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## Could it be that Digbee's ESG product could actually engineer a re-rating of the mining industry?

It seems a pretty far-fetched proposition, that a relatively low-cost standardization kit for ESG might actually trigger a sector-wide re-rating.

But consider this: the stalwarts in an industry that's providing raw materials for the greening of the global economy - metals for solar panels, wind turbines and electric cars - are currently trading on a cashflow per share multiple that's worse than the tobacco industry's. On that basis, a re-rating ought not to be out of the question - if the new pools of capital can be identified.

The elephant in the room is ESG, or environmental and social governance, formerly known as corporate and social responsibility.

How bad the mining sector really is at ESG is open to debate - after all, its activities have obliged it to engage with local communities since the dawn of time. But what is clear is that it needs to improve its perception and further improve its actions. Given the nature of some recent high profile incidents - notably Rio Tinto's (LON:RIO) dynamiting of ancient aboriginal grounds - it often seems like the bad reputation is well deserved.

So, what can mining companies do about this? - particularly the smaller companies that do have ongoing ESG programmes, but who need to demonstrate their efficacy to the wider world.

Digbee, which has hitherto been a company specialising in bespoke project-level research, believes it has the answer.

One major problem with mining industry ESG is there is no standardised disclosure process.. After all, it's not as if there hasn't been any ESG in the sector - companies are constantly talking about community outreach, about the schools and hospitals they build, about the sports they sponsor, the scholarships they endow, the training they provide, the trees they plant. One company in the recent past even planned to build a ski resort in Central Europe to provide local employment.

But what does any of this really mean? Does it meet the standards that the world is coming to require of its businesses, or doesn't it?

Digbee's product, which is due to be launched in January 2021, provides the answer. For an affordable fee companies will be able to answer a set of right-sized questions relating to both their corporate and related projects, provide supporting evidence and receive an independent and credible score that will be accepted by capital providers and other stakeholders in the industry.

This isn't just a simple box-ticking exercise of the kind that might be designed by a consultant coming to the mining industry from an ESG background. On the contrary, it's a nuanced package designed by mining industry insiders who understand exactly what the challenges are that mining companies face, where they're likely to fall short, and where they're likely to do well too. This aspect is crucial - the Digbee ESG product is not a retrospective reporting tool, looking to see where companies have tripped up in the past, but a future-looking tool, looking to signpost best practice going

### Share Information

**Code:** DIG

**Listing:** Unlisted (UK)

**Sector:** General mining & base metals

**Website:** [thedigbee.com](http://thedigbee.com)

### Company Synopsis:

*Digbee is an on-demand data, research and ESG platform for the mining industry. We offer a free database of in-development and producing mines, objective and accredited peer reviews of mining studies, and ESG reporting for mining companies.*

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forward.

"The important thing," says Digbee's founder and driving force Jamie Strauss, "is the direction of travel."

Some may say that having the mining industry do its own ESG scoring is questionable.

But Strauss says, "the scoring structure is independent, managed by professional ESG experts, will rely on a board-approved submission and be supported by evidence ."

He reckons, probably rightly, that if the mining industry doesn't come up with some form of ESG standardization, and fast, then someone else will. And that will probably work less well for the sector as a whole.

As it is, the Digbee ESG platform has several things going for it. Whereas currently there are around 40 different ESG standards used in the mining industry, this way of measuring ESG will bring them all under one umbrella and make them practically appropriate for the different levels of the industry (pre-PFS, post-PFS and producing).

That in turn means that when fund managers come to make their investment decisions they will be able to tell at a glance what a company is disclosing. Quality and available data will in-turn improve analysis of companies/projects across different risk contexts.

On the flip side, the company can gain a perspective of how its own ESG work actually looks from an objective perspective, can take action on improvement areas, rate itself relative to its peers, share the review with partners and open doors to capital providers.

All that being said, ESG is a journey, and the direction of travel is more important than a score. Digbee recognises this and provides the option for a company to hide its inaugural score for up to the earlier of a new submission or 13 months.

But will all this really lead to a sector-wide re-rating? It won't happen overnight, but it could.

A recent survey conducted by S&P scored the mining industry worst out of all sectors on environment and social engagement and policy, worse even than coal-fired power..

"The mining industry can come back," says Strauss. "My point is this: it can't get any worse."

But with appropriate ESG, think how many funds that are now recusing themselves from investing in the mining sector could come back in.

"The mining industry has the products to address the future," argues Strauss. "The rainforest will die if the mining industry is unable to produce its products to support a sustainable future."

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