

The Mining Certification Evaluation Project (MCEP) aims to evaluate whether independent third party certification of environmental, social and economic performance can be applied to the mining sector. It will seek to develop a set of principles and criteria for environmental and social issues, which will be used to develop measurable and auditable on-ground performance standards for mine sites.

The MCEP is a policy research and development exercise involving BHP Billiton, CSIRO, Newmont, Placer Dome, Rio Tinto, WMC and WWF and a range of participants in a project Working Group.

Background

Mineral exploration and development can have a significant impact on the environment and local communities, in some circumstances extending well beyond the mine site. Poor environmental performance and consequent social impacts by some companies have affected the reputation of the whole industry to the extent that the principal public concern about mining is its impact on the environment.

The mining industry has responded to public concerns by introducing a range of voluntary initiatives to better manage environmental and social issues arising from their operations and to communicate these to the public. These have included developing industry codes of conduct, implementing environmental management systems, setting performance targets and producing environmental reports. Whilst some companies and mine sites have made advances in environmental and social performance, these advances have largely gone unrecognised and unrewarded because of the absence of a credible mechanism that can differentiate on the basis of performance.

Independent, third party certification ("certification") of environmental and social performance ("on-ground performance") is proposed as a mechanism to enable mining companies to operate to an agreed level of on-ground performance and to be able to credibly demonstrate this to their stakeholders.

Why certification?

Traditionally the community has relied on governments to set the benchmark for acceptable environmental and social performance through establishing and revising regulations governing the mining industry. This however assumes that regulations keep pace with community expectations. It also does not take into account those circumstances where governments can have conflicting roles as both watchdog and project partner.

Financial markets are starting to factor on-ground performance into their assessment of companies, recognising that those companies that have addressed environmental and social issues are likely to have reduced exposure to risk as well as enhanced goodwill.

Certification has successfully been applied to two other major natural resource and commodity-based sectors, forestry and marine fisheries. The key features of certification that have contributed to its success and adoption in these sectors include:

- the standard developed is a benchmark for on-ground performance;
- the standard is developed by a diverse group of stakeholders;
- the certification is undertaken by an accredited independent certification organisation;
- a "chain of custody audit" tracks the product from source to retail outlet, and;
- an on-product label enables market differentiation.

While the project will draw on existing models in the fisheries and forestry sectors, the potential options being explored will not be limited to these in recognition of the complexities of the mining sector.

Project description

To the participants' knowledge, this project will be the first major attempt to address the issue of certifying on-ground performance in the mining sector.

FACT SHEET

The project aims to

- allow for a structured and focussed debate amongst key stakeholders on issues of environmental and social performance;
- result in a series of reports, detailing stakeholder views on the issues, identifying points of agreement and conflict, and any options identified for a certification system;
- identify whether a system with broad industry and NGO support for the independent certification of the on-ground performance of individual companies in the mining sector is feasible.

The project commenced in August 2002 and will carry out the following major activities:

- Seek interest from the mining industry and stakeholders in the project;
- Form a project Working Group, that comprises representatives from the mining industry, environmental and social NGOs, union, government, academic, financial sector and certifiers;
- With the Working Group, explore options for and seek to build consensus on principles of environmental and social performance in the minerals sector;
- Explore options for and seek to build consensus on measurable and auditable standards for on-ground performance;
- Undertake an evaluation in field trials of the model or models developed. This stage will require companies to volunteer a mining facility to be the subject of the field trial; and
- Prepare and publish a report containing recommendations for further action.

It is important to note that should consensus on a certification system prove elusive, the project will document the reasons. The project documentation will serve as a permanent reference that will enable participants and other interested parties to learn from the process and so better inform their future actions.

Should this initial evaluation project succeed in developing a model with broad support from its working group participants, it is hoped that the project's scope will be broadened to include a wider debate with other members of the Australian and international community.

If successful, the broader international consensus could lead to the development of a global system for independent certification of on-ground performance. This would allow mining companies to credibly demonstrate their competence, thereby attaining the competitive advantage available to those able to prove their commitment to sustainable development.

Web links

BHP Billiton
www.bhpbilliton.com

CSIRO
www.csiro.au

Newmont Mining Corporation
www.newmont.com

Placer Dome Inc.
www.placerdome.com

Rio Tinto
www.riotinto.com

WMC Limited
www.wmc.com.au

WWF Australia
www.wwf.org.au

More information

This fact sheet is based on:

Rae, Michael and Rouse, Andrew (2001) Mining Certification Evaluation Project: Independent Certification of Environmental and Social Performance in the Mining Sector, A WWF-Australia Discussion Paper, Melbourne: WWF Australia, January 2001 (ISBN 1 875941 15 0).

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