicly available by MME, MoE, other relevant ministries, or the companies themselves. Either exploration or mining licenses have been granted within or close to protected areas, leading to direct disturbance to the pristine forest and critical wildlife habitats. The secondary concerns are over the increased illegal logging, hunting, and establishment of illegal human settlements by mining personnel or nearby villagers. On the other hand, local communities have already reported some negative impacts resulting from the exploration or illegal exploitation activities of mining entities.

¹ This amount is sourced from four active mining companies – Xing Yuan Kanng Yeak (22kg) in Kratie province, Xishan Industrial Cambodia (45kg) and Delcom Kampuchea (160kg) in Preah Vihear province, and Renaissance Minerals (Cambodia) Ltd. (4,598kg) in Mondulkiri province.

² With exchange rate of US\$ 1=4,100 Cambodian Riels

³ Remark of H.E Ung Dipola in the 9th Extractive Industry Governance Forum on 14 September 2022 in Phnom Penh.

A report by DPA (2008) recorded that many cattle died due to the use of poisonous chemicals in processing, for example, leaching to extract gold from ore in Ratanakiri and Mondulkiri provinces (Beaumont, 2008). Numerous complaints from local people claimed that illicit small- and large-scale mining operations had contaminated the environment (including water sources). They also documented several fatal accidents in unsafe mines, one of which included a child. Impacted communities contend that the loss of access to agricultural areas and forest resources has already jeopardized their ability to get food and water, and they are concerned about the effects of further expansion of exploration and exploitation activities. In addition, the prospect of relocating without resettlement planning is becoming more prevalent in mining operations.

The Oxfam Briefing Paper notes that local communities face significant risks due to extractive industry projects, but they frequently have little influence over project decisions (Oxfam, 2015). Governments approve projects in capital cities, claiming they serve a "public purpose" to justify compulsory land acquisition. This premise is tenuous, given the potentially significant environmental and social impacts of extractive projects and the well-documented resource curse phenomenon, in which developing countries that rely heavily on oil and mineral exports tend to have relatively poor development outcomes (ibid.). As a best practice, all local communities facing significant adverse impacts from oil, gas, and mining projects should have access to complete information, participate meaningfully in impact assessment and negotiations, and give or withhold consent to project development.

There are significant counterarguments concerning how extractive sector operations could be more effectively controlled, limited, or even removed to lessen the detrimental consequences on human and environmental health. However, little is known about the effects of mining investments in Cambodia on local and foreign workers' labor rights and working conditions.

Cambodia's environmental governance remains a challenge. There are still barriers to complete and effective public engagement in decision-making, including recent pressure on environmental activists and defenders. Local communities, civic society, and the commercial sector lack proper knowledge and participation possibilities in environmental governance (UN, 2021). There are some ongoing disagreements between local communities and other stakeholders regarding natural resource protection and the role of communities in conservation and land rights recognition (ibid.).

2. PURPOSE

The objective of this study is to contribute to a better understanding of the existing ESG-related policies, regulations, and practices among gold mining investments in Cambodia. It further aims to provide practical recommendations for “appropriate follow-up action” to address any challenges of ESG performance in the mining sector, including concerns on human rights, gender, health and safety, and indigenous people, and to find out the financial institutions (FIs) that finance the investment on the extractive industry (EI) in Cambodia.

3. STRUCTURE OF THE REPORT

This report is organized into seven key sections: introduction, purpose, report structure, study methodology, study results, key discussions, conclusion, and recommendations. Session 5 is the longest and the core chapter of the report. It depicts the gold mining sector at a glance, some of the related national policies, and the government’s efforts in its development and management. It also highlights the mineral licensing processes. Other national ESG compliances in Cambodia's gold mining sector are reviewed to provide readers with an understanding of the national safeguard requirements. These requirements encompass environmental protection, health and safety, labor conditions, gender, indigenous communities, local development, and governance management. Session 5 further highlights international practices and compliances in the gold mining industry. A significant section of Session 5 mentions the financing models of gold mining operations. Profiles of each reviewed gold mining corporate entity are presented. The last two important sessions of Session 5 are the present ESG performance and critical critiques. Session 6 concludes the study, while Session 7 provides recommendations.

4. STUDY METHODOLOGY

- **Approach** – The study used a more qualitative approach for collecting data and information to form and analyze study findings in the Preah Vihear, Ratanakiri, and Mondulkiri provinces. The following methods and techniques were applied in this study.
- **Primary data collection** – The study was conducted in a participatory manner, ensuring the participation and involvement of key stakeholders in the different activities of the study. It was important to conduct personal insights-talks with

local mining workers, mining managers, the in-charged provincial department of mines and energy, environment, and labor and vocational training, local NGOs/Community Based Organizations (CBOs), and local communities in regards to labor, community engagement, and risk management on human-related conflicts. The primary method was to develop standard questions reflecting the key enquires on mining practices/activities, employment and labor management, environmental, health, and safety practices of mining companies, and some financial flow for the investment capital. Separate questions were developed for different targeted stakeholders, for instance, provincial authorities, NGOs/CBOs, mining managers, mining laborers, and nearby communities.

- In drafting the questions and interview protocols, the author: (a) reviewed current information on the extractive industry and related topics like labor, gender, indigenous communities, and ESG, and (b) discussed with the FFC team to gain a comprehensive understanding of the impacts of the extractive industry to set up the scene and background. From this activity, the author drafted and developed standardized qualitative questions and probing hints for detailed discussions. Once the questions were finalized, field team members were trained and sent to the field for actual data collection.
- The desk review covered a wide range of the most recent reports and studies on challenges and opportunities for ESG and financing options in the gold mining industry. The review uncovered a robust body of academic research and publications on the subject.
- Sampling – Systematic purposive sampling was used to identify groups and stakeholders to be consulted. The selection was informed by the portfolio analysis and comprehensive stakeholder mapping undertaken during the inception phase of the study. The participatory and utilization-focused approach allowed the incorporation of the views of the various stakeholders through questions, meetings, individual interviews, and convenient catch-ups with key informants in Phnom Penh and the visited provinces. Table 1 below lists the stakeholders consulted:

Table 1: Participant samples

No.	Sample	Quantity	Method
1	Ratanakiri Deputy-Governor, Provincial Department of Mine and Energy, Environment and Labor and Vocational Training, Provincial Hall staff	6 (Males)	Meeting

2	Mondulkiri Provincial Department of Mine and Energy	1 (Male)	Interview
3	Mondulkiri Provincial Department of Labor and Vocational Training	1 (Male)	Interview
4	Local community in Ratanakiri province	30 (12 females)	Meeting
5	Local community in Preah Vihear province	25 (10 females)	Meeting
6	NGO in Preah Vihear and Ratanakiri provinces	2 females	Interview
7	Commune Chiefs	2 (1 Female)	Interview
8	Mining Director	1 (Male)	Interview
9	Mining senior staff	3 (Males)	Interview
10	Mining workers	20 (5 females)	Interview

A combination of *convenience and snowball sampling methods* were employed to select the available mining workers on sites. However, this method was unsuccessful as Angkor Gold and Mescos Gold workers were laid off due to the limited work in the wet season and project suspension. Workers from Delcom and Xinshan stayed in the protected compound and were advised against interacting with media or strangers. Rong Cheng had not yet begun mining as they had only recently received an industrial mining license. The author had a chance to meet with two workers of Mescos Gold on-site, who were awaiting their final payment.

- After collection, data underwent a cleaning process to prepare it for further analysis. A double-check was performed by two individuals who took turns reviewing and reading the interview notes to ensure accuracy, asking any necessary questions to clarify the collected data or information. This thorough review helped minimize the inclusion of false stories and narratives. After the notes were ready, a *content analysis* was conducted to identify key emerging themes and establish a chronological order of narratives about gold mining and issues related to labor rights, indigenous communities, and environmental and social impacts in accordance with the study objectives.
- The author employed triangulation by cross-referencing information and evidence from various sources. This involved reviewing relevant documents and publications in addition to analyzing the data gathered from interviews and group discussions. By incorporating multiple sources of information, the author aimed to ensure triangulation and identify emerging findings based on this evidence.

- Once the analysis was drafted, the *validation workshop* was organized virtually and in-person on 02 December 2022 in Phnom Penh, with key actors, including provincial authorities and departments, community representatives, and CSOs/NGOs, to verify the study findings, collect additional inputs and promote more ownerships among the key stakeholders. There was a total of 30 participants in the workshop.



Focus Group Discussion (FGD) with Peak Community in Ratankiri Province (Photo: Mar Sopha, 2022)

5. STUDY RESULTS

5.1 National Policies

(A) National Policy on Mineral Resources 2018-2028

The policy was proposed by the MME and approved in 2018 to address the lack of management efficiency of mineral resources and revenue collection and the development activities affecting the environment and local communities (RGC, 2018). Environmental, social, and economic impact assessment, coupled with transparent decision-making processes and extensive consultation with communities, civil society organizations, and investors in the mining industry, continue to be key considerations in this policy. Also, this regulatory framework intends to increase the effectiveness of state institutions, which will improve the collection of mineral resource revenues. Furthermore, this national policy will not be centered on raising royalties on construction-related raw materials. Instead, it aims to provide the best conditions to hasten the growth of the infrastructure and the construction sector and add value for the country and its citizens.

This national policy envisions Cambodia's mining sector to "develop mineral resources for economic and social benefits by taking into account good governance and environmental responsibility" (RGC, 2018). The policy aims to manage and develop mineral resources sustainably; to bring benefits to the people and the local communities; to supply raw materials for the development of infrastructure and construction; and to establish a new source of revenue for the nation (ibid., p.3). With these goals, the policy mandates five distinct objectives – (1) strengthening public institutions in the management and development of mineral resources; (2) promoting sustainable and responsible mining operations; (3) developing mineral resources and community; (4) developing artisanal and small-scale mining; and (5) mineral resources and exports.

The full practice of the National Policy on Mineral Resources 2018-2028 will assist in (1) directing the development of the mining sector to align with the RGC's vision, (2) creating an attractive investment climate for both domestic and foreign direct investment, and (3) ensuring the sustainable and responsible development of the mining industry by focusing on the three primary factors, namely economic, social, and environmental concerns. Moreover, the policy re-affirms the supporting roles and present flexibility of the RGC in promoting the mining industry, mineral-based industry, and the trade of Mineral Products. This policy also considers the employment of the local labor force, local community development, and gender issues in the mining industry.

Given that development generally has negative effects on the environment and society (Adetunji, 2022; Pettinger, 2021; Terrapass, 2022), the National Policy on Mineral Resources provides mining operations with a blueprint for maximizing economic value and minimizing adverse effects on the environment and society. Negative environmental and social impact will be reduced with a comprehensive consultative framework, monitoring and feedback systems, an environmental and social impact assessment mechanism, a responsible, responsive approach, and the commitment of the RGC.

(B) National Environment Strategy and Action Plan 2016-2023

The plan was approved in 2018 as a strategic response to the need for modernizing the management and governance of the environment and natural resources. It provides a roadmap to assist ministries, institutions, and concerned stakeholders in formulating strategic plans and action plans for modernizing the management of the environment and natural resources to ensure environmental sustainability (RGC, 2017). The plan acknowledges three fundamental principles: – (a) environmental sustainability is the primary source of growth and development; (b) environmental deterioration is prevalent; and (c) meeting future growth needs a sustainable supply of environment and natural resource goods, services, and functions (ibid., p.2).

The plan also acknowledges environmental pollution from mining activities, particularly the unlicensed ones, on human health and the environment (Section 2.4.7, p. 11). Water quality is primarily linked to wastewater discharge from mining operations (Section 2.4.8, p. 12) and chemical waste pollution from chemicals imported for use in the mining industry (Section 2.5.4, p. 15). With the plan, the RGC has taken several actions to control and lessen pressure on and loss of natural resources. There is still a need for improvement in the sectoral planning and programming of natural resources and environmental sustainability, particularly in sub-national planning and programming.

(C) MME's Effort to Manage Extractive Industry in Cambodia

Over the past few decades, EI has significantly supported Cambodia's economic growth. The country currently has five cement factories, collectively producing 8.9 million tons of cement annually, which helps meet local demand. Four factories are located in Kampot province – which produces 6.8 million tons per year, and another one in Battambang province, which produces around 2.1 million tons per year. In 2021, MME granted a license for an industrial gold mining operation in the Okvau area of Keo Seima district, Mondulkiri province. The license was issued to RNS, enabling them to produce approximately 3 tons of gold per year. In mid-

2022, the MME issued licenses for one small-scale and one medium-scale gold mining operation in the Rovieng district, Preah Vihear province. Delcom and Xinshan companies are the recipients of these licenses.

MME has taken significant steps to enhance the national capacity in the mineral sector. This includes producing 74 topographical maps and the near completion of marine and disaster topographical maps. Additionally, the MME has established the national topography laboratory center in Kampong Tralach district, Kampong Chhnang province. MME has also uncovered new mineral potentials, i.e., copper and gold in Stueng Treng, Preah Vihear, Kampong Thom, Mondulkiri, Kampong Speu, and Kratie provinces. MME has also strengthened the collection of tax revenues. In 2022, the total investment in the mineral sector was around US\$ 1,200 million, including US\$107 million for exploration, US\$ 975 million for industrial mining, and US\$ 170 million for construction minerals. For non-tax revenues, MME collected US\$ 14.6 million in 2017, US\$ 18.26 million in 2018, US\$ 21.5 million in 2019, US\$ 27.53 million in 2020, US\$ 35.31 million in 2021, and US\$ 20 million by mid-2022.⁴

For the work of license compliance, MME has proactively progressed to crack down on illegal mining activities in Cambodia, for instance, in the Chong Plas area in Mondulkiri province, Phnom Chhi area in Kampong Thom province, Phnom Lung in Preah Vihear province and many other sites, especially the wholly banned practice of illegal river sand dredging. MME has monitored compliance with the licenses and audited the revenues to ensure the actual payment to the set prices. MME has also suspended and terminated some licenses. For environmental protection mechanisms, MME promotes local communities' and NGOs' engagement and rights through public consultation forums before licensing and promotes good governance in the mining sector. MME has announced a hotline (095 727 727) for the public to report any doubts or suspicions of the mining operations in Cambodia – not complying with laws or illegal mining activities. MME's Telegram and Facebook accounts are also a means for reporting and logging complaints. MME also requires the companies to deposit the budget for their closures. Environmental management is necessary before, during, and after operations. Prior to licensing, there are studies on technical feasibility, meetings with local authorities and communities, and ESIA. These actions have supported MME's decisions on whether the benefits outweigh the cost of the license. During operation, MME regularly inspects each mining site and will require proper rehabilitation before their complete closure.

⁴ Remark by H.E Ung Dipola at the 9th Extractive Industry Governance Forum on 14 September 2022 in Phnom Penh.

For community development and harmonization, MME established the mineral fund (MF) in 2018 to bring benefits to local infrastructure, health, education, and water supply in the communities. Since 2017-2022, MME has collected MF for around US\$ 10.5 million, and 47 projects have been developed and completed in Kandal, Takeo, Kratie, Ratanakiri, Pailin, Pursat, Oddor Meanchey, Prey Veng, Siem Reap, Battambang, and Banteay Meanchey with a total cost of around US\$ 2.27 million.

The COVID-19 pandemic has seriously affected Cambodia's industry; presently, more companies, particularly in the construction mineral sector, are applying to temporarily suspend their licenses for three to six months or even a year. Though challenges exist, MME has strived to ensure that the development in the mining sector remains sustainable to bring about social and economic benefits and environmental responsibility. MME pledges strategic activities from 2023 to 2028 to (a) manage industry governance, (b) sustain a responsible mining industry, (c) diversify new revenues, (d) assure social benefits to local communities around mining sites, and (e) enhance the license compliance.

MME in Cambodia has emphasized the importance of mining companies adhering to the country's environmental protection laws as they operate under their licenses. Environmental and social protection is considered a crucial aspect of the development of Cambodia's mining sector. Consequently, specific norms and requirements have been established in agreements to ensure that mining corporations can effectively exploit mineral resources while also maintaining harmony with the environment and society. For instance, mining companies are held accountable for the restoration of areas affected by mining activities, the prevention of landslides, and the overall safety and security of the mining sites per approved mining plans and practices.

MME has directed mining companies authorized to operate in concession areas to adopt mining policies or guidelines to gain local residents' cooperation. Of its mining operations, the corporates must (1) develop local communities (construction of physical infrastructure, health centers, schools, training, and employment of people in the area); and (2) assume social responsibility (mine site safety, environmental protection, the deposit of funds, rehabilitation of pits and mine sites, etc.).

(D) Mineral Licensing Process in Cambodia

Two major regulations govern mineral licensing and operation in Cambodia – the 2001 Law on Mineral Resource Management and Exploitation and the 2016 Sub-Decree No. 72 on the Management of Mineral Resource Exploration License and

Industrial Mining License. The Law requires mineral licenses for both exploration and industrial mining in Cambodia from MME (Article 4). The rest of the Law mentions the license categories⁵, licensing procedures, exploration and mining operation, license holder and land owner, financial provision, and penalty.

Sub-Decree No. 72 outlines the specific procedures for obtaining licenses in the mining sector. To get an exploration license, natural people or legal companies must apply with the MME, along with the necessary documentation mentioned in the sub-decree. Applicants must also make a deposit for the duration of the license's validity. The exploration license is valid for two years and can be renewed twice as long as the total time between renewals does not exceed two years. An exploration license may be suspended or revoked if the licensee fails to meet the obligations outlined in this sub-decree.

After receiving an exploration permit, the licensee may apply for an industrial mining permit with the MME. An industrial mining license is granted with a maximum validity period of twenty-one years or for the duration of the project utilizing the mineral resources if it is less than twenty-one years. Renewals of the license are possible, provided that each renewal does not exceed ten years. The license can be renewed twice within this limit. Derogation from the aforementioned maximum renewal term may be allowed in certain rare cases.

This sub-decree outlines the legal responsibilities that industrial mining license holders have once they have been granted a license. The holders must update their records relating to work safety regulations, the shutdown of mining operations, and environmental restoration initiatives, and a report of all of these must be submitted to MME. In addition, MME must receive reports from industrial mining license holders on their monthly production and sales of mineral products by the 15th day of the following month. Moreover, industrial mining holders are required to give MME at least 90 days' notice before permanently closing mining sites. If the licensees don't follow the abovementioned requirements and other requirements outlined in the sub-decree, don't pay penalties, or don't fix violations of their commitments, their industrial mining license may be revoked.

5.2 National Compliance on ESG in Mining Sector in Cambodia

(A) Environmental Aspect

⁵ There are six types of licenses – (a) artisanal mining license, (b) pit and quarry mining license, (c) gem-stone mining license, (d) mineral transferring license, (e) exploration license, and (f) industrial mining license (Article 11).

As part of their work within the market and communities they serve, every mining organization must address Environmental, Social, and Governance (ESG) challenges. While manual monitoring and visual examination may have sufficed in the past, today's standards require higher levels of scrutiny. Though there are no specific and sectoral environmental, health, or labor laws related to mining industries in Cambodia, existing regulations have provided some measures to safeguard environmental and social resources in and around mining sites.

In terms of environmental concerns, the size of the mine plays a significant role in determining its impact on the environment. To safeguard the environment during the various stages of mining development, including (a) exploration, (b) extraction, and (c) rehabilitation after mine closure, it is necessary for mining corporates to establish a specific implementation plan. Responsible mineral resource development entails adopting effective environmental management practices. Inadequate environmental management can adversely affect ecosystems, including animals, plants, soil, water, and air quality, increasing ecological costs and reducing state revenue. In cases of severe environmental impact, the affected mining site and its surrounding area may need to be closed for an extended period to facilitate ecological restoration.

In Cambodia, the legal framework for natural resources management and environmental protection includes the 1996 Law on Natural Resources Management and Environmental Protection, the 1999 Sub-Decree No. 72 on Environmental Impact Assessment, and many other specific regulations. These regulations mandate that private corporations obtain approval for impact assessments before commencing their activities and closely monitor their environmental management plans throughout the project's duration. As part of this process, corporations are required to submit environmental reports to the Ministry of Environment (MoE) every six months for review and follow-up, as outlined in Article 26. The MoE, with the Department of Environmental Impact Assessment (DoEIA), is the only government institution responsible for reviewing, approving, and monitoring ESIA work in Cambodia.

The 2001 and amended 2018 Law on Mineral Resource Management and Exploration authorizes MME officials to inspect the mining operations for compliance with the law. These officials evaluate the mining operations and legal compliance, technical principles, and environmental, social, and work safety. They can advise for modifications or temporarily suspend the operations if those conditions are not properly fulfilled (new Article 23). In addition, the 2016 Sub-Decree No. 72 on Management of Exploration and Industrial Mining License also re-enforces the high responsibility of private corporates on the wellbeing, environmental and social safeguards in mining operations. Prohibited areas and

pre-conditions for licensing exploration or industrial mining are explicitly mandated to avoid catastrophes. Licensing the exploration program requires initial ESIA (Article 26)⁶, and full ESIA is a pre-requisition for an industrial mining license (Article 53)⁷. Moreover, Article 21 of the 2001 Law on Mineral Resource Management and Exploitation requires license holders or subcontractors to be responsible for the proper conduct of exploration and mining operations in compliance with the protection of the environment, ESIA, EMP, and mine site rehabilitation and restoration.

The inter-ministerial Prakas no. 191 dated 26 April 2016 on Classification for Environmental Impact Assessment for All Types of Construction Mineral Business or Other Small-Scale or Handicraft Minerals mandates the requirement for environmental contract (EC), initial and full environmental and social impact assessments (F/IESIA). Prior to MME's license on such related businesses, EC or F/IESIA shall be agreed upon by MoE. The Prakas requires that construction mineral businesses with 1-10 ha shall require only EC (valid for two years), initial ESIA for 10-40 ha, and full ESIA for more than 40 ha. To date, there are no specific regulations or guidelines for full or initial ESIA for gold mining businesses.

(B) Health and Safety Aspect

In terms of health and safety, mining operations fall under the category of high-risk commercial activities (DFAT, 2016). Accidents frequently happen, leaving individuals engaged in such activity with fatalities, injuries, or disability. Therefore, all stakeholders, particularly the investors, are responsible for improving health and work safety conditions, reducing the possibility of danger in mining operations. It is crucial for private corporations' mining plans to thoroughly address the health and safety of individuals employed in mining operations and those living in nearby areas. Mining investors are expected to

⁶ One exploration license is valid for three years and can be renewed for twice for two years each (Article 33 of Sub-Decree No. 72). Article 37 outlines the roles and duties of the exploration license holders for instance, implementing the site closure plan and environmental rehabilitation plan on sites affected by the exploration activities; and complying with EMP as stated in initial ESIA report. Article 19 requires license holders shall disclose the plans, reports, or notices and other information related to their mining operation including report on environmental and social assessment.

⁷ MME requires applicants to have their ESIA reports approved by MoE prior to MME's submission of the application to CDC for review and decision. The One-Stop-Service of CDC will review the proposed mining project and cash flow analysis and will issue an official letter, finally, on its approval on mining application in a specific mining area within the exploration license. Based on this, MME will issue an industry mining license, valid for 21 years or equal to the life of mining project or mineral deposit and can be renewed twice with not more than 10 years each (Article 59 of Sub-Decree No. 72). Investor has to pay 50,000,000 Riels or US\$12,500 for one industry mining license and the same fee will be for new renewal and within 45 days the license will be issued (Joint Prakas No. 128, dated on 3 February 2017, on The Amendment of the Table Annex Attached to the Joint Prakas No. 1451 on Ministry of Mines and Energy's Public Service and Penalty Fee, dated 3 November 2015).

develop their own mine safety and health principles based on the specific circumstances of each mining project. These principles should be grounded in realistic internal mine safety and health standards that apply to all mining operations. Compliance with these internal rules and adherence to mine safety and health principles are essential requirements to carry out mining operations.

The 2001 Law on Mineral Resource Management and Exploitation mandates that worker health and safety are protected and detailed in the mine plan program and mine health and safety program, which must include prevention of all forms of accidents and reporting procedures (Article 21). Nearby communities are must be consulted and protected to avoid complaints and damage to their physical, spiritual, and livelihood assets. Moreover, the Labor Law applies to every establishment, including industry and mining (Article 1). The law forbids forced or compulsory labor (Article 15) and child labor (Article 173). Workers under 18 cannot be employed in underground mines or quarries (Article 174). The law helps regulate the collective labor agreements between employers and employees. It assures fair employment and a healthy working environment for all employees. Article 229 reads all establishments and workplaces must always be kept clean and must maintain standards of hygiene and sanitation or generally must maintain the working conditions necessary for the workers' health. Establishments must provide primary health care to their workers (Article 238). Article 244 further guarantees that when there are more than 200 workers, the infirmary must include, in addition to medicines and bandages, areas for hospitalizing the injured and sick before they are transferred to a hospital or isolated if necessary. These areas must be able to handle two percent of the personnel employed at the site. Care, treatment, and food for the injured and sick persons hospitalized in the infirmary are the employer's responsibility. Chapter IX prescribes the protection of workers from work-related accidents. In addition, with support from JICA, MME issued a guidebook on mine site safety in 2017 to ensure that the site was safeguarded to protect the lives of the workers – securing health safety, preventing dangers and pollution, and developing mine resources in more technical standards (MME, Guidebook on Mine Site Safety, 2017). The guide requires mine site have in place- (a) a management structure for mine site safety, (b) certified staff and personnel for specialized mining jobs, (c) safety measures in open pit mining sites, (d) precautions for vehicle and machinery on mine sites, (e) safety materials used for explosion work, (f) precautions for the uses of electricity in open pit mine sites, (g) precautions for the uses of electronics, (h) prevention of dust generation in open pit mine sites, and (i) environmental prevention measures.

Furthermore, the Ministry of Land Management, Urban Planning, and Construction publicly issued a *Guidebook on Safety in Construction Sites* in

February 2022⁸ to guide all relevant stakeholders about the strict compliance of safety and health measures in attempting to prevent unintentional dangers in and around the construction site. This guidebook also educates about sources of hazards, preventive measures, precautionary measures, safety procedures, protocols before entering construction sites, personal protective equipment, rules on hygiene and health, and other danger signboards used on site. While this guide may not specifically mention the mining industry, its content is highly applicable to mining operations and aligns with the goal of improving work performance and services related to mining activities. As there is currently only one similar guide entitled “Guideline on Mine Site Safety” and published in 2017 specifically tailored for the mining industry in Cambodia, this guide serves as a valuable knowledge resource for practitioners and managers in the mining sector. It provides essential guidance on organizing and managing workplace safety performance, ensuring the protection of workers, staff, service providers, and nearby communities to the best possible extent.

Chapter IX of the Law on Labor focuses on work-related accidents. Article 248 mentions that an accident is considered to be work-related, regardless of the cause, if it happens to a worker while working or during working hours, whether or not the worker was at fault; it is the accident inflicted on the body of the worker or on an apprentice with or without wage, who is working in whatever capacity or whatever place for an employer or a manager of an enterprise.⁹ The law also sets out how accidents should be managed in terms of compensation. Workers as victims or their beneficiaries are entitled to compensation from the enterprise manager or the employer in the event of work-related accidents inflicting on them and resulting in temporary incapacitation (Article 252). This Article further stipulates that compensation can be paid if the accidents cause incapacitation for longer than four days. If the work-related accidents lead to a temporary incapacitation of four days or less, the victim is entitled to his regular wage. The victim who intentionally causes an accident shall receive no compensation. Article 254 claims that victims of work-related accidents shall be entitled to medical assistance (benefits in kind, medical treatment, and medicament, as well as hospitalization) and to all surgical assistance and prostheses deemed necessary after the accident. To ensure long-term work health and safety, a mandatory general insurance system for work-related accidents has been established and is administered by the National Social Security Fund (Article 256).

⁸ <https://www.phnompenhpost.com/national/construction-safety-protocol-defined>

⁹ Also, equally, accidents happening to the worker during the direct commute from his residence to the work place and home is also considered to be work-related accidents as long as the trip was not interrupted nor a detour made for a personal or non-work-related reason (Article 248).

The Ministry of Land Management, Urban Planning, and Construction issued a Prakas No. 047 on the Danger Levels, Risk Avoidance Measures, and Dangerous Construction Management Procedures to ensure public health and safety, to avoid risks, and to promote accountability of investors and workers as well as to promote efficient management of construction by competent authorities. This Prakas refers to all types of construction and entails risk avoidance measures and dangerous construction management procedures.

(C) Labor Aspect

Mining requires a lot of work, supplies, and services. To help the community enhance the standard of living for those who reside in the mining area, mining investments must prioritize encouraging them to employ more local workers. Mining businesses must also develop long-term training plans for young, unskilled community members and short- or medium-term on-the-job training preparation programs to get a professional position in the mining area where they reside. The National Policy on Mineral Resources (NPMR) 2018-2028 urges mining corporations to employ more local labor from nearby communities and provide them with appropriate long-term training plans to ensure their professionalism. Moreover, compliance with labor law and other related regulations is compulsory to assure that the rights of workers and staff, their working conditions, and benefits are protected and treated to the actual needs.

“This Policy also pays attention to human resource and local community development, uses of the local labor force, and gender issues in the mining sector.” – (NPMR 2018-2028)

The Law on Labor, which was enacted in 1997 and later amended in 2007, effectively governs the relationships between employers and workers arising from employment contracts within Cambodia. This regulation applies to every enterprise or establishment, including industry and mining. Chapter VIII emphasizes the Health and Safety of Workers and the key provisions related to the quality of the premises; cleaning and hygiene; lodging of personnel; ventilation and sanitation; personal protective equipment, and lighting and noise levels in the workplace. Article 230 assures that workplaces must be safe, hygienic, and healthy for all workers. Moreover, enterprises and establishments must provide primary health care to their workers. The Labor Health Service shall be led by one or more physicians called Labor Physicians whose curative and preventive role consists in avoiding a deterioration of workers' health adversely affected by their work. In particular, they monitor the hygienic standards of the work, the risks of contagion, and the workers' state of health (Article 239).

No foreigner can work unless he possesses a work permit and an employment card issued by the Ministry of Labor and Vocational Training (MLVT). Establishments that employ (or plan to employ) foreign workers must submit an online application for a foreign employee quota using the MLVT system. No more than 10% of an employer's total local workforce may be foreign nationals under the quota system¹⁰, with the following percentages: skilled labor employees (6%), office employees (3%), and unskilled labor employees (1%).¹¹ Since the mining sector in Cambodia remains undeveloped, there is insufficient professional and skillful labor. Therefore, it requires more foreign mining professionals to help develop the mining sector in Cambodia. However, Prakas No. 277 on Special Conditions for the Recruitment of Foreign Workers, dated 14 August 2020, allows private corporations to request MLVT for additional quota in case they cannot use Cambodian labor to fill their staff.

(D) Gender Aspect

Mining is primarily populated by men and is historically linked to occupations requiring hard manual labor (Oxfam, 2017). Of 21.4 million employers in the mining sector in 2019, 3.1 million are women (ILO, 2021). For artisanal mining, women make up roughly one-third of the workforce globally (ibid. p. 13). Furthermore, while women have continuously taken positions in the mining sector, these jobs have remained unskilled and low-paying (Perks & Schulz, 2020). While substantial progress has been achieved in decreasing gender inequalities in fundamental capacities, significant gender discrepancies in advanced capabilities remain (Perks & Schulz, 2020). More work must be done to close the participation gaps in mid-career professions and ensure that women and men benefit equally from extractive projects in their communities.

The industry is still viewed as being dominated by men, both in terms of personnel and investment culture, although rules have been repealed or modified (Sasikala & Sankaranarayanan, 2022). Different forms of discrimination against women in the industry exist. Oxfam's position paper in 2017 on gender justice and the extractive industries reveals that corporate hiring and employment practices that are prejudiced against women continue to be based on antiquated notions that women are not suited for jobs in the extractive industries (Oxfam, 2017).

In regards to gender concerns, mining investments must consider women as part of the labor force without discrimination, according to the NPMR 2018-2028. The employment of women's labor force in the mining industry is no longer a barrier for mining enterprises, even though mining professions are typically male-

¹⁰ It must be based on a calculation of foreign employees and local employees

¹¹ Article 2 of the Prakas no. 196 KB/Kr.K on Use of Foreign Workforce, dated on 20 August 2014

dominated. This is because of sophisticated mining technologies and improvements in women's skills. Moreover, the National Policy on Mineral Resources 2018-2028 has requested that mining corporates perform better conduct of environmental management, mine safety, community development, labor, and gender and indigenous people in Cambodia's mining investments.

(E) Indigenous Community Aspect

There are 22 indigenous groups in Cambodia (MRD, 2021). Usually, there are some mineral deposits in areas populated by local and indigenous people. For instance, the mineral exploration projects of Angkor Gold and the industrial mining project by Mesco Gold overlap with Jarai and Bunong Indigenous communities. Global mineral extraction frequently occurs in indigenous-populated areas, and while conflicts between multinational corporations, local activists, and indigenous people are common today, an understanding of their dynamics is lacking (Persson, Harnesk, & Lslar, 2017). Therefore, the local indigenous peoples' rights, freedoms, traditions, customs, beliefs, and religions must not be affected by mineral operations in those areas. For instance, indigenous places of worship cannot be violated. To prevent any infringements, mining investments need to be aware of each indigenous community's traditions, customs, cultures, beliefs, and religions. The National Policy on Mineral Resources 2018-2028 has recommended that mining corporates shall protect indigenous peoples in the mineral resource development areas by preserving their rights, freedoms, customs, traditions, cultures, beliefs, and religions of indigenous peoples per state policies and laws.

The International Covenant on Civil and Political Rights and the International Convention on the Elimination of All Forms of Racial Discrimination are two international human rights conventions ratified by Cambodia. By ratifying these conventions, Cambodia must ensure that every person—including indigenous peoples—living on its territory has access to all of the rights outlined in them. The International Labor Organization (ILO) Convention (No. 169) concerning indigenous and tribal peoples in independent countries and the UN General Assembly Declaration of the Rights of Persons Belonging to National or Ethnic, Religious, and Linguistic Minorities are two additional specific international documents concerning indigenous peoples.

(F) Local Development Aspect

The National Policy on Mineral Resources 2018-2028 also strives to benefit local community development and indigenous people in and around the mining site. The NPMR 2018-2028 requires industrial mining businesses to submit a Corporate Social Responsibility Plan as part of their feasibility study report when applying

for industrial mining permits. In general, this plan should involve the development of public infrastructure for the local community. However, it should also include education, water supply, and primary healthcare for the community in remote places.

Through the NRMR 2018-2028, MME has established the Mining Fund to Support Local Community Development (known as Mining Fund – MF) since 2015. The Ministry of Economy and Finance (MEF) aims to hold mining companies accountable for the development of local communities in the areas where they hold mining licenses and operate. The MF is also intended for local infrastructure development, public health improvement, education and training, and other local priorities as requested by the communities in communes or Sangkats where the mining activities exist. MF was first mobilized in April 2015 with the River Sand Dredging License of Phnom Penh Autonomous Port¹². In January 2021, MME issued Guideline and Procedures for the Use of MF to determine the guidance and procedures on the effective uses of MF, highlighting (a) general guidelines on the uses of MF and (b) procedures on community development project implementation, including procedures for project proposal, project procurement, and project close-up and monitoring and evaluation (MME, 2021). Since the mobilization, MF has collected around US\$ 20 million by the first semester of 2022.¹³ MF has financed fifty-three projects, costing around US\$ 2.33 million, and no local authorities or communities have yet requested the remaining US\$ 8.611 million of MF.¹⁴

The MF is to ensure that mining benefits directly contribute to the development of nearby communities. Anyone in the communities, including indigenous people, can propose projects to use the MF, but they must be certified by the commune/Sangkat. The proposal shall be reviewed and integrated into the commune development plan (CDP) and then further submitted to the One Window Service Office of MME. The MME ensures that the proposed use of MF funds does not overlap with existing or planned development projects financed by the RGC. Once approved, the commune/Sangkat chief and council are responsible for procuring and implementing the projects. The MME conducts inspections to ensure the projects meet quality standards and fulfill the MF's objectives. The MF focuses on developing or rehabilitating local infrastructure, supporting the local

¹² The license was to dredge river sand in Sdoav Ta Ek Canal in Sdoav commune, Kang Meas district, Kampong Cham province and in Roka Korng commune, Mok Kampol district, Kandal province, and in Khsom-Koh Keo area, Kien Svay district, Kandal province to rehabilitate the water navigation route and to supply sand for construction and infrastructure development in Phnom Penh city (https://web.facebook.com/MMECambodia/posts/5513142683848_27/?_rdc=1&_rdr).

¹³ Remark of H.E Ung Dipola, Director General of General Department of Mineral Resources, during the 9th Extractive Industry Governance Forum on 14 September 2022.

¹⁴ Presentation on Mineral Fund for Local Community Development by Mr. Keo Tout, Deputy-Director of General Department of Mineral Resources on 17 November 2022 in Phnom Penh

education and training sector, improving access to healthcare services, and enhancing clean water and sanitation. Other uses of the funds are prohibited. Commune/Sangkat authorities need to consider the available MF budget for their province when submitting proposals. The current available MF for each province is listed in Table 2.

Table 2: Available MF for each province by September 2022

Province	MF available (US\$)	Province	MF available (US\$)
Takeo	81,532.25	Kandal	1.398,038.26
Kampot	1,295,199.80	Prey Veng	132,705.06
Kep	95,339.11	Kampong Speu	2,170,717.92
Kratie	550,610.45	Kampong Chhnang	346,299.08
Ratanakiri	173,302.92	Pursat	44,663.53
Mondulkiri	305,037.54	Svay Rieng	11,478
Stueng Treng	74,142.87	Tbong Khmom	141,766.39
Kampong Cham	339,205.61	Pailin	21,769.88
Koh Kong	122,879.21	Phnom Penh	17,137.20
Kampong Thom	78,097.92	Preah Sihanouk	140,000
Oddor Meanchey	91,659.34	Preah Vihear	274,158.33
Siem Reap	159,029.04	Banteay Meanchey	350,894.13
Battambang	184,787.18		

Source: MME (2022)¹⁵

The next generation will inherit the ownership of minerals, as they are considered state properties. This means that no individual can claim ownership or control over these resources. Instead, individuals can be involved in the decision-making processes regarding the management and utilization of mineral resources, ensuring responsible and sustainable practices.

(G) Corporate Governance

Building investor trust and public acceptability requires good governance and management with accountability and transparency (OECD, 2003). Public consultation with stakeholders, including mining firms, local communities, and sub-national administration, will allow all parties to provide constructive feedback on problems of mutual interest. This will ensure that Mineral Resources Operations run smoothly with the assistance of all mining stakeholders. The NPMR 2018-2028 requires mining corporations to adopt good governance principles in all mining activities, including reporting, inspection, public communication, and stakeholder consultation processes and procedures. In

¹⁵ Presentation on Mineral Fund for Local Community Development by Mr. Keo Tout, Deputy-Director of General Department of Mineral Resources on 17 November 2022 in Phnom Penh

compliance with relevant regulations, revenue collection, and management shall also be transparent and accountable.

Moreover, good governance ensures that mining corporations establish a consultative system to ensure transparency and engagement opportunities for people in affected communities (RMI, 2020; Ostensson & Roe, 2017). Renaissance Minerals (Cambodia) Limited and Angkor Gold have actively engaged in extensive meetings and consultations with the communities, local authorities, and stakeholders affected by their mining projects. These consultations aim to foster productive discussions, address concerns, and gather valuable input that serves as the basis for decision-making and finding solutions. Additionally, mining companies must establish effective channels for sharing mineral-related information with the public, utilizing platforms such as social media and regular mineral bulletins.

Chapter VII of the 2001 Law on Mineral Resource Management and Exploration requires that corporations engaged in the gold mining industry pay the State's registration fees, application fees for suspension, renewal, and transfer, and annual land rental costs. A royalty on the value of the mined minerals must also be paid. Corporations must maintain accounting records and provide reports or documents to the Minister pertaining to such information. Additionally, MME can request additional information, such as sales contracts, and conduct inspections and audits of corporations' financial records. Gold mining companies are also subject to various other taxes, duties, and regulations related to shares, investments, expenditures, accounting principles, losses, exemptions, and incentives in the mineral sector.

5.3 International Compliance on ESG in Mining Sector

Remarkable international groups and initiatives have supported mining industries, transforming them into more sustainable and responsible investors. For the last three decades, international institutions and private investments have developed, approved, and practiced principles, codes of conduct, and suggestions related to responsible mining and ESG. Annex I of this report has briefed these key international movements.

- *World Gold Council (WGC)*¹⁶ is a global gold authority and an association of the world's most forward-thinking gold mining businesses. WGC hopes to unveil gold's changing function as a catalyst for breakthroughs that address social requirements by combining the insights of members and other industry partners. To stimulate demand and ensure a robust and sustainable future for

¹⁶ For more information, please visit <https://www.gold.org/who-we-are>

the gold market, WGC sets standards, expands access to gold, and addresses adoption hurdles. WGC has good influence worldwide through its offices in Beijing, London, Mumbai, New York, Shanghai, and Singapore. Moreover, WGC is convinced that responsible gold mining promotes long-term socio-economic growth in the countries and communities where gold is discovered. It offers long-term advantages for local communities, well-paying jobs, and vital tax money for host governments. Furthermore, there is a credible path for the gold mining industry to decarbonize and reach net zero emissions by 2050, in accordance with the Paris Agreement. WGC sets the guidelines on implementing and assuring the responsible gold mining principles (RGMPs), which include ten principles – ethical conduct, understanding the impacts, supply chain, safety and health, human rights and conflicts, labor rights, working with communities, environmental stewardship, biodiversity/land use/mine closure, and water/energy and climate change (WGC, 2019).

- *International Council on Mining and Metals (ICMM)*,¹⁷ founded in 2001, introduced ten sustainable principles for the mining sector. It aims to guarantee a safe, just, and sustainable global mining and metals industry. There have been 27 mining companies and 37 national and international associations. In 2003, ICMM published its 10 Principles for Sustainable Development to set a standard of ethical performance for ICMM’s members, and later the principles extended to cover wider areas (ICMM, 2022).
- *The Intergovernmental Forum on Mining, Minerals, Metals, and Sustainable Development (IGF)*¹⁸ supports over 79 nations dedicated to leveraging mining for sustainable development to avoid negative impacts and share financial gains. It is dedicated to maximizing the benefits of mining to accomplish poverty reduction, inclusive growth, social development, and environmental stewardship. The IGF is a voluntary initiative that allows national governments with a stake in mining to collaborate to achieve the priorities specified in the Johannesburg Plan of Implementation and, more subsequently, the UN's Sustainable Development Goals (SDGs) and Agenda 2030. IGF has six pillars in the mining policy framework¹⁹. Moreover, IGF has published key documents and tools to support the members in developing sustainable mining, for instance, the ‘*New Guidance for Governments: Environmental Management and Mining Governance, Environmental and Social Impact Assessment Tool.*’

¹⁷ For more information, please visit <https://www.icmm.com/>

¹⁸ For more information, please visit <https://www.igfmining.org/about/introduction/>

¹⁹ They are (1) legal and policy environment, (2) financial benefit optimization, (3) socio-economic benefit optimization, (4) environmental management, (5) post-mining transition, and (6) artisanal and small-scale mining.

- *International Finance Corporation (IFC)*²⁰ adopted an Environment, Health, and Safety Guideline for Mining in 2007, focusing on Environmental Issues, Occupational Health and Safety, Community Health and Safety, and Mine Closure and Post-Closure. The EHS Guidelines for Mining are applicable to underground and open-pit mining, alluvial mining, solution mining, and marine dredging (IFC, 2007). In 2021, IFC published an '*IFC ESG Guidebook*' to strategically position itself in a more sustainable development and environmental management approach. It focuses on the vital need for private enterprises to improve their environmental, social, and governance (ESG) performance to manage risks and develop resilience (IFC, 2021).

- *The UN Guiding Principles on Business and Human Rights*²¹, introduced in 2011, mandated (a) the state duty to protect human rights, (b) the corporate responsibility to respect human rights, and (c) access to remedy (UN, 2011). The UN principles consist of 31 sub-principles and are classified as foundational and operation sub-principles for each theme. The Principles for Responsible Investment (PRI) was launched in 2006 and aimed to incorporate environmental, social, and governance (ESG) factors in investment decisions and active ownership. PRI presents six key principles to support investments in such a regard.

- *The United Nations Global Compact*²², established in 2000, serves as a practical framework for businesses committed to sustainability and ethical business practices. Its mission is to promote a better world by encouraging corporate commitments and shared responsibility for sustainability. The organization believes that businesses can be a force for good. It is a multi-stakeholder leadership initiative that aims to align business operations and strategies with ten generally recognized principles in human rights, labor, the environment, and anti-corruption while also serving as a catalyst for actions supporting more general UN objectives. It is the world's largest voluntary business sustainability project, with 16,540 corporate signatories across 158 nations and 95,527 public reports (United Nations Global Compact, 2022).

- *United Nations Environment Programme Financial Initiative (UNEP FI)*²³ was officially launched in 2003 as the first global framework for the financial industry to address environmental, social, and governance risks and

²⁰ For more information, please visit

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/ehs-guidelines

²¹ For more information, please visit <https://www.unglobalcompact.org/library/2> or <https://www.business-humanrights.org/en/big-issues/un-guiding-principles-on-business-human-rights/>

²² For more information, please visit <https://www.unglobalcompact.org/>

²³ For more information, please visit <https://www.unepfi.org/>

opportunities. UNEP FI has developed and co-created three remarkable frameworks – (a) Principles for Responsible Investment (2006), (b) Principles for Sustainable Insurance (2012), and (c) Principles for Responsible Banking (2019) (UNEP, 2022).

- *Principles for Responsible Investment (PRI)*²⁴ was first launched in 2006. PRI recognizes that a corporation's ESG performance influences investment portfolio performance. Two UN partners (UNEP FI and UN Global Compact) play an essential role in delivering the PRI's strategy, including holding a seat each on the PRI Board and providing additional avenues for signatories to learn, collaborate, and act towards responsible investment. By 2021, PRI has been signed by more than 4,000 signatories from over 60 countries representing over US\$120 trillion of assets. Signing onto these internationally recognized principles enables organizations to publicly demonstrate their commitment to responsible investment and be part of a growing global community driving real change to contribute to a better world for all. PRI presents six key principles to support responsible investment practices (PRI Association, 2016).
- *The Global Reporting Initiative (GRI)*²⁵ was founded in Boston in 1997 to provide transparency on how an organization contributes to or seeks to contribute to sustainable development. The sustainability reporting of an organization must adhere to the GRI Sustainability Reporting Standards (GRI Standards). An organization must comply with the requirements or steps to claim their accordance with GRI Standards (GSSB, 2022).
- *Transparency International Accountable Mining*²⁶ is a global mining initiative of Transparency International seeking to increase the openness and accountability of the processes used to award mining licenses, concessions, and permits (TIC, Accountable Mining, 2020). The initiative focuses on addressing the issue of corruption within the licensing process. It is believed that if a mining operation is corrupted from the beginning, the entire investment is non-transparent, undermining the mining operation, monitoring efforts, and the collection of taxes and royalties. It also leads to an untrustworthy relationship and partnership with local communities. Moreover, Transparency International has developed a Mining Awards Corruption Risk Assessment (MACRA) Tool to help identify flaws in the licensing procedure that facilitate corruption (Transparency International Australia, 2020).

²⁴ For more information, please visit <https://www.unpri.org/>

²⁵ For more information, please visit <https://www.globalreporting.org/>

²⁶ For more information, please visit <https://transparency.org.au/global-mining/>

- *Extractives Industries Transparency Initiatives (EITI)*²⁷ was launched in June 2003 by 140 delegates from governments, companies, industry groupings, international organizations, civil society organizations, and investors in London. The mission of EITI is to ensure that natural resources belong to a country's population. The objective is to increase public and corporate governance and accountability and provide data to enhance policies and multi-stakeholder dialogue in the extractive industry. The EITI has developed from its origins as a set of rules aimed at tax collection to a global standard for the good governance of mining, oil, and gas resources. The standard strengthens expectations for excellent extractive industry governance and now includes beneficial ownership, contract transparency, commodity trading, as well as gender and environmental impact. The focus of EITI reporting has shifted from data collection to developing open data platforms and formulating reform recommendations to promote extractive sector governance.

5.4 Financing Gold Mining Operations

Financing large gold mining operations is a complex process that offers various options depending on the project stages. Unlike artisanal or small-scale gold mining, which is typically funded by the informal economy and often neglects ESG (Planet Gold, 2020), professional gold miners must employ strategic thinking and planning to ensure they have sufficient capital to progress and profit. Equity Financing and Alternative Financing (Royalty and Streaming Deals) remain the viable financing options for the (gold) mining industry to date (PwC, 2013). However, Internal Funds and Debt Financing are also other sources of capital (FinanceKid, 2018). For a description of the financing options, please read the Annex II of this report.

Frontier and remote areas are where exploration activities are increasingly being directed, often leading to more expensive exploration programs (Aspermont Media, 2013). Companies engaged in exploration depend wholly on obtaining sufficient funding for their exploration efforts (*ibid.*). The public equity markets have financed the exploration activities. Clearly, equity remains the best way to finance pure exploration operations, given the lack of cash flow and a securable asset (Aspermont Media, 2013). Gold mining financing strategy varies depending on the stages of the projects (FinanceKid, 2018). The four noteworthy stages are Exploration, evaluation, development, and production. Put simply; exploration entails searching for potential ore bodies, while evaluation entails carrying out a feasibility assessment to ascertain whether the discovery would be financially viable. Deciding to move forward and begin fundraising for the project—an open

²⁷ For more information, please visit <https://eiti.org/our-mission>

pit or underground mine—are both included in the development stage. Production would, therefore, be the act of making and selling gold.

The availability of financing options varies depending on the stage of the mining project. During the exploration stage, when there is no gold production, and the potential ore is uncertain, the options are limited due to the high risk involved. Equity sales²⁸, such as Initial Public Offering (IPO)²⁹ and Reverse Takeover (RTO)³⁰, are often the primary funding sources at this stage. Suppose a company is initially successful in producing favorable sampling data. In that case, management may obtain further capital by executing a Private Placement, in which securities are offered and exempt from registration with the SEC³¹ (FinanceKid, 2018).

At the *evaluation stage*, the company compulsively drills and tests to confirm the project's profitability. With more certainty and production potential, the company increases the chances and options for alternative financing. Two key assessments are required to evaluate and prove the gold deposit – the NI 43-101 Technical Report³² and Preliminary Economic Assessment (PEA)³³. In addition to

²⁸ Drilling, sampling, and other studies are funded with the money earned in an effort to increase the value of property. At that stage, the corporates can sell out to manufacturers with greater financial flexibility or acquire further funds with the intention of growing the property over an extended period of time (FinanceKid, 2018).

²⁹ To create demand, ownership creates a prospectus detailing their goals for the business and providing drilling samples already available. Most exchanges are not interested in listing companies since they have no revenue-generating assets. However, TSX Venture, Alternative Investment Market (AIM), and Australian Security Exchange (ASX) are popular markets for such high-risk businesses (FinanceKid, 2018). Due to its proximity to the US market, the TSX Venture Exchange, located in Toronto, Canada, is the most well-known venue for accessing North American financing. About 60% of the mining businesses that are listed internationally are on the TSX and TSX Venture Exchange. For more information, please visit <https://www.tsx.com/>.

³⁰ RTO refers to the process through which management acquires the majority of a shell company that has already been listed but has no operating assets. Management obtains control of the majority of the company through a stock merger and share exchange with the private exploration company. Existing management can access the open market without paying lease fees. The ideal program is the Capital Pool Company (CPC) Program provided by the TSX Venture (FinanceKid, 2018). CPC allows for efficient execution of reverse mergers for small-cap companies.

³¹ A private placement memorandum is all that is issued; no prospectus is required. Participants are typically rich or institutional investors. Incentives for investors to take part in a private placement might also include the sale of warrants. A warrant is a contract between a corporation and an investor that gives the investor the right but not the duty to purchase a specific number of shares in the company at a predetermined price that is typically higher than the current market price.

³² The third-party engineering firm, which uses a lot of drilling and sample data, generates the report that describes the deposit's size and quality (grade).

³³ A report outlines an economic analysis of the potential viability of mineral resources.

equity financing, there are three financial options – Royalty Agreements³⁴, Earn-In Ventures³⁵, and Joint Ventures (JVs)³⁶.

At the *development stage*, the viability of the reserves is confirmed, ensuring profitable mining operations that justify the high upfront development costs. A comprehensive feasibility study is conducted to determine the mine's design, processing methods, recovery techniques, and operational aspects. This study also includes an operating cost model that can be presented to potential lenders. In addition to equity and alternative financing options, Streaming Transactions are now available to the corporation, allowing an upfront payment and subsequent payments in exchange for a share of future production at a predetermined price. This choice is less expensive than equity and more secure than debt. The company receives a series of payments rather than just one upfront payment.

When seeking loans from banks during this stage, it is crucial to work with experienced financiers who understand the specific challenges and intricacies of the mining industry. Many bankers may lack the necessary knowledge and experience in mining operations, so engaging with experts in the field is essential to ensure informed decision-making. Debt Financing also plays a role in the development stage, with privately held loans structured as non-recourse loans. These loans are typically project-specific and are made at the project rather than the corporate level. There are two types of loans: Project Facility (PF) and Cost Overrun Facility (COF). The PF represents the main part of the loan and carries a lower interest rate, while the COF carries a higher interest rate and typically accounts for around 20% of the total PF. PF loans are particularly important in this stage as they allow for quick fundraising at a lower cost compared to regular senior-term debt offered by banks, which often come with stricter covenants.

The final stage is the *Production Stage*, when the mine has been built, and gold is produced. The company may be up-listed from junior TSX Ventures to senior TSX – offering greater exposure to investor demand. Equity, debt, alternative financing, and internal funds are all available financing options. Internal funds (IF) are unavailable in the three earlier mining stages. IF is generated by the business when mining operations are profitable, and it is the best type of fund, as management has complete discretion regarding how it is being used. IF generates value for

³⁴ A business enters into a contract with the evaluator receiving payment up front in exchange for a share of revenue covering the Life of the Mine (LOM). There are three major forms of royalties: gross royalties (GR), net smelter return royalties (NSR), and net profit interests (NPI).

³⁵ According to financial milestones, a more cash-rich business is given the option to purchase a specific percentage of an exploration project. The earn-in partner's percentage of ownership grows in proportion to the amount of money invested in the assessment of the ore body.

³⁶ They are less complicated agreements in which a junior evaluator sells a stake in its project and future earnings or expenses are divided proportionally. The junior typically gives up asset control under this arrangement.

shareholders through generating profitable cash flow. Cash flow is used for expanding production; increasing efficiency, resources, and Life of Mine (LOM); diversifying portfolio; and paying down existing debts.

One of the most significant variables affecting any gold mining company's prospects at each project stage is the accessibility of funding. In addition to the risk of the company not discovering anything on the ground, investors must comprehend that the most considerable risk is running out of money. Some businesses are in high demand and have enormous potential and resources. No matter how much subterranean ore there is, they will need to develop very slowly if they run out of money.

5.5 Gold Mining Industry Profiles in Cambodia

The mining firms listed below have been chosen for their prominence and visibility in the mining industry in Cambodia, as they have publicly active projects. They are also well-known and widely recognized for their mining operations. While some of these companies have received positive feedback and face fewer criticisms, others have been subject to reports highlighting their impacts and conflicts with local communities. In comparison to other mining companies, these selected firms provide a wealth of information that allows for an initial analysis of their Environmental, Social, and Governance (ESG) practices.

(A) Renaissance Minerals (Cambodia) Ltd. (RNS)

According to the presentation for the CSOs' visit in January 2022,³⁷ RNS has started its activities in Cambodia as an exploration program since September 2006, with its first drill holes in the Okvau area under a direct reconnaissance agreement with the Cambodian Government. In February 2007, Oxiana Cambodia (OXR) granted two of the first exploration licenses in Cambodia, Ochhung, and Okvau. Renaissance Minerals (ASX RNS) took 100% ownership and control of OXR through acquisition in May 2012. Later in November 2016, Emerald Resources (ASX EMR) took 100% control of Renaissance Minerals Cambodia (RMC). The Full ESIA Report was agreed upon, resulting in an Environmental License in November 2017. MME issued an Industrial Mining License for the Okvau Program eight months later. Before the actual mining operation, a resettlement process management was completed in February 2019. After the requirements were fulfilled, a Mineral Investment Agreement was signed in January 2020, paving the way for the commencement of the construction phase. One and half years later, the first gold was produced in June 2021.

³⁷ Slide presentation of RNS during the visit of CSO to Okvau Industrial Mining Site, Chong Plas Commune, Keo Seima District, Mondulkiri Province in January 2022

RNS is committed to setting an internationally accepted benchmark that will set the standard for future exploration and mining development for all projects in Cambodia that are environmentally and socially responsible. RNS believes that when the management team demonstrates a commitment to compliance through their actions, not just their words, the rest of the workforce will follow. Policies, management plans, procedures, and work instructions have all been in place to guide the task performance of all staff. For RNS, compliance aims to achieve (a) equal opportunity and gender inclusiveness, (b) informed communities, (c) site health services, (d) tidy and non-polluting sites, (e) safe work practices, (f) respecting culture, (g) environmental monitoring, and (h) safer communities. For a successful practice, RNS adheres to vigilant steps, for instance, identifying the compliance requirements, both mandatory and voluntary, and incorporating them into document management systems; training all workforce; walking the talk by starting from the management; conducting regular monitoring, inspections and regular audits; tracking and recording the progress to meeting compliance; involving the experts for regular external audits; facilitating inspections requests from regulatory bodies and stakeholders; taking into account the recommendations and suggestions for improvements; and updating the documentation and improving the performance. The last step is to repeat the whole process to the fullest optimization.

One notable flagship program is the biodiversity offset program, aligning with the IFC Performance Standard 6, safeguarding the net gain in biodiversity value. From this, a biodiversity action plan (BAP) and biodiversity offset management plan have been developed to offer practical mitigation and monitoring strategies to accomplish the measurable conservation outcomes resulting from the actions designed to compensate for significant residual adverse biodiversity impacts arising from the project development. Offsetting activities include offsetting vegetation losses (through enhancing the protection of habitats and species); conservation work for Green Peafowl; *Beng tree (Afzelia xylocarpa (Kurz.) – Craib)* planting program; and financial support for PPWS conservation actions.

(B) Angkor Resource Corp.

Angkor Resources Company Limited registered with MoC on 20 December 1996 with number 00017238 and its TIN no. K002-100050379.³⁸ Its main business objective is real estate activities with owned or leased property. Its official address is House No. 186C, Street No. 155, Tuol Tumpung Muoy, Chamkar Mon, Phnom Penh, Cambodia.³⁹ The office bearers are Delayne Weeks (CEO), Mike Weeks

³⁸ https://www.businessregistration.moc.gov.kh/cambodia-br-companies/viewInstance/view.html?id=48e104de66a7_c46f0057fe540258afcd5cf7fe518b48f83ef45f8bca4982d607&_timestamp=14287172470414465

³⁹ Telephone number is 780 568 3801 and e-mail: info@angkorgold.ca, website: www.angkorresources.ca

(Executive Operation VP), Dennis Ouellette, P.Geo. (VP Exploration & QP), Benita Sauer (CFO), and Kaihui Yang (Technical Advisor).⁴⁰ Currently, it is named Angkor Resources Corp. and listed in TSX-V as ANK.

According to Toronto Stock Exchange⁴¹, Angkor Resources Corp. is engaged in exploring its mineral property interests. The firm focuses on mineral property interests in the Kingdom of Cambodia in the Banlung and Oyadao regions. The company has five licenses, including Banlung, Oyadao, Oyadao South, Andong Meas, and Koan Nheak. Currently, the company generates no income. Since its operation, two outstanding projects exist – Oyadao and Andong Meas regions. The 148 km² licensing area of Oyadao is close to the Vietnam border. It is located just above the Mesco Phum Syarung mine site and extends north and east of it. Hommy 5 Resources of Canada, which holds a 30% participating interest in the license, with Angkor retaining the other 70%, is a party to an earn-in agreement for the Oyadao license. The license's subsequent investigation and development will be co-funded by the two organizations (Angkor Resources Corp., 2021).

For Andong Meas, a paved roadway connects Andong Meas with Banlung, the provincial capital, 50 kilometers to the east. Because of the quantity and quality of artisanal workings in the past and present, the Andong Meas Exploration License has long been a desirable property for mineral exploration. Extensive artisanal workings, including an illegal open pit mine, take place over the area known as the Canada Wall prospect. A comprehensive geological mapping program is underway, and a parallel VLF-EM survey is being conducted over the area. Moreover, these have been thoroughly sampled, and a ground magnetic survey has been conducted over the surrounding area. This was done after a VLF-EM survey, careful mapping, and a reflected light spectroscopic examination of clay alteration. A program of 3 diamond drill scout holes totaling 521m was executed on the potential areas. These displayed very high quantities of molybdenum, tungsten, and silver. The exploration has been on-going (Angkor Resources Corp., 2021).

(C) Mesco Gold (Cambodia) Ltd.

Mesco Gold (Cambodia) Ltd. was registered with MoC on 15 February 2013 with number 00001735 as a private limited company and TIN no. K002-901500766. Its main business objective is the mining of non-ferrous metals ores. There are seven Cambodian and nine foreign employees, including four females. Its official address is House No. 216, Preah Norodom Blvd. Phum 13, Tonle Basak, Chamkar Mon, Phnom Penh, 12301, Cambodia.⁴² There are three directors - Kumar Rajeev

⁴⁰ Fact Sheet on July 2021

⁴¹ For more detail information, please visit <https://money.tmx.com/en/quote/ANK/company>

⁴² Telephone number is 010 936 888 and e-mail: vichea.un1981@gmail.com

Moudgil⁴³ (Chairman of the Board of Directors), Shipra Singh⁴⁴, and Kumar Singh Jitendra⁴⁵.

Angkor Gold has sold a small part of the one exploration concession to Mesco Gold since 2015. This Indian-owned mining company, Mesco Gold, started underground gold mining operations in northeast Ratanakiri province, close to Peak Village, in Yatung Commune, O'yado District, after acquiring a 30-year concession from the Cambodian government in 2016. While Mesco Gold began developing a mine, local people and NGOs were approached for compensation remuneration. Mesco Gold has already compensated some people for land lost to the project. The majority of Peak Village's inhabitants are indigenous Jarai by ethnicity. The citizens of Peak Village started to worry about the detrimental consequences of these underground operations on their daily lives as soon as mining operations began. These included interference with locals' customary agricultural methods in the nearby forest, detrimental effects on the water supply, and the intrusive noise from the excavation equipment that was disturbing the peace in their community (EWMI, 2020). However, after many discussions, an agreement⁴⁶ with the community was drafted and finalized in July 2015 to promote mutual respect and cooperation.

(D) Xinshan Industrial (Cambodia) Co., Ltd.

The company registered with MoC on 27 March 2015 (number 00033298), and the TIN number is L001-901504579. Its main business objective is the construction of residential and non-residential buildings and many others, but not mining.⁴⁷ Its official business address is House No. T13A (Chrouy Changva Grand), National Road 6A, Phum 3, Chrouy Changva, Ruessei Kaev, Phnom Penh, 12110, Cambodia.⁴⁸ There are three directors – Wang Guangning⁴⁹, Chen Yili⁵⁰, and Fu Shengyuan⁵¹ (Chairman of the Board of Directors) – and all are Chinese nationals. Xinshan donated US\$ 2,000 to Cambodia Red Cross in 2021.⁵²

⁴³ Address: 1875, Sector-23, Gurgaon, 122017, India

⁴⁴ Address: 604, Sea Shel Apts., Green Field Estate, AB Nair Road, Juhu 400049, India

⁴⁵ Address: D-3A Rita Vill Satbari Meharult, Delhi 110030, India

⁴⁶ The agreement is developed between the company and local communities where the project locates to jointly agree on what supports the company can provide in contribution to the local community development.

⁴⁷ https://www.businessregistration.moc.gov.kh/cambodia-br-companies/viewInstance/view.html?id=48e104de66a7c46f0057fe540258afcd5cf7fe518b48f83e64663edb4f093ee6&_timestamp=8763381593739943

⁴⁸ Telephone number is 078 221 061 and e-mail: m1a59108@gmail.com

⁴⁹ Address: #110 Beizheng Street, Anqing, Anhui Province, China, China

⁵⁰ Address: #6, Erhuan North Road, DongFang City, Hainan Province, China

⁵¹ Address: #301, Building No.4, 88-6 Haixiu Middle Road, Haikou, Hainan Province, China

⁵² <http://freshnewsasia.com/index.php/en/localnews/196598-2021-05-05-07-40-01.html?fbclid=IwAR3y4YqlgsvKl-RCNc6GAtGtuBAHHA6dlkEwJ99oCvbJW-ASUsXyTyX0b0Y>

(E) Delcom (Kampuchea) PTE. Ltd.

Delcom (Kampuchea) PTE. Ltd. was registered with the Ministry of Commerce (MoC)⁵³ on 08 August 2012 with registration number 00032973 and TIN no. L001-100168760, with the business objective of mining non-ferrous metal ores. The official address is House No—38H, National Road 6A, Chrouy Changva, Ruessei Kaev, Phnom Penh, Cambodia.⁵⁴ There are two directors – Ly Sokthay⁵⁵ (Cambodian national) and Li Yikui⁵⁶ (Chinese national).

Delcom Kampuchea Plc. Ltd was granted a gold exploration permit in 2009. It was given an exploration license to mine at Phnom Dek in Romtom commune, with an initial investment of 500 million riels (approximately \$ 1.2 million) on a 100-hectare site (Vichar, 2022). In mid-2022, Delcom Kampuchea Plc., a joint venture between local and Chinese investors, was granted an industrial mining license and has been mining roughly 20 kg of gold ore in Preah Vihear's northern region since early August 4, 2022 (Khmer Times, 2022). It is a medium-sized enterprise capable of producing around 340 kg of gold per year, with a predicted annual royalty income of \$0.6 million (ibid.).

(F) Rong Cheng Industrial Investment (Cambodia) Co., Ltd.

Based on the business information found on the website of MoC⁵⁷, the official name is Rong Cheng Industrial Investment (Cambodia) Co., Ltd. with registration number 00022423, registered with MoC on 16 January 2015, with its registered business objective on mining of non-ferrous metal ores. Its TIN is L001-107003716. The registered business address is 68A, 02A, Chongthnal Khang Kaeut, Teuk Thla, Sen Sok, Phnom Penh, Cambodia.⁵⁸ There are three prominent directors – Jin Guangcai, Tian Weimin, and Wang Xiaolin (Chairman of the Board of Directors).

⁵³ https://www.businessregistration.moc.gov.kh/cambodia-br-companies/viewInstance/view.html?id=48e104de66a7c46f0057fe540258afcd5cf7fe518b48f83e529c7281536f4fa0&_timestamp=14282873531549032

⁵⁴ Telephone number is 088 5166888 and e-mail: lixutai168@gmail.com

⁵⁵ Home address is house no. 259B, St. 110, Ta Nguon, Kakap, Por Sen Chey, Phnom Penh, Cambodia (Chairman of Board of Directors), Telephone number is 088 5166888.

⁵⁶ Home address is Guangdong Xinyi, Qianpai Town, Money New Car Pont Village 1, China.

⁵⁷ https://www.businessregistration.moc.gov.kh/cambodia-br-companies/viewInstance/view.html?id=48e104de66a7c46f0057fe540258afcd5cf7fe518b48f83e8e3e637ba4991857&_timestamp=14281996879890099

⁵⁸ Its phone number is 089 733 145 and e-mail: cambodiarongcheng@gmail.com

5.6 ESG Performance of the Gold Mining Industry in Cambodia

(A) What is environment, social, and governance (ESG)?

ESG is “*a set of environmental, social, and governance factors considered by companies when managing their operations, and investors when making investments, in respect of the risks, impacts, and opportunities relating to:*” (IFC, 2021, p. 13)

- **Environmental issues:** potential or actual changes to the physical or natural environment (e.g., pollution, biodiversity impacts, carbon emissions, climate change, natural resource use).
- **Social issues:** potential or actual changes in surrounding community and workers (e.g., health and safety, supply chain, diversity, and inclusion); and
- **Governance:** corporate governance structures and processes by which companies are directed and controlled (e.g., board structure and diversity, ethical conduct, risk management, disclosure, and transparency), including the governance of key environmental and social policies and procedures.

ESG management is increasingly seen as critical for moving beyond short-term profitability. Successfully managing ESG factors is an efficient way to improve risk management and protect the value of underlying assets. Many companies have been found to have shortcomings in their ESG approaches. The consequences can be severe. Mismanagement of ESG can result in significant financial costs and reputational harm (IFC, 2021).

IFC is working with the Securities Exchange Commission of Cambodia and the Lao Securities Commission Office to raise ESG awareness among companies and investors in these two markets. The goal is to align their market practices with those of the other ASEAN countries. For example, listed companies in Indonesia, Malaysia, Singapore, Thailand, and Vietnam are required to report on ESG issues (IFC, 2021).

(B) Why is ESG essential in gold mining in Cambodia?

ESG has attracted more attention from international institutions and organizations as sustainability drives the decision and performance of global environmental and social sustainability actions, for instance, the UN on Climate Change, smart agriculture, environmental conservation, and sustainable development goals. The practices of ESG have built more confidence that human society is less vulnerable to shocks, disasters, and extinction. Therefore, the push for proactive individual and global responses is crucial.

Responsible gold mining is carried out with regard to the environment and the human rights and well-being of employees, contractors, and residents of the communities in which they operate (WGC, 2019). Managing ESG well is an efficient way to improve risk management and protect the value of underlying assets. Many private companies have been discovered to have flaws in their ESG initiatives (IFC, 2021). The ramifications can be severe, and mismanagement of ESG can result in significant financial losses and reputational damage. Only more robust ESG practices assure the return of benefits of responsible gold mining to the host countries and local communities. ESG in gold mining contributes to socio-economic development by expanding affluence, creating jobs and opportunities in the supply chain, and elevating technical standards through innovation and skill development. Also, it facilitates infrastructure investment and public service improvements through collaboration with governments and other stakeholders.

ESG is very important in the extractive industry in Cambodia, particularly the rising investment in gold mining. The gold mining carried out by certain corporations is often perceived as a manifestation of patron-client networks, where resources and revenues are considered to be misused for the self-enrichment of a few elites (Kheang & Sokbunthoeun, 2009). At the same time, Cambodia's environmental, social, and cultural resources have already been fragile due to long-time exposure to unsustainable development practices (Jeffery, 2019; Nawaz, Azam, & Bhatti, 2019). The loss of shared resources, particularly forests, and large-scale activities like dams have significantly negatively influenced human development in rural areas (UNDP, 2019, p. 3). Numerous individuals relying on natural resources for their subsistence, incomes, and safety nets suffer adverse effects. Long-term ecological deterioration also makes the general populace more susceptible to disasters, such as flooding, affecting both rural and urban regions (ibid.). The pursuit of continuous economic growth often comes at the expense of social equity and environmental consequences (Sokphea, 2016). Consequently, the development of gold mining necessitates a precautionary approach and the adoption of sustainable practices, considering the evolving regional and national demands of the industry.

Cambodia's policymakers are and will be enacting new ESG-related regulations that will influence industrial processes and value chains, particularly in gold mining industries. Companies that previously included these ESG components in their strategy and management plans have a competitive edge by minimizing compliance expenses and earning value-added businesses and social recognition. MME pledges strategic activities from 2023 to 2028 as (a) to manage industry governance, (b) to sustain a responsible mining industry, (c) to diversify new revenues, (d) to assure social benefits to local communities around mining sites, and (e) to enhance the license compliance. With better policies and compliance

performance, Cambodia will harvest better revenues, reduce environmental damages, develop local communities, and ensure more transparent and accountable mining investment from responsible gold mining with best practices of ESG principles.

(C) Environmental Performance

The mining companies in visited provinces have their full and initial environmental impact assessment (F/IESIA) reports conducted and approved by MoE. *Table 3* below lists the ESIA status of the visited mining companies. This proves that environmental regulations have been complied with. However, the effective implementation of environmental management in response to the agreement letters and environmental contracts issued by MoE to those companies has not been fully achieved, leading to some degree of compromise.

Table 3: ESIA status of the gold mining companies

No.	Company	I/FESIA	Province	Approval Date
1	Delcom (Kampuchea) PTE Ltd.	IESIA	Preah Vihear	2011
2	Xishan (Industrial) Co., Ltd.	IESIA	Preah Vihear	2017
3	Angkor Gold Corp.	IESIA	Ratanakiri	Not known
4	Mesco Gold Corp.	FESIA	Ratanakiri	2015
5	Renaissance Minerals (Cambodia) Ltd.	FESIA	Mondulkiri	2017
6	Rong Cheng Industrial (Cambodia) Ltd.	FESIA	Mondulkiri	Not known

Since obtaining the industrial mining license, Renaissance Minerals (Cambodia) Ltd. (RNS) has advanced in walking its commitment to a more responsible and sustainable mining project in Cambodia. In a media release on 21 June 2021⁵⁹, the Australia Embassy claimed that RNS had committed to applying high environmental, social, and governance standards throughout the project, consistent with the Organization for Economic Cooperation for Development (OECD) Guidelines for Multinational Enterprises and relevant Cambodian legislations. It was generally understood that the project’s Environmental and Social Impact Statement was the first of its kind to be audited to the International Financial Corporation’s Environmental and Social Performance Standards. Australia is a leader in the global mining industry and a strong supporter of good

⁵⁹ See detail of the release at <https://cambodia.embassy.gov.au/files/penh/20210609-Media-Release-Off-Grid-Electrification-English-Final.pdf>

governance in mining. The Australian Government supports Transparency International's Accountable Mining Program, which has been working with the Cambodian Government and communities to establish meaningful local consultations on proposed mining activities and revenue management.

In developing the Okvau Gold Project, RNS strictly follows the fundamental principles. The Okvau Gold Project assures a (net) positive impact on near-mine environmental and social values and significantly contributes to Cambodian state revenue. The mine site is managed for minimum impact during construction, operation and closure, including the base fundamentals, for instance – (a) minimized project footprint (1,150ha); (b) project designed and managed to be non-discharge (to environment) from the tailings dam; (c) engineered management of acid rock drainage; (d) engineered management of sediment and erosion; (e) engineering design inclusive of provision for extreme weather events and tectonic stability; (f) engineering design based on internationally recognized environmental, hydrogeological, geotechnical, process design and geological independent experts; (g) rehabilitation to an environmentally stable landforms; (h) biodiversity offset program & developing emissions reduction targets and offsets; (i) fenced mine site with all mine site personnel catered with on-site accommodation (to deny potential for illegal fishing and poaching by mine site employees); (j) zero mine gate employment and trade; and (k) transparent reporting and auditing. Regarding environment monitoring, RNS regularly monitors air quality, noise, and vibration; surface and groundwaters; GHG emissions; in-migration, security, and wildlife; and compliance with ESIA and IFC. In addition, through reviewing the shared documents, RNS has illustrated a dynamic commitment to environmental stewardship through implementing a comprehensive and robust Environmental Management System; payment of significant Environmental, Social, Endowment & “Environmental Bonding” funds; and implementation of a Biodiversity Offset Management Plan and other initiatives. It is worth noting that no other gold mining practices in Cambodia have implemented such measures to date.

Angkor Gold is in its exploration stage; therefore, there is no serious concern over the pollution or depletion of the natural environment. Though Mesco Gold was granted the industrial mining license, there has been no significant progress and activities on the ground, and no major environmental concerns were raised.

There are concerns regarding the inadequate implementation of environmental practices in two mining projects in Preah Vihear province and one in Chong Plas commune, Mondulkiri province. The ESIA reports for these projects are not publicly available, and there is a lack of information regarding their environmental management plans and obligations towards the environment and

society. During interviews conducted with communities in Preah Vihear province, reports were received about suspected pollution in the form of wastewater discharge and unauthorized forest clearance. Similarly, residents in Chong Plas commune expressed grievances regarding the release of chemically polluted wastewater into the Prek Te River. The field investigation conducted during this study revealed instances of unmanaged wastewater and other problematic interactions associated with three Chinese mining companies.

“We have seen the wastewater leakage from the mining site and suspected that they are pollution from mining activities of the Chinese projects... We are very concerned about the surrounding environmental pollution.” – Mixed group discussion in Roveang District, Preah Vihear Province.

(D) Social Performance

In the context of ESG, social performance refers to how private corporations identify and manage possible or existing changes in the surrounding community and workers, such as health, safety, diversity, inclusion, and local growth (IFC, 2021, p. 13). When it comes to socially responsible mining, the study observes that different gold mining companies exhibit varying approaches to addressing social needs. Companies from Western countries have significantly advanced their initiatives and practices in this regard. On the other hand, Chinese-affiliated companies face challenges in adapting to appropriate performance standards. In Cambodia, gold mining corporations must make annual payments to the "environmental and social fund" as mandated by the MOE.⁶⁰ MoE established this fund in November 2016, managed by the 'Environmental and Social Fund Committee'.⁶¹ The purpose of the fund is to ensure effective, efficient, and accountable utilization of resources for biodiversity conservation and the appropriate and sustainable use of natural resources, ultimately benefiting all Cambodians and promoting sustainable livelihoods. Funds paid by the corporations will be used, among many other activities, to develop local infrastructure and improve the daily livelihood of the local people in and around the project sites or other areas. Typically, the amount to be paid by gold mining corporations is determined through mutual agreement, as there is no predefined standard or payment rate before the full or initial ESIA report is approved. However, no information is available regarding the total amount collected and expended from the fund. As of July 2021, 558 projects had made their fund

⁶⁰ Sub-Decree no. 238 OrNorKro.BorKor dated on 21 November 2016 on Establishment of Environmental and Social Fund.

⁶¹ The committee was established by Decision no. 12 SorSorRor dated on 20 February 2017 on Establishment of Environmental and Social Fund Committee. This committee has 13 members and is chaired by H.E. So Khonrithykun, Under-Secretary of State of Ministry of Environment.

payments, and 436 projects had received approval for fund utilization.⁶² On the other hand, gold mining corporations also have to pay the Mining Fund (MF) as MME requires. Since its establishment in 2015, MF has collected around US\$ 20 million by the first semester of 2022.⁶³ So far, MF has funded 47 projects totaling around US\$ 2.27 million, with the remaining US\$ 8.5 million not yet requested. The MF is also intended for local infrastructure development, public health improvement, education and training, and other local priorities as requested by communities in communes or Sangkats where mining operations occur.

Angkor Resources Corp. acknowledges that businesses must take the lead in promoting "developing a healthy country" to safeguard the environment and enhance people's living conditions. Angkor Resources Corp. has taken steps to strengthen education, health, and economic opportunities that benefit Cambodian residents and has advanced an ethical enterprise in the mineral sector (Angkor Resources Corp., n/a). Angkor Resources Corp. engages in activities safeguarding the land, air, and waterways. It has shared the benefits of any industry with all parties involved, including the general public, the government, non-profit organizations, and the industry itself. Similarly, RNS prioritizes the health and wellbeing of staff, contractors, and stakeholders by maintaining stringent protocols, particularly during the COVID-19 pandemic.

In terms of social responsiveness, certain gold mining companies have made significant progress in prioritizing the well-being of their staff and local communities. Companies such as RNS, Angkor Gold, and Mesco Gold have made commitments to collaborate with nearby communities and ensure that any benefits or support they receive are shared in accordance with Cambodia's legal requirements and their internal policies. Additionally, they have implemented robust occupational health and safety practices to protect their employees from illness and potential hazards.

RNS, Angkor Gold, and Mesco Gold have established internal policies and guidelines pertaining to labor, health, and safety measures. These policies provide job instructions and maintain discipline among workers and contractors, ensuring that duties and responsibilities are carried out in the safest possible manner. Newcomers are provided with orientation sessions on labor, health, and safety procedures on their first day of work, and regular meetings serve as reminders to maintain performance in accordance with the guidelines. Moreover, these

⁶² There were no projects in 2017, 47 projects in 2018, 91 projects in 2019, 183 projects in 2020, and 114 projects in 2021. (Source: Training Materials for Technical Training on the Revenue Collection and Management of Environmental and Social Fund, held on 26 August 2021)

<https://web.facebook.com/photo?fbid=2115151848623925&set=pcb.2115152395290537>

⁶³ Remark of H.E Ung Dipola, Director General of General Department of Mineral Resources, during the 9th Extractive Industry Governance Forum on 14 September 2022.

companies have developed emergency response plans and integrated them into an in-house management and monitoring system, which allows for incident and accident tracking and logging.

Both office spaces and mining sites, especially those involved in mining operations, are equipped with health and safety systems, infrastructure, and materials. This includes provisions such as fire alarms, clearly marked exits, assembly points, personal protective equipment, clean water, convenient transportation, hygienic restrooms, cafeterias, camps, in-house medical centers, work insurance, and sports and recreational facilities, all aimed at ensuring the well-being and happiness of the workers. Notably, RNS has excelled in implementing these provisions. Additionally, RNS places a strong emphasis on capacity building in the mining industry and engaging stakeholders throughout the project's lifespan. Angkor Gold and Mesco Gold, although still in the exploration stages, have also demonstrated their commitment to adhering to internal policies. Despite not yet generating revenue, these companies have shown responsible practices, proving their dedication to their staff. However, Mesco Gold has encountered difficulties in complying with labor policies, as they have suspended the project since 2019 without paying their workers' salaries. It has been reported that due to the death of the Chairman and the impact of the COVID-19 pandemic, Mesco Gold temporarily halted development activities on site, and the timeline for resuming operations remains uncertain.⁶⁴

In terms of external relations with communities in social and cultural respects, RNS has outstandingly contributed to the social development of the localities. It is a key contributor to the Mining Fund to Support Local Community Development, targeting nearby communities. RNS has compensated the existing illegal artisanal miners, rehabilitated the community road from Sen Monorom to Chong Plas, provided hand-pumps, run a school nursery program, provided materials to rangers for their patrols, and education/awareness program with local communities.

Community contract is a leading practice of social responsibility of Angkor Gold and Mesco Gold, though the two companies have not yet generated any revenue. The Canadian government recognizes Angkor Gold for its corporate social responsibility programs and FPIC performance (Brook, 2021). According to a 2015 Oxfam analysis, Angkor Gold had one of the most precisely specified FPIC pledges in the mining business (Oxfam, 2015). After a lengthy back-and-forth negotiation, Mesco Gold/Angkor Gold and Jarai Communities in Peak and Taing Se Villages drafted and signed an agreement or contract in 2021. This is a 'win-win' approach

⁶⁴ Quick chat with Mesco staff at the 9th Extractive Industry Governance Forum on 14 September 2022 in Phnom Penh

to liaise the situation from tension to collaboration. Among many other benefits and protections⁶⁵, Angkor Gold pledges to assist the people in achieving better land rights. At the same time, Mesco Gold promises to support local education, clean water storage tank, health care, and local employment.

Community Agreement with Peak Villagers

In 2016, Mesco Gold received a 30-year industrial mining license from the Royal Government of Cambodia to operate underground mining in northeast Ratanakiri Province in Peak Village, Ya Tong Commune, O Yadoav District (EWMI, 2020). Prior to the license, Jarai community had expressed their concerns on the negative effects on their farming, gardening and livelihoods. Community members took the initiative to meet with Mesco Gold on their own to discuss their worries about the mining activity near their hamlet. Despite first receiving no reaction from the firm, community members persisted in their efforts. Community representatives eventually met in Phnom Penh with officials from the Ministry of Mines and Energy (MME) (including the minister himself) to discuss their concerns and provide detailed evidence of the harmful consequences of mining on their village.

As a result, the MME intervened to put pressure on Mesco Gold to deliver specific, verifiable benefits to the community in exchange for their continuing mining activities. Mesco Gold hosted a public meeting in Peak village on March 18, 2015, with media, NGOs (Highland Association, ADHOC), and local officials to officially pay over US\$ 63,000 in compensation to 18 households whose lands had been taken over by the corporation for gold mining (Doyle, Tugendhat, Halip (eds.), 2015). Mesco Gold provided an additional US\$ 18,300 for 12 hectares of community forests impacted by mining operations (ibid.).

Following a series of conversations between Mesco Gold and members of the Peak Village community, it was decided that the firm and the village would prepare an Agreement which was later officially signed in July 2015. Mesco Gold agreed to develop a three-kilometer paved road into Peak Village, as well as a 27-meter bridge, as part of the Agreement. Following the completion of the bridge and paved road, a water pipe system, including pipes for running water and sewage, would be erected. Furthermore, computers would be donated to the local school, as well as English language and computer instruction for the village's youth. Mesco Gold also promised not to explore or mine outside the 38 hectares. Moreover, the community members and Mesco Gold executives also signed an action plan to monitor the Agreement. The commune councilors also committed to enforce the company's agreement with the community to deliver on their agreement obligations.

⁶⁵ A six-page English and Khmer Agreement, signed on 23 March 2021, mentions other promises including improved roads, increased access to education and healthcare, cultural preservation assistance, and legal protection against future government land concessions.

(E) Corporate Governance Performance

Governance examines how a corporation employs policies and controls to influence business choices, comply with the law, and meet stakeholders' obligations. Corporate governance is generally the most disregarded of the three ESG components (Mining Technology, 2022). Companies cannot afford to overlook the role of governance when developing and implementing an ESG strategy.

Regarding transparency and accountability, RNS, Angkor Gold, and Mesco Gold demonstrate a higher level of disclosure regarding their gold mining projects in Ratanakiri and Mondulakiri provinces. Key environmental, social, and corporate policies and reports are uploaded and shared upon request. Company staff are also available for scheduled meetings to discuss company performance and receive recommendations for improvement. Their websites are informative and well-organized, providing easy access to relevant materials.

In contrast, the two companies operating in Preah Vihear province and the one in Prey Meas/Chong Plas commune, Keo Seima district, Mondulakiri province, lack public exploration of related information. These companies' office and staff contacts remain unidentified, suggesting their data is undisclosed. Moreover, obtaining the company addresses and contacting key staff for interviews is challenging. These companies recruit workers externally and require them to stay on-site without interacting with the nearby local communities, potentially due to concerns about information leaks.⁶⁶ Informally reported, Xinshan and Delcom have been operating their mining activities without possessing an industrial mining license.⁶⁷ However, MME has confirmed that Xinshan and Delcom were granted the industrial mining license as of mid-2022.⁶⁸

For corporate governance, Angkor Resources Corp. is dedicated to upholding ESG metrics in all its corporate and operational actions as a responsible global organization. The company seeks to engage with investors and suppliers who share the same commitment to ESG principles. The company analyzes the ESG efforts and reporting of its supply chain and potential investors to determine compatibility, while many investors look to incorporate ESG performance to make investment decisions (Angkor Resources Corp., n/a). Angkor Resources Corp. uses its ESG work as part of its risk mitigation strategy, aiming to streamline operations and ensure compliance with legislation and regulations. Angkor

⁶⁶ Interview notes with the local mining community leader and informal artisanal miners in Trapiang Tortem Village, Rovieng District, Preah Vihear Province (03 September 2022)

⁶⁷ *ibid.*

⁶⁸ Remark of H.E Ung Dipola in the 9th Extractive Industry Governance Forum on 14 September 2022 in Phnom Penh.

reviews ESG work to seize new opportunities and to take resulting actions that can build its brand. ESG factors are used to increase value and trust. The ESG elements of Angkor Resources Corp. to boost value and confidence are presented in Table 4.

Table 4: Angkor Gold’s ESG

Environmental Considerations	Social Considerations	Governance Considerations
<ul style="list-style-type: none"> ▪ Climate risk ▪ Carbon emissions ▪ Energy use, alternatives & efficiency ▪ Water use ▪ Waste reduction 	<ul style="list-style-type: none"> ▪ Skillset Improvement, On-the-job Mentorship & Training ▪ Aligning ESG Principles with supply chain & investors ▪ Community & workforce satisfaction & engagement ▪ Diversity, equity, & inclusion ▪ Workforce health & safety 	<ul style="list-style-type: none"> ▪ Comprehensive Governance policies and documentation ▪ Corporate oversight, risk management & mitigation plans ▪ Transparency & effective reporting ▪ Fraud, anti-bribery & anti-corruption controls

RNS has targeted strict compliance with corporate governance, international guidelines (i.e., IFC) & local laws, and external audits. It has implemented a comprehensive control and accountability system to administer corporate governance effectively. The Board is committed to managing the policies and processes with openness and integrity, pursuing the true spirit of corporate governance commensurate with RNS's demands. Where applicable, the Board has adopted the Corporate Governance Principles and Recommendations (4th Edition) of the ASX Corporate Governance Council. The Corporate Governance Statement released on 30 June 2021 confirms that the RNS acknowledges the importance of its people in constructing a strong and successful organization, particularly when developing a new business. RNS has focused on developing the right culture across the organization, which is firmly based on a Board, Executive Team, and key staff who demonstrate the right attributes and qualities and share a strong belief in the benefits of RNS’s engagement and development in Cambodia for employees and the Cambodian people in general.

“We are pleased to cooperate with all parties, as we are in the process of developing the project, which is designed to be one of the largest and most modern gold mining projects in Cambodia. We will set a standard for responsible mineral development in

Cambodia that everyone is proud of,” said Morgan Hart, Managing Director.⁶⁹

RNS has been instilling high performance and open communication in both teams in Perth and Cambodia with regular discussions to ensure that teams know what is expected of them, both operationally and behaviorally, and are recognized for their good work. RNS aims to produce long-term stakeholder and shareholder value by discovering, acquiring, and developing natural resources, especially in the gold mining industry. To maintain its track record of delivering this value, the Board aims for the highest levels of corporate governance.

(F) Financial Support for Gold Mining in Cambodia

The quest for potential mineral deposits and their subsequent development into productive mines necessitates significantly more significant financial investments than were previously required for success. Mining is acknowledged as a risky sector, and venture capital providers must be fairly compensated for taking on this responsibility (Hales, 1966).

Most corporate choices to invest overseas require the involvement of an FI, either directly through project finance or indirectly through insurance (Grieg-Gran, 2002). FIs play a vital role in any productive activity, but they are especially important in mining due to the massive sums of initial investment necessary. Mining foreign direct investment (FDI) is frequently financed using project finance (PF), in which monies are returned from the project's cash flow, and the project's assets are utilized as collateral (ibid.). There is minimal recourse to the sponsoring corporations' assets. This is typical of massive projects requiring significant expenditure and high risks. Mining issuers have raised significantly more equity through private placements⁷⁰ ("Private Placements") in recent years than through public offerings (Bruvels, 2020). Alternatively, and especially when greater sums of money are required, it may be acceptable to hire a registered securities dealer (a "Dealer") to assist with the Private Placement, therefore converting it to a brokered financing (ibid.).

Companies will struggle to raise extra funds if no investors are interested. If mining businesses cannot carry out their activities properly, the country's macroeconomic growth may suffer (Hakim & Kusmanto, 2020). The mining

⁶⁹ As quoted in the article entitled 'Ministry of Mines and Energy calls for responsible mining' published by The Phnom Penh Post on 24 November 2019 (<https://www.phnompenhpost.com/business/ministry-mines-and-energy-calls-responsible-mining>)

⁷⁰ The benefits of proceeding through a Private Placement rather than a public offering include cheaper transaction costs, little engagement by securities regulators, and, in most cases, a shorter time from financing inception to completion (Bruvels, 2020).

sector's share price reduction will result in a decrease in the return expected by investors and a decline in the mining sector's market capitalization. Larger, production- and processing-focused businesses have various funding options. However, financing projects for small enterprises engaged in exploration and prospecting is challenging, forcing them to rely more on external funding (González-Ruiz, Mejia-Escobar, & Franco-Sepúlveda, 2021). While small businesses, who have limited internal resources and are viewed with suspicion by lenders for corporate debt, frequently use non-recourse schemes like personal funds or other cutting-edge mechanisms to ensure the financing of their projects, large businesses typically prefer internally generated funds.

For financial funds for gold mining operations in Cambodia, official information cannot be accessed except for RNS⁷¹ and Angkor Gold⁷². The Chinese-affiliated mining corporations were not transparent. Even their company portfolios were unknown, and their operations on the ground were somewhat hidden. Despite attempts to collect information and schedule meetings with these companies through appointment letters, no data could be obtained, and follow-up attempts proved unsuccessful. It is known that these companies receive funding from private shareholders utilizing personal funds. Mining is just one component of the Chinese investment portfolio, which includes agriculture, industry, energy, transport, tourism, and entertainment. Both state-owned and private businesses are involved in project development, sometimes forming partnerships. China's commercial banks are now playing a more significant role in China's economy after 15 years of extensive support from China's policy banks for infrastructure and industrial investment (IDI, 2020). There are three large financial institutions in China - The Export-Import Bank of China (China Exim Bank), the Agricultural Development Bank of China (ADBC), and the China Development Bank (CDB).⁷³ China Exim Bank and CDB are suspected to be financial backers of those Chinese gold mining projects in Cambodia.⁷⁴ In the future, China will still be an important financial backer and political supporter of Cambodia (Turton, 2021; Florick, 2021; Associated Press, 2023). Moving forward, it remains to be seen how Cambodia will manage this influx of wealth and how Chinese commercial and development

⁷¹ RNS's presentation on Capital Raising in January 2020.

<https://www.emeraldresources.com.au/sites/default/files/presentations/Capital%20Raising%20Presentation%20-%20January%202020%20reduce.pdf>

⁷² <https://angkorresources.ca/angkor-undertakes-non-brokered-private-placement-535000-00/>

⁷³ ADBC provides funds for agricultural development projects in rural areas and Exim Bank of China specializes in trade financing, investment and international economic cooperation. The former member CDB specializes in financing of infrastructure, energy and transportation.

⁷⁴ The China Exim Bank's mandate is to carry out government policies in the areas of business, trade, economics, and foreign aid to other developing nations. It also provides policy financial support to encourage the export of goods and services from China. The 1994-established bank reports to the State Council. Similarly, the Three Gorges Dam and the Shanghai Pudong International Airport are two significant infrastructure projects for which CDB is in charge of securing funding.

endeavors will strike a balance between economic gains and the implementation of social and environmental safeguards.

For RNS and Angkor Gold, funds are channeled primarily through stock markets and private investments. Depending on the stages of the project development, funding strategies vary. Angkor Gold is in its exploration program, and funding is usually raised through non-brokered private placement. No banking or financial institutions have approved any loans or debts. In comparison, RNS through EMR raises funds through Equity Financing, including two tranche placements – conditional and unconditional.

(G) Extractive Industry Governance Forum (EIGF)

EIGF was first established on 24 June 2016 after the MME adopted a proposal of multi-stakeholder governance to build on a critical partnership and to balance interests among key active players – private investors, government, NGOs, and local communities. While this approach is not new in the international extractive industry sector, it presents a relatively new and challenging concept within Cambodia's governance and political context. The EIGF has organized a series of forums since its inception, the most recent being the 9th Forum held on September 14, 2022. The initiative's success relies heavily on trust, as all parties involved must work towards establishing a closer and more reliable partnership and relationship.

The successful implementation of the EIGF initiative in the future will require the development of additional strategies and commitments to address the issue of trust. It is essential to recognize that "politics and governance" and "words and actions" are distinct aspects that need to be carefully managed. Striking a healthy balance between politics and the opportunities presented by the political arena is crucial for the future implementation of the EIGF. To leverage political opportunities, the EIGF team should also possess media literacy and employ strategies focusing on tangible actions rather than mere rhetoric. Implementing the EIGF should continue to mobilize coalitions and collective efforts to maximize its influence within political realms and beyond. To ensure the long-term relevance of the EIGF in policy decisions related to the EI sector, all participating members must uphold honesty.

The following principles are strictly adhered to ensure the success of EIGF (INRES Researcher, 2016):

- **Equity and Inclusiveness:** all participating stakeholders shall have equal opportunity and access to information necessary to engage in a productive dialogue actively and have equal opportunity to contribute to the discussion.

- **Non-adversarial manner:** all participating stakeholders shall contribute openly, honestly, and in a non-adversarial and collaborative way.
- **Openness, Trust, and Respect through Participatory Approach:** all participating stakeholders shall be consulted promptly on matters related to EIGF.
- **Knowledge creation:** all participating stakeholders shall accept the diversity of perspectives and objectives and utilize a dialectic approach in EIGF's discussion to achieve knowledge creation.

5.7 Key Discussion on ESG Practices of the Gold Mining Industry in Cambodia

Mining firms face many specific risks, including commodity price volatility, geopolitical concerns about where mines are located, and locating profitable geological locations to stake a claim (Beattie, 2022).

- ESG principles are rooted but not optimally practiced. ESG policies are becoming increasingly significant, and the mining industry has grown aware of the need to comply with environmental and community norms (Halm, 2022). The findings of the study indicate that certain gold mining companies have demonstrated a commitment to ESG-related practices such as conducting Environmental and Social Impact Assessments (ESIA), implementing Environmental Management Plans (EMP), Biodiversity Offset Programs, establishing Community Agreements/Contracts, adhering to labor policies, adopting board or shareholder policies, promoting ethical conduct, practicing risk management, and demonstrating transparency and accountability. Notably, RNS, Angkor Gold, and Mesco Gold have shown strong adoption of these practices, ranging from advanced gold mining to primary exploration stages. However, companies like Rong Cheng, Xinshan, and Delcom have demonstrated poor performance or are suspected of non-compliance with these practices. Information about their operations is unavailable or intentionally concealed from the public to avoid scrutiny.⁷⁵ These three companies have been reported in local and international news for conflicts with local communities, accusations of pollution, land grabbing, damage to local infrastructure, and instances of intimidation (Ngin & Neef, 2021). In the Preah Vihear province, residents living near a gold mine claim that the mining corporation has taken away their land, and the identity behind these operations and the reason why military personnel are safeguarding them remain unknown (Dara & Amaro, 2017). Residents of Tropeang Tortem village are particularly

⁷⁵ A quick chat with attendees representing Rong Cheng, Delcom and Xinshan during the 9th Extractive Industry Governance Forum on 14 September 2022. One of them was accountant sent to join the forum and another was staff who dared not to provide any information and requested to send formal letter to his boss in China. Communication to his boss was made two days later, but response was not received.

concerned about the extensive use of hazardous compounds such as cyanide and mercury in the open environment (Harbinson, 2018). Although some best practices have been observed, it is evident that these companies are not explicitly complying with international standards, except for RNS in its response to the IFC. The practices employed by these companies are perceived as non-standard or business-as-usual approaches to corporate social responsibility (CSR).

- Overall, the practices of environmental compliance in terms of ESIA and mineral exploration and exploitation licensing among the gold mining companies in the studied areas have proved to be compliance in undergoing impact assessment processes. All gold mining companies have fulfilled the MoE and MME prerequisite conditions before their ground exploration and industrial mining operations. Xia (2020) has claimed that Cambodia's ESIA legal framework has set high standards for impact assessment and environmental management. Through the ESIA process, public participation is held to engage the key stakeholders in providing their inputs, suggestions, and feedback on the potential impacts and resolutions to lessen the risks and damages that may occur. MME has also confirmed that prior to licensing, local communities are consulted to seek their comments on how impacts should be avoided or managed.

Nevertheless, an ongoing debate persists regarding the standardized quality of impact assessments, stakeholder engagement practices, and licensing processes to ensure more balanced decision-making in the mining sector (Chanthy & Grunbuhel, 2015). Some key areas of contention include the effectiveness of stakeholder participation, the capacity of consultants involved, and the perceived prioritization of economic considerations over environmental concerns in the decision-making process. These issues have been subjects of sensitivity among NGO practitioners, media outlets, and local communities (Xia, 2020; Chandara, 2021; Chanthy & Grunbuhel, 2015; Ali, 2010). Furthermore, the lack of strong stakeholder representation and the absence of proper guidelines for public consultation within legislative frameworks on mineral licensing have been identified as significant risks (TIC, 2015).

- Limited transparent information on ESG and the gold mining industry in Cambodia. The findings of the study indicate a significant lack of public access to information regarding the mining industry in Cambodia. Despite the rapid growth of the extractive industry, there is a dearth of publicly available information that can be accessed or requested by Cambodian citizens. The existing legal framework and administrative system have

failed to adequately generate and disseminate the necessary information to ensure industry transparency (NGOF, 2011). Transparency within the mining sector in Cambodia is minimal, as there is no publicly accessible database tracking active mining licenses and their ownership (IDI, 2020, p. 3). The 2001 Law on Management and Exploitation of Mineral Resources expressly provides that all applications, reports, plans, and notices involving exploration and exploitation are confidential, raising further concerns about access to information.⁷⁶ This indicates that there is a lack of transparency in the legal framework. While specific information on mining companies and their business characteristics can be found in specific chapters of initial or full environmental and social impact assessment reports⁷⁷, no such information can be obtained from the MME. This severely hampers public access to sufficient information for learning, debating, analyzing, and advocating for positive advancements in the gold mining industry in Cambodia. Furthermore, the ESIA reports themselves are not accessible online, despite the mandate for the MoE to make them available online or upon request (Chandara, 2021, p. 26). MoE should offer information on its actions to the public upon request and encourage public participation in environmental preservation and natural resource management.⁷⁸

- Plausible and progressive environmental management compliance in the gold mining operation of RNS should be a model and upscaled for wider replication. RNS has been recognized as an exemplary gold mining company in Cambodia, demonstrating a commitment to minimizing negative impacts on the environment and local communities. RNS has diligently adhered to Cambodian policies and IFC standards throughout the exploration and mining activities. Instead of resorting to forced evictions of artisanal miners, RNS has compensated them for their losses and supported their livelihoods in their new locations with the full compliance of FPIC. Compensation has been well implemented, like additional support and cash provided to those families with elders, female-headed, or handicapped members, in line with criteria set by MEF, ADB, WB/IFC, and JICA. RNS has also played a role in supporting the management of protected areas by incentivizing local miners who choose not to resettle back in the Phnom Prich Wildlife Sanctuary (PPWS) after 18 months of self-relocation. These miners receive an additional support payment of US\$1,000 per family. Furthermore, in 2020, RNS commissioned an independent evaluation of the socio-economic status of the self-

⁷⁶ Article 20 of the 2001 Law on Management and Exploitation of Mineral Resources

⁷⁷ For initial ESIA, Chapter 3: Project Information and for full ESIA, Chapter 4: Project Information

⁷⁸ Article 16 of the 1996 Law on Environment Protection and Natural Resource Management

relocators after compensation. It concluded that cash compensation directly improved their socioeconomic conditions, with most experiencing better livelihood options than in the Okvau areas.

The ESIA process undertaken by RNS took around three years to be finalized and approved by MoE. The ESIA report was prepared in accordance with both Cambodian and IFC standards and underwent rigorous scrutiny by Earth Systems, an international ESIA firm based in Australia. Additionally, the report was further reviewed by a third party to ensure compliance with international standards. RNS made significant financial and visionary commitments to establish trust and adhere to best practices for the first gold mining operation in Cambodia.

Since its commencement in June 2021, RNS has set the benchmark for environmentally and socially responsible, sustainable, and transparent mining practices in Cambodia. In addition to meeting Cambodian standards, RNS has integrated various international norms and practices, including IFC standards, World Bank Environmental Health and Safety Guidelines, Equator Principles, International Cyanide Management Code, and ISO Quality Management Standards, into their environmental management plan. The company has also implemented a Biodiversity Offset Program and Biodiversity Action Plan to ensure conservation outcomes and achieve a net gain in biodiversity value in and around the project area. An external audit conducted by Earth Systems in June-August 2022 confirmed full compliance with IFC standards, ESIA requirements, and other applicable legislation and commitments.

- The limited follow-up to the ESIA and mineral license also poses a challenge to ensuring the safeguards of the environmental and social resources. DoEIA hosts the Office of Project Monitoring, which monitors and follows up on projects' compliance and EMP performance based on ESIA reports. However, there has been no concrete response from the MoE or DoEIA regarding the extent of monitoring conducted. It can be inferred that some monitoring has taken place, but the details are unknown. Unlike MoE, MME emphasized, during the 9th Extractive Industry Governance Forum in Phnom Penh⁷⁹, that each licensed mining site was audited at least twice per year to investigate their due compliance. However, the frequency of audits remains limited, and MME acknowledges that there should be four audits

⁷⁹ Renaissance Minerals (Cambodia) Limited and Oxfam co-organized the forum on 14 September 2022 at Hyatt Regency Phnom Penh

per site annually.⁸⁰ Also, a hotline⁸¹ was shared with the public to report on any unlawful activities of the companies as part of the progressive effort to build a more accountable mining sector in Cambodia.

The absence of a joint integrated management and monitoring system for mining and environmental audits is evident. While both MoE and MME have made progress in assuming environmental responsibilities in the mining sector, they operate on separate platforms. They are only linked through the ESIA requirement, and there is no joint effort between the two ministries to ensure compliance from the beginning of the mining licensing process. There have been some reports of a missed I/FESIA report in the licensing process. Despite the lack of written or formal claims, local communities have reported that exploitation (industrial mining) is being carried out by corporations that only have an exploration license. Such misconduct is subjected to suspension or revocation of the license as mandated in point II.10 of Circular no. 001.⁸² Compliance information has not been exchanged between the two ministries, and thus there has been occasional non-compliance. Also, more systematic and integrated environmental planning was found to be lacking in mining development scenarios in Cambodia. Government and NGOs, in general, have put increasing pressure on the mineral industry to adopt more sustainable practices (Segura-Salazar & Tavares, 2018) to reduce conflicts and damage and optimize the benefits for all.

- Social conflicts remain worrisome, particularly with the indigenous and local communities. While some gold mining operations, such as RNS, Angkor Gold, and Mesco Gold, have made efforts to address and settle conflicts with indigenous peoples effectively, there are still unresolved disputes with a few companies. According to the 2001 Land Law, indigenous communities have the right to continue living on and managing their native lands according to customary norms until they can obtain the collective title.⁸³ RNS, Angkor Gold, and Mesco Gold, whose licenses are granted on traditional indigenous lands, have taken steps to resolve conflicts through cash compensation, livelihood support, infrastructure development, emergency response aids, local employment, and support for commune land titling. However, companies like Rong Cheng, Delcom, and Xinshan have been suspected of being involved in unresolved disputes with local communities over land use rights and limited access to customary

⁸⁰ Due to limited resources and staff, audit can only be commissioned twice per year.

⁸¹ 095 727 727 is a 24-hour hotline.

⁸² Circular no. 001 dated on 25 May 2004 on the Suspension and Revocation of Mineral Licenses, Ministry of Mine and Energy

⁸³ 2001 Land Law, Article 23

resources. Due to the firms' lease covering an area where artisanal miners had previously established in 1995, there have been regular clashes between Delcom Cambodia Pty Ltd Company and villagers (Bora & Il, 2021). Delcom attempted to evict all families from Phnom Lung, prompting people to organize in opposition, often resulting in clashes with armed guards hired to defend the company's operations (ibid.). Moreover, the Prey Rumdeng village reported land clearing and fencing activity related to additional exploration activities on 300 hectares of land beyond the boundaries of Delcom's exploration license in October 2020. Delcom then expanded its operations again in January 2021, clearing and fencing a 4 km² area at the base of Phnom Lung in a region named Trapaing Prey Tuol, affecting the rice and cash cropping activities of over a hundred families. Despite being engaged in the areas for over a decade, Delcom is accused of failing to contribute to the local development of physical infrastructure such as roads, health centers, schools, and water reservoirs. For example, no contribution to the annual commune investment plan had been made other than clothes and monetary support to the Commune-led people's safety network.

- Gold mining companies affiliated with or owned by Chinese investors appear to lag in terms of compliance with national and international standards. Chinese investments have caused a slew of problems that have dominated national and international news channels (Sovinda & Kimkong, 2019). These investments are widely perceived as lacking focus and success in protecting the environment and social welfare of the nations where they are directed (NGOF, 2021, p. 25). Chinese investment has influenced Cambodia's international and domestic policy, potentially leading to authoritarian governance and environmental and socio-cultural changes (Kimkong, 2019). The economic benefits of Chinese investment have been accompanied by worries about the loss of natural resources and their impact on Cambodia's social and cultural fabric (Chandarany, Chanhang, & Dalis, 2011). Indigenous and Khmer villages have lost access to traditional land and forest resources due to Chinese investments, severely impacting livelihoods and ecology (Mackenzie, Milne, Kerkhoff, & Ray, 2022). Since 2010, China has been Cambodia's leading bilateral development partner. China had donated US\$ 5.8 billion in development assistance to Cambodia as of December 2018 (IDI, 2020). More than half of the projects sponsored by Chinese aid are related to transportation and energy infrastructure. Cambodia's outstanding foreign debt amounted to US\$ 7.22 billion as of mid-2019, of which 48% was owed to China as interest-free and concessional loans (ibid.).

Specific cases involving Chinese-owned gold mining companies illustrate some of the concerns raised. Delcom's facilities have resulted in highly contaminated water sources that are unfit for use, posing a threat to the surrounding environment and communities (Vichar, 2022). Rong Cheng, a Chinese-owned company still operating in Mondulkiri's Keo Seima region, was one of the companies implicated in pollution-related incidents (RFA, 2021). Its chemical runoff has killed livestock and fish in surrounding streams (ASIA Miner News, 2020). Rong Cheng has been informed that its license may be revoked due to its delayed mining operations after receiving a 10-year license (Construction Property, 2021). Hundreds of artisanal gold miners demonstrated in Mondulkiri's Keo Seima region, demanding that authorities halt Rong Cheng's operations and allow their small-scale operations instead (Dara, 2017).

- There must be a proper benefit-sharing mechanism and principles between the government, mining corporates, and local mining communities. Mining businesses in developing nations are increasingly expected to provide long-term benefits to stakeholders on a local and national scale, as they are given a “social license to mine” (Wall & Pelon, 2011). One of the principles is FTFs – Foundations, Trusts, and Funds⁸⁴, which can be especially beneficial in areas where local capacities are limited, public services are missing or inadequate, and there is a requirement to demonstrate sustained benefit from mining after activities have ended. FTFs can be used to implement community investment programs for businesses, ease the use of mining-related government payments for development, and administer compensation money. The design and implementation of mining FTFs may vary across different regions and contexts. There is no standardized approach, and experiences from around

⁸⁴ There are six principles of FTFs – (a) *Programming approach*—from grant making to fully operational approaches; (b) *Financing structure*—ranging from fully endowed funds to annual budget allocations from a single source or multiple donors; (c) *Geographic focus*—extending outward from the project's direct area of influence to national and international programs; (d) *Community participation in governance*—from no participation through to advisory committees and boards that include community representatives; (e) *Influence of mining company*—moving from full ownership and control by the mining company through to complete independence from the company; and (f) *Influence of government*—from minimal governmental influence over the FTF's activities through to a legal requirement to establish an FTF and control over the nature and location of development activities. The other three successful principles of leading practice for mining FTFs are (1) Higher levels of stakeholder participation are likely to lead to more grounded, sustainable development activities in a region, thereby justifying the additional time and resources that greater participation requires; (2) Attention to the detail of governance structures and appropriate management of administrative responsibilities can greatly increase the performance of an FTF and the likelihood that it will attract external financing; and (3) Planning for the sustainability of an FTF, whether by endowing funds or expanding stakeholder participation in the governance structure, improves the likelihood of delivering long-term benefits from mining projects in developing countries (Wall & Pelon, 2011, pp. 1-2).

the world differ, making direct comparisons challenging. However, a crucial success factor for FTFs is their *adaptation to the local context*.

- The financial capital of Chinese gold mining companies operating in Cambodia is often opaque and difficult to trace back to its origin. While this sensitive information is absent, it can be inferred that their capital is sourced from individual shareholders from both local and Chinese nationals. This report's author does not have primary written or published information or comments from formal interviews with Delcom, Xinshan, and Rong Cheng on their financial capital sources and flows but has instead reviewed existing data from published reports, journals, books, and online media. Negative comments outweigh positive ones regarding how Chinese gold mining businesses are financed and operated.⁸⁵ There have been reports of links to local Cambodian elites for larger investment corporations in mining and other development sectors. Some Chinese investors establish local companies or subsidiaries in which they have single or co-ownership to run mining operations. Regardless of ownership structure, they must seek connections with powerful officials or business elites to ensure business profitability. As gold mining is a risky business in terms of product prices, political patronage, and absent/weak rule of law in Cambodia (Adler & Woolcock, 2009; West, 2020), there is no doubt that those Chinese gold mining corporates seek the protection and approval for large and costly investments from those politically-connected groups (O'Neill, 2014). The financial sources and flows of these companies remain secretive and are not disclosed in ESIA reports, even though there is a need for such information. Additionally, there is no requirement to disclose financial information for foreign direct investments (FDIs) in Cambodia. The Law on Anti-Money Laundering and Combating the Financing of Terrorism, approved in 2020, does not mention the specific types of reporting entities, such as gold mining operations.⁸⁶ Moreover, the Law on Investment amended in 2021 includes provisions that will eliminate tax-free reinvestment of earnings and add a suitable investment allowance to the Law on Taxation that will apply to all qualified investments, new or enlarged, regardless of the source of funding, without review.

⁸⁵ The negative feedbacks on those gold mining corporates are not what author concludes, but just to republish the statements from defined sources for a more critically balanced view for the readers. The author of the report remains vigilant to these claims and welcomes any written responses or feedbacks to the statements and is very much willing to adjust or rewrite if there are any official suggestions with appropriate replacements.

⁸⁶ Refer to Chapter II: Reporting Entities, Article 4 – Institutions and Professions Subjected to the Present Law



Local fishing of residents living along the Preak Te River, closed to RNS's gold mining project (Photo: Sam Chanthy, 2022)

6. CONCLUSION

In recent years, Cambodia has experienced an increase in income from industrial gold mining operations following decades of exploration and informal mining activities. With a wealth of gold deposits, Cambodia has issued licenses to numerous foreign corporations to explore and mine, with hopes of establishing an official commercial mining industry. Since July 2021, Cambodia has been recognized by RNS as a gold-producing nation, which is a cause for celebration. However, gold mining has been known to be harmful to the environment and local communities, not only in Cambodia but also globally and regionally. Due to its unsustainable practices, many international organizations and expert groups are now paying greater attention to how gold mining can be more responsibly regulated and practiced. ESG guidelines and principles have gained popularity as a more specific, practical, and achievable means of promoting sustainability in the mining sector.

This study examines how gold mining companies in Cambodia incorporate ESG principles to address environmental, social, and governance issues. Through the analysis of six gold mining corporations in the Ratanakiri, Mondulkiri, and Preah Vihear provinces in Cambodia, the study concludes that ESG has been incorporated quite well for RNS in its advanced mining stage, Angkor Gold in its exploration period and Mesco Gold in its very early but suspended mining stage. However, there is limited accessible information and contact with Rong Cheng, Delcom, and Xinshan, making it challenging to provide a precise analysis of their ESG performance. Best practices have been explored but it has confirmed that it is in the early implementation stage, particularly RNS as the operation has just started for almost two years. Angkor Gold and Mesco Gold are practicing their socially responsible gold mining and have been recognized as better performance in institutionalizing the community needs and development into their mining operations. However, while RNS, Angkor Gold, and Mesco Gold show positive practices, it is important to note that they have not yet generated revenue or commenced commercial mining operations. Further monitoring and confirmation of their promising practices are necessary. While the Australian company is considered a good ESG model, its practices also require ongoing monitoring in the future.

Regarding financial capital, information about Chinese gold mining companies' funding sources is limited compared to Australian, Indian, and Canadian companies, particularly for those listed on the stock exchange. Listed companies generally have more transparency and accountability to shareholders, buyers, and authorities. The financial sources of Chinese companies operating in Cambodia

remain unknown and difficult to trace. The involvement of international financial institutions in funding gold mining operations in Cambodia is unclear, although it is generally believed that such institutions prioritize compliance with environmental, social, and corporate management standards.

In terms of national compliance with ESG in gold mining operations, Cambodia has sufficient regulations in place. Laws such as the Law on Labor, Law on Environmental Protection and Natural Resource Management, Law on Mineral Resource Management, as well as various Sub-Decrees and Prakas, direct mining companies to mitigate risks and impacts on the environment, labor management, health and safety, transparency, and accountability. Although the term ESG may not be explicitly mentioned in the legal framework, the concepts and orientations are reflected in these mandates. However, the critical issues in Cambodia lie in the implementation of these legal requirements, which often fall short, resulting in environmental crises and social unrest.



A local forest route leading to core zone of Phnom Prich Wildlife Sanctuary (Photo: Sam Chanthby, 2022)

7. RECOMMENDATIONS

The following recommendations are proposed based on this report's key findings and discussions. These proposals aim to provide suggestions and considerations on how ESG can be contextualized, internalized, and effectively implemented to ensure the protection of the environment, communities, and the mining corporates themselves.

- To ensure the effectiveness and accountability of the mining industry in Cambodia, it is crucial to prioritize the enforcement of laws and compliance regulations. The Ministry of Environment (MoE), Ministry of Mines and Energy (MME), and other relevant authorities at both the national and sub-national levels must diligently uphold and enforce regulations within their respective jurisdictions. This proactive approach is instrumental in addressing any irregularities or non-compliance issues that may arise, particularly concerning problematic mining projects. By strictly adhering to their individual jurisdictions, these authorities can effectively monitor and regulate mining activities, promoting transparency, responsible practices, and sustainable development within the industry.
- MoE/DoEIA shall conduct regular monitoring (at least every six months) of the EMP of the gold mining projects in Cambodia through informed or spot visits and engagement and consultation with local nearby villagers, authorities, and NGOs. The monitoring report shall be disclosed for increased transparency.
- Through a joint effort, MME and MoE shall work together to develop a comprehensive policy and guideline for the integration and implementation of ESG principles in Cambodia's extractive mining industry. This process will involve active participation and consultation. In order to establish a baseline for ESG practices in the gold mining industry, a "*minimum standard*" will be defined by considering relevant regional and international best practices in sustainable gold mining.
- In order to increase public awareness, knowledge sharing, and sustainable investment for gold mining corporations in Cambodia, NGOs, and their partners must collaborate with MME and MoE to support the development of specific guidelines or materials or a minimum standard on ESG in gold mining practices.

- Corporate gold miners must strictly adhere to their EMPs as outlined in ESIA Reports, as well as other relevant compliance measures. This adherence is crucial during the entire process of mining, performance evaluation, and monitoring to ensure the appropriate handling of ESG considerations. These include upholding laborers' rights, respecting the rights of local communities, promoting gender equity, safeguarding the interests of indigenous peoples, and protecting the natural and socio-cultural environment in the surrounding areas.
- The performance of environmental, social, and governance-related policies, as well as national and international guidelines or compliances, shall be disclosed or further disclosed by gold mining corporations on their websites or through other publicly accessible communication channels.
- For projects involving gold mining in Cambodia, MME and MoE are still improving the processes for obtaining licenses and reviewing ESIA reports. Although there has been applause, more efficient and improved approaches are needed to ensure the quality of impact assessments and reduce the significant risks from licensing permits. These approaches should closely examine the project owners, potential local license conflicts with local properties, the existing grievance mechanism, participatory impact assessments, monitoring, and follow-up.
- To enable key stakeholders to support in providing constructive feedback and recommendations for a more transparent and accountable gold mining industry, MME shall develop a publicly accessible database of all gold mining companies in Cambodia with all related information, such as detailed corporate profiles, management reports, the status of the mineral license, ESIA reports, mineral deposit report, monitoring reports, compliance reports, financial statements, or even community mineral funds.
- MME and MoE shall document and archive the exemplary practices of RNS (regarding the best gold industrial project) and Angkor Gold (regarding the best gold exploration project). These documented cases will serve as models to inspire other gold mining corporations, irrespective of their size, to adopt similar practices to the best of their ability and resources. To optimize performance and incentivize further adoption, the Royal Government of Cambodia should explore and implement additional incentive options for commendable modes of gold exploration and industrial mining.

- Using lessons learned from mining conflicts, MME shall develop a more effective grievance and redress mechanism to address issues and grievances from important stakeholders, particularly the local communities. The telephone hotline's current practice is promising but insufficient for gathering complaints. To address the reported issues, resolutions, and additional preventive practices to avoid and minimize those complaints, MME shall assign a specific unit or establish a working group with regularly scheduled meetings with all gold mining corporations and potentially affected populations.

- The MME shall firmly enforce and strengthen the rule of law in the gold mining industry, especially for those non-compliant corporations, through fines, license suspension, and withdrawal. This shall be done through routine notices for non-compliance, spot-checks, or follow-ups. Such responses guarantee value and appreciation to those who comply the most while also forcing the non-compliant to perform in a more compliant manner.

- MME commits to regularly updating and sharing information about the Mineral Funds with all stakeholders. This information will be available through the MME's website or periodic announcements, ideally every three or six months. These updates will include details on funding collection from gold mining corporations and the current expenditure status of the funds. Additionally, the MME will publicly disclose the procedures, criteria, and approval mechanisms for fund requests. Creating a guidebook or document outlining this information is highly recommended to ensure transparency and provide clear guidance to interested parties.

- Like MME, MoE continues to update and disseminate information about Environmental and Social Funds associated with gold mining projects to all relevant parties via its website or periodic announcements (ideally every three to six months) on fund collection from gold mining corporations and its expenditure status. Additionally, fund requests, requirements, and approval processes must be made public; or a guidebook on this subject is strongly advised.

- In accordance with the 2007 Law on Anti-Money Laundering and Combating the Financing of Terrorism in Cambodia, MME shall impose strict requirements for fund or capital investment declaration or reporting for the gold mining operations in Cambodia. Investment companies are required to disclose their funding sources and purposes under Article 4's List of Reporting Entities.

- **The Extractive Industry Governance Forum is recognized as a credible and highly appreciated event that provides a platform for multiple stakeholders to come together. It serves as a space for learning, sharing, and collectively committing to responsible and sustainable management of the extractive industry (EI), particularly concerning gold mining. The forum is strongly recommended to foster ongoing dialogue, as it plays a crucial role in building trust and fostering collaborative partnerships among all key stakeholders in the EI and gold mining sectors.**

8. BIBLIOGRAPHY

- Adetunji, J. (2022, April 20). *Big development projects can have negative effects on nature and people*. Retrieved from The Conversation: <https://theconversation.com/big-development-projects-can-have-negative-effects-on-nature-and-people-180899>
- Adler, D., & Woolcock, M. (2009). Justice without the Rule of Law? The Challenge of Rights-Based Industrial Relations in Contemporary Cambodia. *Justice and Development*, 2(2), The World Bank.
- Ahadjie, J., Gajigo, O., Gomwalk, D., & Kabanda, F. (2021). *Impact of COVID-19 on Mining: Case Study of Four African Countries*. Abidjan, Cote d'Ivoire: Working Paper Series No 357, African Development Bank.
- Ali, S. H. (2010). *Developing Cambodia's Mining Sector: An Environmental Perspective*. USA: University of Vermont.
- Angkor Resources Corp. (2021). *Oyadao*. Retrieved from Angkor Resources Corp.: <https://angkorresources.ca/projects/oyadao/>
- Angkor Resources Corp. (2021). *Adong Meas*. Retrieved from Angkor Resources Corp.: <https://angkorresources.ca/projects/adong-meas/>
- Angkor Resources Corp. (n/a). *Environmental, Social and Governance (ESG) Policy*. Retrieved from Angkor Resources Corp.: <https://angkorresources.ca/socially-responsible-investing/environmental-social-and-governance-esg-policy/>
- Angkor Resources Corp. (n/a). *Social Responsibility*. Retrieved from Angkor Resources Corp.: <https://angkorresources.ca/socially-responsible-investing/>
- ASEAN Secretariat. (2022). *Strengthening ASEAN Cooperation in Minerals: Development Prospects of ASEAN Minerals Cooperation (DPAMC)*. Jakarta, Indonesia: The ASEAN Secretariat, Community Relations Division (CRD).
- ASIA Miner News. (2020, May 12). *Chinese gold mining operators accused of environmental damage in Cambodia*. Retrieved from Asia Miner: <https://asiaminer.com/news/regional-news/10208-chinese-gold-mining-operators-accused-of-environmental-damage-in-cambodia.html#.YyrvX7RBzrc>
- Aspermont Media. (2013). *Global Mining Finance Guide 2014*. London, United Kingdom: Aspermont Media. Retrieved from <https://app.ingemmet.gob.pe/biblioteca/pdf/665.pdf>
- Associated Press. (2023, February 10). *Cambodia's Hun Sen Receives Support Pledges on China Visit*. Retrieved from The Diplomat: <https://thediplomat.com/2023/02/cambodias-hun-sen-receives-support-pledges-on-china-visit/>
- Bambas-Nolen, L., Birn, A.-E., Cairncross, E., Kisting, S., Liefferink, M., Mukhopadhyay, B., . . . Wyk, D. v. (2013). *Case Study on Extractive*

- Industries prepared for the Lancet Commission on Global Governance.*
New Zealand : Economic Justice Network of FOCCISA.
- Beattie, A. (2022, July 13). *A Beginner's Guide to Mining Stocks*. Retrieved from Investopedia: <https://www.investopedia.com/articles/basics/12/beginners-guide-mining-stocks.asp>
- Beaumont, P. (2008). *Extractive Industry "Mining" Study: Social and Environmental Impacts in Ratanakiri and Mondulakiri*. Phnom Penh, Cambodia: Development and Partnership in Action.
- Bora, K., & Il, O. (2021). Livelihood Security and Artisanal Gold Mining in Prey Rumdeng, Preah Vihear, Cambodia. *Cambodia Journal of Basic and Applied Research (CJBAR)*, 3(1), 122-157.
- Brickell, K., & Springer, S. (2016). Introduction to Contemporary Cambodia. In S. Springer, *The Handbook of Contemporary Cambodia* (pp. 1-14). Abingdon, Oxon: Routledge: ISEAS - Yusof Ishak Institute.
- Brook, J. (2021, December 24). *Mining companies hunt for buried treasure on indigenous Cambodian land*. Retrieved from GLOBE: <https://southeastasiaglobe.com/mining-companies-hunt-for-buried-treasure-on-indigenous-cambodian-land/>
- Bruvels, A. (2020, November). *Raising Capital in Mining? Practical Considerations for Private Placements*. Retrieved from MCMILLAN: <https://mcmillan.ca/insights/raising-capital-in-mining-practical-considerations-for-private-placements/>
- Chandara, Y. (2021). *Environmental impact assessment in Cambodia: the case of the new container development project at Sihanouk Ville Autonomous Port*. Malmo. Sweden: World Maritime University .
- Chandarany, O., Chanhang, S., & Dalis, P. (2011). *Assessing China's Impact on Poverty Reduction in the Great Mekong Sub-Region: The Case of Cambodia*. Working Paper Series No. 52. Phnom Penh, Cambodia: Cambodia Development Resource Institute.
- Chanthy, S., & Grunbuhel, C. M. (2015). Critical challenges to consultants in pursuing quality of Environmental and Social Impact Assessments (ESIA) in Cambodia. *Impact Assessment and Project Appraisal*, 33(3), 226-232. doi:<https://doi.org/10.1080/14615517.2015.1049488>
- Construction Property. (2021, January 14). *Gov't Threatens to Revoke License from Mondulakiri Mine Site if No Gold in 2021*. Retrieved from Construction Property: <https://construction-property.com/govt-threatens-license-revoke-if-no-gold-extracted-from-mondulakiri-mining-site-by-this-year/>
- Dara, M. (2017, July 21). *Artisanal gold miners protest firm's actions* . Retrieved from Phnom Penh Post: <https://www.phnompenhpost.com/national/artisanal-gold-miners-protest-firms-actions>

- Dara, M., & Amaro, Y. (2017, August 4). *A gold mine shrouded in secrecy*. Retrieved from The Phnom Penh Post: <https://www.phnompenhpost.com/national-post-depth/cambodian-gold-mine-shrouded-secrecy>
- DFAT. (2016). *Risk Management - Leading Practice Sustainable Development Program for the Mining Industry*. Australia: Department of Foreign Affairs and Trade. Retrieved from <https://www.industry.gov.au/sites/default/files/2019-04/lpsdp-risk-management-handbook-english.pdf>
- Dipola, U. (2022). Progress of Mining Industry Development and Management. *The 9th Extractive Industry Governance Forum* (pp. 1-31). Phnom Penh: General Department of Mineral Resources.
- Doyle, C. M., Tugendhat, H., Halip, R., & (eds.). (2015). *Mining, the Aluminium Industry, and Indigenous Peoples: Enhancing Corporate Respect for Indigenous Peoples's Rights*. Chiang Mai: Gloucestershire & Gland, AIPP, FPP, IUCN.
- EWMI. (2020, March). *Supporting Grassroots Advocacy in Cambodia*. Retrieved from East West Management Institute: <https://ewmi.org/News/CCSSMar2020>
- FinanceKid (Director). (2018). *How Gold Companies Finance Themselves - Financing Options for Different Mining Stage* [Motion Picture]. Retrieved from <https://www.youtube.com/watch?v=Wiyi3jueneQ>
- Florick, D. (2021, December 15). *Cambodia is China's leverage point on ASEAN*. Retrieved from EASTASIA FORUM: <https://www.eastasiaforum.org/2021/12/15/cambodia-is-chinas-leverage-point-on-asean/>
- Fresh News. (2022, December 01). *Cambodia produces 4,825kg of gold in three provinces*. Retrieved from FRESH NEWS: <http://www.freshnewsasia.com/index.php/en/business-news/268090-2022-12-01-10-10-07.html>
- González-Ruiz, J. D., Mejia-Escobar, J. C., & Franco-Sepúlveda, G. (2021). Towards an Understanding of Project Finance in the Mining Sector in the Sustainability Context: A Scientometric Analysis. *Sustainability*, 13, 1-27. doi:<https://doi.org/10.3390/su131810317>
- Grieg-Gran, M. (2002). *Financial Institutions and the Greening of FDI in the Mining Sector*. Paris, France: OECD GLOBAL FORUM ON INTERNATIONAL INVESTMENT - Conference on Foreign Direct Investment and the Environment - Lessons to be Learned from the Mining Sector.
- GSSB. (2022). *GRI: Foundation 2021 - Universal Standard*. Amsterdam, The Netherlands: Global Sustainability Standards Board.
- Hakim, L., & Kusmanto. (2020). Determinants of Stock Return and its Implications Divident Policy in Mining sector in Indonesia Stock

- Exchange. *Utopía y Praxis Latinoamericana*, 25(1), 208-222.
doi:<https://doi.org/10.5281/zenodo.3774619>
- Hales, F. W. (1966). *The Financing of Mining Exploration and Development - Sources of Funds and Decision Criteria*. Vancouver, Canada: The University of British Columbia.
- Halm, I. v. (2022, May 5). *Mining sector commits to ESG, but more action is needed*. Retrieved from Mining Technology: <https://www.mining-technology.com/sectors/mining-sector-commits-to-esg-but-more-action-is-needed/>
- Harbinson, R. (2018, April 3). *Ire and ore: Demands grow for clarity around Cambodian gold mine*. Retrieved from MONGABAY: <https://news.mongabay.com/2018/04/ire-and-ore-demands-grow-for-clarity-around-cambodian-gold-mine/>
- ICMM. (2022). *Mining Principles: Performance Expectations*. London, United Kingdom: International Council on Mining and Minerals.
- IDI. (2020). *Briefing Paper: Reassessing China's Investment Footprint in Cambodia*. USA: Inclusive Development International.
- IFC. (2007). *Environmental, Health, and Safety Guidelines for Mining*. Washington, DC.: International Finance Corporation.
- IFC. (2019). *Integrating Gender in Mining Operations*. Washington, DC.: International Finance Corporation.
- IFC. (2021). *IFC ESG Guidebook*. Washington, D.C.: International Finance Corporation.
- IFC. (2021). *IFC's Impact in Sustainable Mining Development*. Washington, DC. : International Finance Corporation.
- IFC, & Lonmin. (2009). *Women in Mining: A Guide To Integrating Women Into The Workforce*. Washington, DC.: International Finance Corporation and Lonmin Plc.
- IISD. (2020). *The Impact of COVID-19 on Employment in Mining*. Toronto, Canada: International Institute of Sustainable Development.
- ILO. (2021). *Women in mining: Towards gender equality*. Switzerland: International Labour Organization.
- INRES Researcher. (2016, December 5). *EIGF - Rising to Existence: "They win words, we win actions"*. Retrieved from INRES RESEARCHER: <https://ickhmer.wordpress.com/2016/12/05/eigf-rising-to-existence-they-win-words-we-win-actions/>
- Jeffery, C. (2019, August 8). *Development and Land Degradation - Here's How Cambodia is Promoting a Balanced and Sustainable Future Through Conservation*. Retrieved from UNDP Cambodia: <https://undpcambodia.exposure.co/development-and-land-degradation>

- Kheang, U., & Sokbunthoeun, S. (2009). Politics of Natural Resource Use in Cambodia. *Asian Affairs An American Review*, 36(3), 123-138.
doi:10.1080/00927670903259921
- Khmer Times. (2021, November 11). Cambodia grants gold mining licenses to seven companies in five provinces. Phnom Penh, Cambodia. Retrieved from <https://www.khmertimeskh.com/50968897/cambodia-grants-gold-mining-licenses-to-seven-companies-in-five-provinces/>
- Khmer Times. (2022, August 11). *New gold mining company starts trial operation in Preah Vihear province*. Retrieved from Khmer Times: <https://www.khmertimeskh.com/501130203/new-gold-mining-company-starts-trial-operation-in-preah-vihear-province/>
- Kimkong, H. (2019, July 22). *Chinese investment strains Cambodian society*. Retrieved from NIKKEI ASIA: <https://asia.nikkei.com/Opinion/Chinese-investment-strains-Cambodian-society>
- Mackenzie, E., Milne, S., Kerkhoff, L. v., & Ray, B. (2022). Development or dispossession? Exploring the consequences of a major Chinese investment in rural Cambodia. *The Journal of Peasant Studies*.
doi:10.1080/03066150.2022.2026929
- Mining Technology. (2022, September). *Leading ESG companies in the mining industry*. Retrieved from Mining Technology: <https://www.mining-technology.com/buyers-guide/leading-esg-companies-mining/>
- MME. (2017). *Guidebook on Mine Site Safety*. Phnom Penh: Ministry of Mine and Energy .
- MME. (2021). *Guidelines and Procedures of the Use of Mining Fund to Support Local Community Development*. Phnom Penh: Ministry of Mine and Energy (Letter No. 0141 រក.ផ.អ.ជ., dated on 26 January 2021).
- MRD. (2021). *Report on Demography and Socio-Economic Status of Indigenous Peoples in Cambodia*. Phnom Penh, Cambodia: Ministry of Rural Development.
- Nawaz, M. A., Azam, A., & Bhatti, M. A. (2019). Natural Resources Depletion and Economic Growth: Evidence from ASEAN Countries. *Pakistan Journal of Economic Studies*, 2(2), 155-172. Retrieved from <https://journals.iub.edu.pk/index.php/pjes>
- Ngin, C., & Neef, A. (2021). Contested Land Restitution Processes in Cambodia. *Land*, 10(5). doi:10.3390/land10050482
- NGOF. (2011). *A Brief Guide to Information on Extractive Industry Revenue Management in Cambodia*. Phnom Penh, Cambodia: Development Issues Programme, The NGO Forum on Cambodia.
- NGOF. (2011). *A Brief Guide to Information on Extractive Industry Revenue Management in Cambodia* . Phnom Penh, Cambodia: The NGO Forum on Cambodia.

- NGOF. (2021). *The Compliance of Environmental and Social Impact Assessment (ESIA) in Finance and Banking Sector in Cambodia*. Phnom Penh, Cambodia: The NGO Forum on Cambodia.
- Nimol, S. (2022, July 01). Communities lack knowledge of available mineral funds that can help their development. Phnom Penh, Phnom Penh, Cambodia. Retrieved from <https://cambojanews.com/communities-lack-knowledge-of-available-mineral-funds-that-can-help-their-development/>
- OECD. (2003). *Public Sector Transparency and the International Investor*. Paris, France: Organization for Economic Co-operation and Development. Retrieved from <https://www.oecd.org/investment/investment-policy/18546790.pdf>
- O'Neill, D. (2014). Playing Risk: Chinese Foreign Direct Investment in Cambodia. *Contemporary Southeast Asia*, 36(2), 173-205. doi:10.1355/cs36-2a
- Ostensson, O., & Roe, A. (2017). *Sustainable Mining: How Good Practices in the Mining Sector Contribute to More and Better Jobs*. Geneva: International Labor Office.
- Oxfam. (2015). *Community Consent Index 2015: Oil, gas and mining company public positions on Free, Prior, and Informed Consent*. Oxford, UK: Oxfam GB for Oxfam International.
- Oxfam. (2017). *Position Paper on Gender Justice and the Extractive Industries*. Oxfam International.
- Perks, R., & Schulz, K. (2020). Gender in oil, gas and mining: An overview of the global state-of-play. *The Extractive Industries and Society*, 7(2), 380-388. doi:<https://doi.org/10.1016/j.exis.2020.04.010>
- Persson, S., Harnesk, D., & Lslar, M. (2017). What local people? Examining the Gállok mining conflict and the rights of the Sámi population in terms of justice and power. *Geoforum*, 86, 20-29. doi:10.1016/j.geoforum.2017.08.009
- Pettinger, T. (2021, March 29). *Environmental impact of economic growth*. Retrieved from Economics Help: <https://www.economicshelp.org/blog/145989/economics/environmental-impact-of-economic-growth/>
- Planet Gold. (2020). *Unlocking Finance for Artisanal and Small-Scale Gold Mining - A Frontier Investment Sector*. A GEF Initiative, Planet Gold. Retrieved from https://www.planetgold.org/sites/default/files/2020-04/Unlocking-Finance-for-ASGM_final_0.pdf
- PRI Association. (2013). *Intergrated Analysis: How Investors Are Addressing Environmental, Social and Governance Factors in Fundamental Equity Valuation*. London, United Kingdom: PRI Initiative, UNEP Finance Initiative and United Nations Global Compact.
- PRI Association. (2016). *A Practical Guide to ESG Integration for Equity Investing*. London, United Kingdom: PR Initiative, UNEP Finance Initiative and UN Global Compact.

- PRI Association. (2021). *Principles for Responsible Investment*. London, United Kingdom: PRI Initiative, UNEP Finance Initiative and UN Global Compact.
- PwC. (2013). *3 Things You Need To Know About Alternative Financing in the Mining Industry*. UK: PricewaterhouseCoopers LLP. Retrieved from <https://www.pwc.co.uk/assets/pdf/alternative-financing-in-the-mining-industry.pdf>
- RFA. (2021, June 15). *Cambodia Gold Mine News Prompts Pollution Concerns*. Retrieved from Radio Free Asia: <https://www.rfa.org/english/news/cambodia/gold-06152021165657.html>
- RGC. (2017). *National Environment Strategy and Action Plan 2016-2023*. Phnom Penh, Cambodia: Ministry of Environment, Royal Government of Cambodia.
- RGC. (2018). *National Policy on Mineral Resources 2018-2028*. Phnom Penh, Cambodia: Ministry of Mine and Energy, Royal Government of Cambodia.
- RMI. (2020). *Responsible Mining Index Framework 2020*. The Netherlands: Responsible Mining Foundation.
- Sasikala, V., & Sankaranarayanan, V. (2022). Diversity in Global Mining: Where We Are and What We Need to Do. *AIB Insights*. doi:10.46697/001c.33781
- Segura-Salazar, J., & Tavares, L. M. (2018). Sustainability in the Minerals Industry: Seeking a Consensus on Its Meaning. *Sustainability*, 10(5), 1429. doi:<https://doi.org/10.3390/su10051429>
- Sokmean, O., & Yalirozy, T. (2022, January 13). Three Chinese Companies, One Indian Company to Open Gold Mines sites in Cambodia. Phnom Penh, Cambodia. Retrieved August 19, 2022, from Three Chinese Companies, One Indian Company to Open Gold Mines sites in Cambodia
- Sokphea, Y. (2016). Practices and Challenges Towards Sustainability in Cambodia. In K. Brickell, & S. Springer, *The Routledge Handbook of Contemporary Cambodia*. The Routledge.
- Sovinda, P., & Kimkong, H. (2019, May). Assessing the Impacts of Chinese Investments in Cambodia: The Case of Preah Sihanoukville Province. A Working Paper on China-Cambodia Relations. *Issues & Insights*, 19, pp. 1-22.
- Terrapass. (2022, March 30). *What Is the Environmental Impact of Large-Scale Industry?* Retrieved from Terrapass: <https://terrapass.com/blog/environmental-impact-industry/>
- TIC. (2015). *Cambodia's Mineral Exploration Licensing Process: Governance Risk Assessment*. Phnom Penh, Cambodia: Transparency International Cambodia.
- TIC. (2020). *Accountable Mining*. Ontario: Transparency International Canada.

- Transparency International Australia. (2020, May 13). *Transparency International's Accountable Mining Program*. Retrieved from Transparency International Australia: <https://transparency.org.au/transparency-internationals-accountable-mining-program/>
- Turton, S. (2021, May 20). *Cambodia's Hun Sen: 'If I don't rely on China, who will I rely on?'*. Retrieved from Nikkei Asia: <https://asia.nikkei.com/Spotlight/The-Future-of-Asia/The-Future-of-Asia-2021/Cambodia-s-Hun-Sen-If-I-don-t-rely-on-China-who-will-I-rely-on>
- UN. (2011). *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*. New York: United Nations Human Rights, Office of the High Commissioner.
- UN. (2021). *Cambodia Common Country Analysis: Towards an Inclusive, Equitable and Sustainable Recovery*. Phnom Penh: United Nations Cambodia.
- UNDP. (2019). *Human Development Report - Cambodia 2019 - Sustaining Natural Resources For All*. Phnom Penh, Cambodia: United Nations Development Programme.
- UNEP. (2022, August 29). *United Nations Environment Programme Finance Initiative*. Retrieved from United Nations Environment Programme: <https://www.unepfi.org/about/>
- United Nations Global Compact. (2015). *Guide to Corporate Sustainability*. New York: United Nations Global Compact.
- United Nations Global Compact. (2022, August 29). *The World's Largest Corporate Sustainability Initiative*. Retrieved from United Nations Global Compact: <https://www.unglobalcompact.org/>
- Vichar, V. (2022, January 31). *Gold mining in Preah Vihear brings few riches, plenty of pain to community*. Retrieved from Camboja News: <https://cambojanews.com/gold-mining-in-preah-vihear-brings-few-riches-plenty-of-pain-to-community/>
- Wall, E., & Pelon, R. (2011). *Sharing Mining Benefits in Developing Countries - The Experience with Foundations, Trusts, and Funds*. Washington, D.C.: Sustainable Energy Department, The World Bank.
- West, L. (2020). Governance, Rule of Law and Judicial Reform Challenges in Contemporary Cambodia . In S. McCarthy, & M. R. Thompson, *Governance and Democracy in the Asia-Pacific - Political and Civil Society* (1st ed., pp. 125-146). New York: Routledge.
- WGC. (2019). *Guidance on implementing and assuring the RGMPs - Supplement to the Assurance Framework*. London, United Kingdom: World Gold Council.
- WGC. (2019). *Responsible Gold Mining Principles*. London, United Kingdom: World Gold Council.
- World Bank. (2020). *2020 State of the Artisanal and Small-Scale Mining Sector*. Washington, D.C.: World Bank.

- WSSD. (2002). *Johannesburg Plan of Implementation*. Johannesburg, South Africa: World Summit on Sustainable Development.**
- Xia, H. (2020). The Role and Problems of Environmental Impact Assessment in Governing Hydro-Power Projects in Cambodia. *Beijing Law Review*, 11(2), 501-518. doi:10.4236/blr.2020.112031**

9. ANNEX

Annex I: Key International Institutions on Responsible Mining Industries

(1) World Gold Council (WGC)

WGC is the gold industry's market development organization. Its mission is to increase and sustain gold demand, to provide industry leadership, and to be the global authority on the gold market. Based on authoritative market insight, WGC creates gold-backed solutions, services, and products and collaborates with various partners to put the ideas to life. As a result, WGC causes structural alterations in gold demand in important market sectors. WGC provides insights into international gold markets, assisting individuals in understanding gold's wealth preservation properties and its role in addressing society's social and environmental concerns. WGC is an association of the world's top gold mining firms, headquartered in the United Kingdom and with activities in India, the Far East, and the United States. WGC has stated certain principles on ESG, such as:

Governance

- 1- Ethical conduct: we will conduct our business with integrity, including absolute opposition to corruption.
- 2- Understanding our impacts: we will engage with our stakeholders and implement management systems so as to ensure that we understand and manage our impacts, realize opportunities, and provide redress where needed.
- 3- Supply chain: we will require that our suppliers conduct their businesses ethically and responsibly as a condition of doing business with us.

Social

- 4- Safety and health: we will protect and promote the safety and occupational health of our workforce (employees and contractors) above all other priorities and empower them to speak up if they encounter unsafe working conditions.
- 5- Human rights and conflict: we will respect the human rights of our workforce, affected communities, and all those people with whom we interact.
- 6- Labor rights: we will ensure that our operations are places where employees and contractors are treated with respect and are free from discrimination or abusive labor practices.

- **7- Working with communities:** we aim to contribute to the socio-economic advancement of communities associated with our operations and to treat them with dignity and respect.

Environment

- **8- Environmental stewardship:** we will ensure that environmental responsibility is at the core of how we work.
- **9- Biodiversity, land use, and mine closure:** we will work to ensure that fragile ecosystems, critical habitats, and endangered species are protected from damage, and we will plan for responsible mine closure.
- **10- Water, energy, and climate change:** we will improve the efficiency of our use of water and energy, recognizing that the impacts of climate change and water constraints may increasingly become a threat to the locations where we work and a risk to our license to operate.

These Principles apply to gold mining companies. Providers of finance and capital should use their best endeavors to encourage the adoption of this framework at gold mining operations where they have influence.

(2) International Council for Mining and Metals (ICMM)

The International Council on Mining and Metals (ICMM) was founded in 2001⁸⁷ to guarantee a safe, just, and sustainable global mining and metals industry. There have been 27 mining companies and 37 national and international associations. The Mining Principles will be put into practice, and ICMM is committed to involving stakeholders to increase the contribution of mining and metals to sustainable development. In 2003, ICMM published its 10 Principles for Sustainable Development to set a standard of ethical performance for ICMM's members, and later the principles extended to cover wider areas (ICMM, 2022):

- **Ethical Business** – apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.
- **Decision Making** – Integrate sustainable development in corporate strategy and decision-making processes.
- **Human Rights** – Respect human rights and the interests, cultures, customs, and values of workers and communities affected by our activities.

⁸⁷ In late 1998 a small group of mining industry CEOs came together to question how the sector could grow its contribution to sustainable development. This led to a two-year process of research and consultation known as the Mining, Minerals and Sustainable Development Project (MMSD). What emerged was a robust agenda for change that would enhance mining and metals' contribution to sustainable development. MMSD concluded in May 2002 with the signing of the Toronto Declaration, where it was agreed that ICMM should take over responsibilities for mainstreaming sustainable development for the industry. 2022 marks the 20 years of ICMM.

- **Risk Management** – Implement effective risk-management strategies and systems based on sound science which account for stakeholder perceptions of risks.
- **Health and Safety** – Pursue continual improvement in physical and psychological health and safety performance with the ultimate goal of zero harm.
- **Environmental Performance** – Pursue continual improvement in environmental performance issues, such as water stewardship, energy use, and climate change.
- **Conservation of Biodiversity** – Contribute to the conservation of biodiversity and integrated approaches to land-use planning.
- **Responsible Production** – Facilitate and support the knowledgebase and systems for responsible design, use, reuse, recycling, and disposal of products containing metals and minerals.
- **Social Performance** – Pursue continual improvement in social performance and contribute to the social, economic, and institutional development of host countries and communities.
- **Stakeholder Engagements** – Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

For a more detailed focus, ICMM very much pays sensitive attention to the critical areas of climate and environmental resilience (nature, water, climate change), social performance (community resilience, indigenous people and human rights, diversity, equity, and inclusion), governance and transparency (metrics and standards, mineral resource governance, mine closure), and innovation for sustainability (health and safety, tailing, circular economy). Through a comprehensive set of performance standards, ICMM develops these principles to specify good practice environmental, social, and governance requirements for the industry. Strong site-level validation, public communication of the results, and reliable assurance of corporate sustainability reports all contribute to the realization of these expectations. On the other hand, the ICMM's strategic action plan 2022-2024 further carries out the mission of "leadership through collaboration to strengthen the contribution of mining and metals to sustainable development" by facilitating group action that promotes performance improvement on a large scale. Strategic priorities are designed for the course of better achieving the breakthroughs of sustainable industry, particularly ESG.

(3) International Finance Corporation (IFC)

The IFC is the largest multilateral source of debt and equity financing for the private sector in developing countries and has introduced and adopted the Environmental, Health, and Safety Guidelines for Mining since 2007. IFC promotes sustainable mining by making investments and providing consulting services that stimulate long-term economic growth in the host nations by generating exports, jobs, and tax revenues (IFC, IFC's Impact in Sustainable Mining Development, 2021). The EHS Guidelines for Mining are applicable to underground and open-pit mining, alluvial mining, solution mining, and marine dredging. The IFC's EHS focuses on (1) Environmental Issues (water use quality, wastes, hazardous materials, land use, and biodiversity, air quality, noise and vibration, energy use, and visual impacts), (2) Occupational Health and Safety (general workplace health and safety, hazardous substances, explosive uses, electrical safety and isolation, physical hazards, ionizing radiation, work fitness, travel and remote site health, thermal stress, noise, and vibration), (3) Community Health and Safety (transport safety, transport and handling of hazardous goods, impacts on water quality and quantity, inadvertent development of new vector breeding sites, potential for transmission of communicable diseases), and (4) Mine Closure and Post-Closure (IFC, 2007). This EHS also contains the performance indicators and monitoring in each area.

In terms of gender, IFC is committed to promoting gender equity, particularly in the mining industry. It is evident that gender equity benefits not only the stakeholders but also the mining companies. Evidence suggests that businesses can boost productivity, cut costs, and enhance their social license to operate when they realize the benefits of a more diversified workforce, supplier chain, and level of community engagement (IFC, 2019). In 2010, the World Bank/IFC introduced a guide to integrating women into the workforce known as '*Women in Mining*', developed jointly by IFC and Lonmin Plc. Gender equity is not only voiced but also requires internalization within the organization. This shall start from program leadership to engineering, medical, human resources, training, culture change, and communications (IFC & Lonmin, 2009). Reinforcing the gender aspects in a male-dominated investment needs strategic actions and steps. The guide has all the answers to illustrate these actions.

(4) UN Guiding Principles on Businesses and Human Rights

The principles were developed by the Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises. The Human Rights Council endorsed the Guiding Principles in its resolution 17/4 of 16 June 2011 (UN, Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011). The UN principles recognize that the states or governments and

their legitimate regulations and obligations are respecting, protecting, and fulfilling human rights and fundamental freedoms, while business enterprises are required to comply with all human rights-related duties with strict accountability to the state, employees, and other stakeholders. Remedy is crucial to be critically appropriate and in place when these obligations of the state and corporates are breached.

The UN principles focus on three critical themes – (a) the state duty to protect human rights, (b) the corporate responsibility to respect human rights, and (c) access to remedy. These Guiding Principles apply to all States and to all business enterprises, both transnational and others, regardless of their size, sector, location, ownership, and structure. The UN principles consist of a total of 31 sub-principles and are classified as foundational and operational sub-principles for each theme.

No.	Themes	Principles	
		Foundational Principles	Operational Principles
1	The State Duty to Protect Human Rights	2	8
2	The Corporate Responsibility to Respect Human Rights	5	9
3	Access to Remedy	1	6

Some examples of the principles are:

- States must protect against human rights abuse within their territory and/or jurisdiction by third parties, including business enterprises. This requires taking appropriate steps to prevent, investigate, punish, and redress such abuse through effective policies, legislation, regulations, and adjudication.
- States should set out clearly the expectation that all business enterprises domiciled in their territory and/or jurisdiction respect human rights throughout their operations.
- Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.
- The responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership, and structure. Nevertheless, the scale and complexity of the means through which enterprises meet that responsibility may vary according to these factors and with the severity of the enterprise’s adverse human rights impacts.
- As part of their duty to protect against business-related human rights abuse, States must take appropriate steps to ensure, through judicial,

administrative, legislative, or other appropriate means, that when such abuses occur within their territory and/or jurisdiction, those affected have access to effective remedies.

- States should provide effective and appropriate non-judicial grievance mechanisms, alongside judicial mechanisms, as part of a comprehensive State-based system for the remedy of business-related human rights abuse.

(5) Principles for Responsible Investment (PRI)

PRI was initiated by Kofi Annan, a former UN Secretary-General, in early 2005 and launched in 2006. He invited a group of the world's largest institutional investors to join a process to develop the PRI. A 70-person group of specialists from the investment industry, intergovernmental organizations, and civil society supported a 20-person investor group made up of institutions from 12 different countries to develop this PRI. The United Nations (UN) has been supporting the PRI ever since its launch. Two UN partners (UNEP FI and UN Global Compact) play an important role in delivering the PRI's strategy, including holding a seat each on the PRI Board and providing additional avenues for signatories to learn, collaborate and act towards responsible investment. PRI is defined as "*responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership* (PRI Association, 2021, p. 4)." By 2021, PRI was signed by more than 4,000 signatories from over 60 countries representing over US\$120 trillion of assets (ibid., p.6). Signing on these internationally recognized Principles enables organizations to publicly demonstrate their commitment to responsible investment and be part of a growing global community that is driving real change to contribute to a better world for all.

Accurate risk and reward analyses are necessary for successful investment. It is obvious that environmental, social, and governance (ESG) concerns are important for both types of analyses (PRI Association, *Intergrated Analysis: How Investors Are Addressing Environmental, Social and Governance Factors in Fundamental Equity Valuation*, 2013). A society and environment in which to enjoy investment profits are both necessary for investors. It has been globally recognized that the performance of investment portfolios is influenced by the ESG performance of a corporate. Having applied the PRI assures true alignment of investments with broader and more sustainable objectives of the society. PRI presents six key principles to support investments in such regards (PRI Association, 2016):

1. We will incorporate ESG issues into investment analysis and decision-making processes.

2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the Principles.

(6) UN Global Compact

The United Nations Global Compact, which was established in 2000, serves as a practical framework for businesses that are committed to sustainability and ethical business practices. The mission believes in a better world through corporates' commitments and shared responsibility for sustainability – business as a force for good. It is a multi-stakeholder leadership initiative that aims to align business operations and strategies with ten generally recognized principles in the areas of human rights, labor, the environment, and anti-corruption while also serving as a catalyst for actions in support of more general UN objectives. It is the largest voluntary business sustainability project in the world, with 16,540 corporate signatories across 158 nations and 95,527 public reports (United Nations Global Compact, The World's Largest Corporate Sustainability Initiative, 2022).

The Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption all served as inspiration for the United Nations Global Compact's Ten Principles:

Principles of the United Nations Global Compact

Human Rights	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights, and
Principle 2	Make sure that they are not complicit in human rights abuses.
Labor	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	The elimination of all forms of forced and compulsory labor;
Principle 5	The effective abolition of child labor
Principle 6	The elimination of discrimination in respect of employment and occupation.

Environment	
Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	Undertake initiatives to promote greater environmental responsibility;
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Source: United Nations Global Compact (2015)

Also, there are five defining features of corporate responsibility to strive towards. They are (1) principled business, (2) strengthening society, (3) leadership commitment, (4) reporting progress, and (5) local actions (United Nations Global Compact, 2015, pp. 8-9). They must first behave responsibly, in accordance with guiding principles, and take actions that benefit the society they live in. Companies must then make the highest degree of commitment, report on their progress annually, and get involved locally where they have a presence if they want to embed sustainability deeply into their corporate DNA.

(7) **United Nations Environment Programme Finance Initiative (UNEP FI)**

The United Nations Environment Programme (UNEP) and the international financial community formed a special alliance known as UNEP FI in 2003. Then, in 2012, UNEP FI and a group of insurance companies developed the Principles for Sustainable Insurance, the first global framework for the insurance industry to address environmental, social, and governance risks and opportunities. This was the first step toward establishing sustainability at the core of their business strategies. With the release of the Principles for Responsible Banking in 2019, a coalition of 132 institutions brought together by UNEP FI created the first global sustainability guideline for the banking sector. The six guiding principles enable signatory banks to make sure that their strategy and practice match the future vision that society has laid forth in the Sustainable Development Goals and the Paris Climate Agreement. They also give sustainable finance purpose, vision, and ambition. The signatories make a commitment to implementing the principles at the strategic, portfolio, and transactional levels across all business domains. There are sustainability guidelines for all areas of the financial industry as of now. The Principles for Responsible Investment and other principles for the insurance and banking sectors have been developed.

To establish and advance connections between sustainability and financial performance, UNEP FI collaborates closely with more than 200 financial institutions that have ratified the UNEP FI Statement on Sustainable Development as well as a number of partner organizations. The goal of UNEP FI is to discover, promote, and realize the adoption of best environmental and sustainability practices at all levels of financial institution operations through peer-to-peer networks, research, and training.

UNEP FI supports global finance sector principles to catalyze the integration of sustainability into financial market practice. UNEP FI has developed and co-created three remarkable frameworks (UNEP, 2022):

- Principles for Responsible Banking (PRB)⁸⁸, was launched in September 2019 and is currently endorsed by about 300 institutions, accounting for more than 45% of the world's banking assets. The Sustainable Development Goals, the Paris Climate Agreement, and pertinent national and regional frameworks are the future directions that signatories are aiming to bring their plans and practices in line with.
- Principles for Sustainable Insurance (PSI)⁸⁹, developed by UNEP FI in 2012 and is currently used by 25% of global insurance premiums. The PSI has established sector-specific recommendations on including ESG risks in non-life and life & health insurance operations.
- Principles for Responsible Investment (PRI)⁹⁰, developed in 2006 by UNEP FI and the UN Global Compact and used by 50% of institutional investors worldwide (USD 83 trillion) by 2022. In order to spur innovative cross-industry and investment projects that will help advance the larger responsible investing agenda, currently, the Investment Leadership Programme is being organized in conjunction with the PRI.

These frameworks lay out the standards for sustainable finance, serve as a foundation for standard-setting, and ensure that the private sector can play its full potential in advancing the goals of the Paris Climate Agreement and the 2030 Agenda for Sustainable Development, both of which were adopted by governments around the world in 2015.

(8) Global Reporting Initiative (GRI)

⁸⁸ For more information, please visit <https://www.unepfi.org/banking/bankingprinciples/>

⁸⁹ For more information, please visit <https://www.unepfi.org/psi/>

⁹⁰ For more information, please visit <https://www.unpri.org/>

Organizations have the potential to positively or negatively impact sustainable development through their operations and commercial interactions, which can impact the economy, the environment, and the people. Understanding this, Global Sustainability Standards Board (GSSB) initiated and developed the GRI in 1997 in Boston, USA.^{91&92} The GRI Standards is an integrated modular collection of standards. In order to provide transparency on how an organization contributes to or seeks to contribute to sustainable development, sustainability reporting of an organization must adhere to the GRI Sustainability Reporting Standards (GRI Standards) (GSSB, 2022).

The GRI Standards enable organizations to systematically and transparently communicate to stakeholders and other interested parties the impacts of their operations. The GRI Standards reflect the industry standard for publicly disclosing a variety of economic, environmental, and social consequences. Information regarding an organization's good or negative contributions to sustainable development can be found in sustainability reporting based on the Standards.

The GRI Standards can be used by any organization, regardless of size, sector, or location, public or private. Users of information, such as reporters and stakeholders, rely on the Standards. In order to do the reporting, an organization must know the three series of standards – GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards.⁹³ An organization must comply with the nice requirements or steps to claim their accordance with GRI Standards.

Nine Requirements for GRI Standards

Requirement 1	Apply the reporting principles
Requirement 2	Report the disclosures in GRI 2: General Disclosures 2021
Requirement 3	Determine material topics
Requirement 4	Report the disclosures in GRI 3: Material Topics 2021

⁹¹ The GSSB is solely responsible for developing the GRI Standards, the first set of sustainability reporting guidelines that are universally recognized. Members of the GSSB represent a variety of skills and multi-stakeholder perspectives on sustainability reporting. The GSSB was established as an independent operational institution under the auspices of GRI. The GSSB operates only in the public interest and in line with the goals and objectives of GRI. For more detail information, please visit www.globalreporting.com

⁹² GRI (Global Reporting Initiative) is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. We provide the world's most widely used standards for sustainability reporting – the GRI Standards. The GRI Secretariat is headquartered in Amsterdam, the Netherlands, and we have a network of seven regional offices to help ensure we can support organizations and stakeholders worldwide.

⁹³ The GRI Topic Standards are each dedicated to a particular topic and listing disclosures relevant to that topic; While the GRI Sector Standards are applicable to specific sectors. The GRI Universal Standards apply to all organizations.

Requirement 5	Report disclosures from the GRI Topic Standards for each material topic
Requirement 6	Provide reasons for the omission of disclosures and requirements that the organization cannot comply with
Requirement 7	Publish a GRI content index.
Requirement 8	Provide a statement of use.
Requirement 9	Notify GRI

Source: GSSB (2022, p. 11)

Sectors of GRI Standards

No.	Sector	No.	Sector
GRI11	Oil and Gas	GRI401	Employment
GRI12	Coal	GRI402	Labor
GRI13	Agriculture, Aquaculture, Fishing	GRI403	Occupational Health and Safety
GRI201	Economic Performance	GRI404	Training and Education
GRI202	Market Presence	GRI405	Diversity and Equal Opportunity
GRI203	Indirect Economic Impact	GRI406	Non-Discrimination
GRI204	Procurement Practice	GRI407	Freedom of Association and Collective Bargaining
GRI205	Anti-Corruption	GRI408	Child Labor
GRI206	Anti-Corruption Behavior	GRI409	Forced or Compulsory Labor
GRI207	Tax	GRI410	Security Practices
GRI301	Materials	GRI411	Rights of Indigenous People
GRI302	Energy	GRI413	Local Communities
GRI303	Water and Effluents	GRI414	Supplier Social Assessment
GRI304	Biodiversity	GRI415	Public Policy
GRI305	Emissions	GRI416	Customer Health and Safety
GRI306	Effluents and Wastes	GRI417	Marketing and Labeling
GRI308	Supplier Environmental Assessment	GRI418	Customer Privacy

Source: GSSB, (2022)

High-quality sustainability reporting must adhere to certain reporting guidelines. To claim that it has prepared the reported information in compliance with the GRI Standards, an organization must therefore follow the reporting principles.

The reporting principles direct the organization in assuring the accuracy and appropriate presentation of the reported information. Users of information can examine and decide about the organization's effects and contribution to sustainable development with the use of high-quality information. A GRI Standards report must be carefully prepared based on – accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability (GSSB, 2022, p. 20).

The Standards are used by reporters within an organization to provide a credible account of the organization's impacts that is comparable through time and in comparison, to other organizations. Additionally, the Standards assist stakeholders and other information users in comprehending what is required of an organization in terms of reporting on and utilizing the data that is published by organizations in various ways.

(9) TI's Accountable Mining

Accountable Mining, a global mining initiative of Transparency International, seeks to increase the openness and accountability of the processes used to award mining licenses, concessions, and permits. Transparency International Australia (TIA), a Melbourne-based organization that coordinates the initiative globally, oversees its local administration in 25 resource-rich nations⁹⁴, including Cambodia (TIC, Accountable Mining, 2020). With a multi-stakeholder, evidence-based approach, the program's main goal is to build systems that reduce and avoid corruption risks.

Transparency International is collaborating with businesses of all sizes as part of this program to improve ethical behavior and anti-corruption standards throughout the licensing and project acquisition processes. The initiative has created a tool for assessing corporate policies and procedures, which is now being piloted. The program very much focuses on the licensing process since it is more corrupt. It is believed that if the mining operation is corrupted from the beginning, the entire investment is non-transparent, luring the undermined mining operation, monitoring, and collection of taxes and royalties. It also causes unfaithful relationships and partnerships with local communities.

The program focuses on strengthening systems to prevent and reduce corruption risks using an evidence-based and multi-stakeholder approach. Transparency International is working with companies of different sizes to strengthen business

⁹⁴ They are Argentina, Armenia, Australia, Cambodia, Canada, Chile, Colombia, DRC, Ghana, Guatemala, Indonesia, Kenya, Kyrgyz Republic, Liberia, Madagascar, Mexico, Mongolia, Mozambique, Niger, Peru, PNG, Sierra Leone, South Africa, Zambia and Zimbabwe.

integrity and anti-corruption practices in the context of licensing and project acquisition.

Moreover, the Mining Awards Corruption Risk Assessment, or MACRA Tool, was developed by Transparency International to help identify the flaws in the licensing procedure that trapped corruption (Transparency International Australia, 2020). Experts from the mining industry, the government, and civil society participated in the tool's testing in more than twenty countries. The MACRA tool lists 80 typical corruption risks and assists in deciding which risks should be evaluated and handled (ibid.). Risks associated with the procedures for granting mining permits, the execution of Environmental and Social Impact Assessments, and community consultation are a few examples of these. Government, civil society, mining firms, and investors can all utilize the MACRA tool, which is freely accessible online and available in several languages. It has been accepted by academics, World Bank experts, and the International Council on Mining and Metals.

(10) Extractives Industries Transparency Initiatives (EITI)

Governments and companies demonstrate their commitment to openness, transparency, and good governance by committing to the EITI and undertaking an independent EITI Validation. It is inspiring to see all of the efforts made by EITI-implementing countries to prepare for Validation and fulfill the EITI standard. The international community appreciates such efforts and supports these governments and their stakeholders in implementing the EITI.

By implementing the EITI Standard, over 50 nations have committed to increasing openness and accountability in their extractive sector management. Validation, the EITI's quality assurance system, evaluates countries' progress in achieving the standards of the EITI Standard. The EITI Standard consists of two chapters: Chapter 1: *Implementation of the EITI Standard*; and Chapter 2: *Governance and Management*. Chapter 1 consists of:

- The EITI Principles, which were agreed by all stakeholders in 2003. These Principles lay out the general aims and commitments of all stakeholders.
- The EITI Requirements, which must be adhered to by countries implementing the EITI.
- A section on EITI Board oversight of EITI implementation outlines the time frames that implementing countries must adhere to and the consequences of lack of progress in meeting the EITI Requirements.
- Overview of Validation. Validation provides stakeholders with an impartial assessment of progress in EITI implementation towards meeting the requirements of the EITI Standard.

- The protocol “Participation of civil society” sets out requirements and expectations regarding civil society participation in EITI implementation.
- Expectations for EITI supporting companies.
- The Open data policy.

The second chapter focuses on the EITI's governance and management. It consists of the Articles of Association, which govern the EITI Members' Association, and the EITI Openness Policy, which governs how the EITI itself should be transparent. The Association's constituents have agreed on Constituency Guidelines. It also includes the EITI Association code of conduct, which outlines behavior requirements for all EITI Board Members, their alternates, EITI Association members, national and international secretariat personnel, and members of multi-stakeholder organizations.

Becoming an EITI implementing country – Before seeking to become an EITI country, a country intending to adopt the EITI must complete a number of processes. These steps concern government commitment (1.1), industry engagement (1.2), civil society engagement (1.3), the formation of a multi-stakeholder group (1.4), and agreement on an EITI work plan (1.5). When a country has completed these stages and desires to be recognized as an EITI implementing country, it must submit an EITI Application to the EITI Board.

Requirements for EITI implementing countries – The EITI Requirements are minimal requirements, and implementing nations are urged to go above and beyond where stakeholders agree. Stakeholders are advised to reference supplementary advice documents on how to best assure compliance. EITI Principles⁹⁵ and EITI Standard Requirements⁹⁶ are provided in the links in the footnotes.

⁹⁵ <https://eiti.org/documents/eiti-principles>

⁹⁶ <https://eiti.org/eiti-requirements>

Annex II: Types of Financing Options for Gold Mining Companies (FinanceKid, 2018)

Equity Financing refers to funds raised by the sale of equity shares in the company on either public or private markets. Public markets include Initial Public Offering (IPO), Reverse Takeover (RTO), and Secondary Equity Offering (SEO), while private markets consist of private placements and alternative investors.

When debt funding options are not available due to the speculative risk profile of the company, Alternative Financing is a viable option for junior gold enterprises. The trade-off is that future cash flows are diluted even though equity holders are not. A lump sum payment is received upfront as part of a Royalty Deal in exchange for a small percentage of future earnings or profits from the production of gold. With Steaming Deals, a piece of future gold production or by-products is sold for a set amount in exchange for receiving a series of payments dependent on the accomplishment of specific milestones.

Debt Financing has a lower dilution rate than equity funding, but it leverages the business and imposes covenants, or requirements, on the operators that require them to adhere to some actions or refrain from others. When choosing a particular type of loan, lenders weigh risk and return. Therefore, the production profile of a gold company has a significant impact on the cost of debt. A producing mine is typically pledged as collateral by businesses to secure loans and lower the risk for the lender. Non-recourse loans are common because the lender has the right to confiscate the collateral but is prohibited from seeking additional repayment.

Internal funds are cash flows produced by successfully operating a mining operation or by selling real estate. Due to the lack of a need for outside permission, this funding source is the most suited. The way it is spent is entirely up to management. Producers who already own mines can get this money by keeping their operating revenues after taxes. Asset sales are the source of funding for non-producers with no mining operations, such as exploration businesses.

(11) Mining-Related Stock Exchanges

Canada: Leading international mining exchanges include the Canadian TSX and TSX Venture Exchange (TSX-V). Early-stage mining firms wishing to obtain modest amounts of capital to finance ongoing exploration can choose the TSX-V. A certain amount of disclosure is necessary, along with audited financial statements and the completion of at least some exploration activity. Multiple funding rounds are possible on the TSX-V, and it offers a smooth transition to a

TSX listing. The primary market for senior stocks, TSX, is more appropriate for producing mining companies looking to raise more money.

Australia: About one-third of all ASX-listed companies are publicly traded mining corporations. The Joint Ore Reserves Committee (JORC) code, also known as the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves, is an internationally recognized code of practice that establishes minimum standards for public reporting of mineral exploration results, resources, and ore reserves. It has served as a model for initiatives of a similar nature across the globe.

The resource and reserve classifications used by JORC and its Canadian equivalent, NI 43-101, are proven, probable, measured, indicated, and inferred, respectively. These categories are typically interchangeable. Through initial public offers (IPOs) and subsequent offerings on the ASX, equity can be raised. The ASX listing guidelines govern capital raising (as well as trading) on the ASX. As part of the requirements for ASX listing, mining exploration and extraction businesses must provide quarterly reports on their various production, development, and exploration operations in accordance with the JORC code.

SUPPORTED BY:

People
Change
the World **Diakonia**




FAIR FINANCE ASIA



For more information, please contact:

THE NGO FORUM ON CAMBODIA

9-11, Street 476, Toul Tompong 1,
Phnom Penh, Cambodia

Tel: 855 (0) 23 214 429 | (0) 23 994 063

Website: www.ngoforum.org.kh