

## AKOBEN RATING METHODOLOGY

The Akoben rating methodology incorporates the national regulatory performance goals, the traditional community relationship aspects that are unique to Ghana as well as the practically feasible aspects of environmental and social performance guidelines of the various international organizations including the World Bank and International Finance Corporation, Global Reporting Initiative (GRI), Programme for Pollution Control Evaluation and Rating (PROPER) of Indonesia, Australian and World Health Organizations guidelines.

Traditionally, an analysis of environmental performance is limited to the assessment of whether a quantitative value of an environmental parameter has exceeded its numerical standards. At other times, regulators check if a mine site has followed the procedural requirements related to permits and reporting. These approaches are useful, but they fail to adequately capture some of the new concepts of environmental performance that include Corporate Social Responsibility, Voluntary Over-Compliance, and other non-regulatory environmental objectives. In short, a simple “In Compliance/Not in Compliance” type of assessment is too limited to provide a comprehensive picture of the complex environmental and ecological conditions one typically finds at mine sites.

Therefore, the Akoben rating methodology for the mining sector uses an approach that reflects the modern concepts of corporate environmental and social performance including ideas such as community relationships, public participation, conflict resolution and continual improvement.

Akoben’s methodology has several unique and innovative features. It maps environmental performance of mining companies into five color codes which makes it easy to communicate to the public. These colors are GOLD, GREEN, BLUE, ORANGE and RED, representing the best to the worst performance range with each of these color categories representing five specific levels of environmental performance. The exact criteria for each color code are subsequently explained. In conceptual terms, however, BLUE, ORANGE and RED ratings pertain to regulatory compliance only, and accordingly these colors indicate the performance of a mine site relative to the mandatory national regulatory requirements related to environmental issues and the reclamation bond. In comparison, the GOLD and the GREEN ratings indicate the quality of social and community initiatives undertaken by mining companies to further enhance its environmental and social performance.

<b>Rating Level</b>	<b>Performance</b>	<b>General Description</b>
<b>GOLD</b>	Excellent	GREEN + mine site follows its corporate social responsibility policies
<b>GREEN</b>	Very Good	BLUE + adopts voluntary initiatives and is responsive to public complaints
<b>BLUE</b>	Good	Adequate compliance with environmental standards and reclamation bond criteria

<b>ORANGE</b>	Satisfactory	Exceedance of regulatory standards for non-toxics, weak environmental monitoring, and incomplete fulfillment of reclamation bond criteria.
<b>RED</b>	Poor	Failed to follow environmental regulations (LI 1652), shows pattern of chronic exceedances, and creates risks from toxics and hazardous wastes mismanagement and discharges.

Further, this rating methodology uses quantitative, qualitative and visual information to comprehensively evaluate the environmental performance of each mine site.

Akoben's approach to environmental performance measurement is designed to be practical, and it also aims to minimise the use of controversial or vague indicators. Though the existing literature on environmental and social performance measurement is filled with innumerable ideas and concepts, Akoben's rating system has narrowed it down to only those performance indicators that can be measured, verified and validated by a third party. Further, the focus of the rating system is on **environmental outcomes** that indicate various levels of environmental and health risks, the probability of restoration of environmental conditions in the long-term, and the quality of corporate commitment to social issues.

## Ratings Rules and Criteria -Cut off Points

Methodology : Color Code Requirements		Fail on even one gets a RED rating	Fail on even one gets an ORANGE rating	Must meet all the benchmarks for the applicable rating categories to get a BLUE, GREEN or GOLD		
Rating Category		Red	Orange	Blue	Green	Gold
1.	Legal	<100%	N/A	= 100%	=100%	=100%
2.	Hazardous /toxic wastes-on-site management	<100%	N/A	= 100%	=100%	=100%
3A	Compliance rate-toxic discharges	<98%	N/A	≥98%	=100%	=100%
3B	Compliance rate-non-toxics and noise pollution & vibrations	N/A	<75%	≥75%	≥90%	=100%
4.	Monitoring and reporting rate	N/A	<75%	≥75%	≥90%	=100%
5.	Best practices-environmental management	N/A	<75%	≥75%	≥90%	=100%
6.	Complaints management	N/A	N/A	N/A	≥90%	=100%
7.	Corporate social responsibility	N/A	N/A	N/A	N/A	=100%

- Rating system follows a step-wise approach
- Must clear all RED and ORANGE criteria to achieve a BLUE
- Ratings gets more strict for GREEN
- GOLD means a perfect 100% score.

Source: EPA