

# **MINING CERTIFICATION EVALUATION PROJECT**

## **NEXT STEPS FOR THE MCEP AUDIT PROTOCOL AND FIELD TRIALS**

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Report

# SUMMARY

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The purpose of the Mining Certification Evaluation Project (MCEP) is to evaluate the feasibility of establishing independent, third party certification of the environmental and social performance of mine sites. In the first phase of the project, the Working Group developed principles and criteria for evaluating performance, which have formed the basis of a protocol that is being used in field trials during Phase 2. The third and final phase of the project will address questions of governance and institutional arrangements for a possible certification scheme. The MCEP has now conducted four field trials in Australia; the next two will be conducted internationally. The trials indicated the scope for variation in scoring, signifying that it would be necessary to define the minimum performance requirements for an acceptable score against each criterion.

Now that the audit protocol has been tested at four field trials, much more would be gained by reformatting the protocol to resemble more closely a document that could be used, reliably and replicably, in a real audit. This will be all the more important in that the next field trials will be conducted in very different legal, cultural and ecological contexts.

Recommendations for improving the process:

- Develop a straightforward list of minimum requirements and evidence necessary to demonstrate that the requirements had been met, and articulate these very clearly. The site would need to demonstrate evidence of each of the listed items in order to receive a score indicating acceptable performance.
- Prevent the document from being overly prescriptive by keeping the performance requirements relatively open and, where appropriate, listing – as guidance to the certifier – a number of examples of specific systems that would be acceptable.
- Provide auditors with guidelines as to what should be required of the site, and which issues should be investigated in detail, within different social, cultural, ecological and legal contexts. The auditors should then conduct a scoping study to make recommendations regarding the conduct of the audit.
- Ahead of the audit, require the MSO to provide a report on their own performance, against the protocol's requirements.
- Provide auditors with guidance as to the selection of both internal and external stakeholders for interviews.
- Provide auditors with questionnaires, each covering a set of questions to be asked of a particular category of stakeholders.
- Consider a scoring system with three levels.

## **Progress to date**

### **The three phases of MCEP**

The purpose of the Mining Certification Evaluation Project (MCEP) is to evaluate the feasibility of establishing independent, third party certification of the environmental and social performance of mine sites. *Working Paper 1 – Principles and Criteria for Certification* lists criteria for evaluating performance, building on the principles developed by the International Council on Mining and Metals.

These criteria have formed the basis of a protocol to be used in field trials, which comprise Phase 2 of the MCEP. These field trials involve evaluations of how Mine Site Operators (MSOs) are addressing corporate governance, health & safety, employee relations, environmental, and community relations issues. The trials provide an opportunity for performance standards and a rating system to be developed and tested. They also allow opportunities for experimenting with various data-gathering techniques.

The third and final phase of the project will address questions of governance and institutional arrangements for a possible certification scheme.

### **Current status**

The Mining Certification Evaluation Project has now conducted four field trials at mine sites within Australia. The first two trials were primarily aimed at developing and refining the audit protocol and process, while the second two trials also encompassed a first attempt at scoring the sites against the protocol. Where possible, two team members scored the site's performance against the same sets of questions.

The next two field trials will be conducted at a site in New Zealand and a site in Brazil.

### **Lessons learned**

This trial scoring exercise was very informative in that it indicated the scope for variation in scoring, according to individual team members' interpretations of the questions and their evaluations of the site's performance. It became evident that it would be necessary to make the process more replicable and fair by defining the minimum performance requirements for an acceptable score against each criterion.

### **A restructured version of a section of the audit protocol**

At the fourth field trial, the Community Relations team member (a professional, independent consultant on social issues) reformatted the Community Relations section of the audit protocol. While this alternatively structured section contained all the information of the previous version, it was arranged so as to eliminate redundancy and to specify the data that the auditor would have to collect. The resultant report (<Granny Smith Community Relations MCEP Trial Report 2004 Draft.doc>) was sent to the Working Group on 16 November 2004.

## Recommended improvements

Now that the audit protocol has been tested at four field trials, the benefits of implementing it again in its current format would be very slim. Rather, much more would be gained by reformatting the protocol to resemble more closely a document that could be used, reliably and replicably, in a real audit. This will be all the more important in that the next field trials will be conducted in very different legal, cultural and ecological contexts.

## Reformatting the audit protocol

The format used for the Community Relations section for the Granny Smith field trial could be further improved by developing a straightforward list of minimum requirements and evidence necessary to demonstrate that the requirements had been met, and articulating these very clearly. As an example, the criterion concerning Social Impact Assessments was developed (see <sample CR question.doc>, sent 16 November 2004). The site would need to demonstrate evidence of each of the listed items in order to receive a score indicating acceptable performance. Comparing this format with the original, on the following page of that document, the reader will note that *the intent behind the questions has not changed*. However, the ambiguity and scope for confusion have been, at the very least, greatly reduced. The requirements could, of course, be further developed.

It will be important to ensure that the document does not become too prescriptive, i.e. that it allows MSOs to implement a range of different but equally valid strategies in order to achieve the same desired end result. This could be accomplished by keeping the performance requirements, as outlined in previous versions of the audit protocol, relatively open and, where appropriate, listing – as guidance to the certifier – a number of examples of specific systems that would be acceptable.

## Ensuring appropriateness of the audit protocol

As indicated in the process report on the Tarong field trial, the social, cultural, ecological and legal contexts within which a site operates will be important factors to consider in a certification audit. To a certain extent, this context will determine the level of detail to which certain issues will need to be investigated, as well as the systems that a site would need to have in place in order to address each criterion adequately. Auditors should be provided with guidelines as to what should be required of the site, and which issues should be investigated in detail, under different conditions. These guidelines should also indicate how many auditor-days may be required for each section of the protocol, under a range of conditions. The auditors should then conduct a scoping study, with input from local stakeholder groups, to examine the context of the operation and make recommendations regarding the conduct of the audit. These recommendations would then have to receive approval from the accrediting body prior to the commencement of the audit.

The next two field trials, to be conducted overseas, provide a useful opportunity to trial this approach.

## Requiring reports

The process could be made far more efficient and rigorous by providing the site with the protocol ahead of the audit and requiring them to provide a report on their own performance, against the protocol's requirements. The audit would then consist of a verification that the

report was accurate, through review of the documentation provided and interviews with office staff, shift workers and external stakeholders.

## **Selecting appropriate stakeholder samples**

The auditors should be provided with guidance as to the selection of both internal and external stakeholders for interviews.

### **External stakeholders**

For external stakeholders, the Community Relations auditor should provide the MSO with a worksheet listing the categories of stakeholders to be interviewed in order to collect information on each issue identified in the protocol. The site representative would then list potential interviewees and provide information on those persons' identities and their attitudes toward the mine. The auditor would then select a sample of the listed stakeholders. Such a worksheet was designed and provided by the Community Relations auditor for the Granny Smith trial and was used to good effect. This template (<Proposing External Stakeholders for MCEP 2004 Granny Smith.xls>) was emailed to the Working Group on 23 November 2004.

Regulators constitute an important stakeholder group and should be interviewed as part of the audit.

### **Internal stakeholders**

In selecting a sample of the workforce, guidelines should be set as to an appropriate percentage to interview. For example, SA8000 guidelines set a target of 4% of the workforce. The interviewees would then be selected randomly, by the auditor, from the central payroll or shift roster. The sample should be representative of different groups such as work or pay categories, departments, etc. with at least one interview from each sub-category.

For MSOs with organised union representation of the workforce or parts of the workforce, or other worker representative structures, these representatives should also be invited to be interviewed by the auditor.

Interview strategies may include one-on-one interviews, group interviews and an anonymous questionnaire. For individual interviews, employees should be interviewed without the presence of any other employee or management representative and in a location in which they feel comfortable speaking freely. The interview should consist of a short questionnaire including some open questions. The interviewee's name should not be recorded and any comments from the interview used in the auditor's report should not be attributed to any individual.

Group interviews should involve approximately eight to ten employees, again selected by the auditor from the payroll or shift rosters, with guidance from site management. Each group should be comprised of employees with a similar level of authority within the MSO. During the meeting, notes may be kept on butcher paper. Depending on the site's social environment and the local culture, this strategy may be more or less effective as the degree to which employees feel comfortable discussing issues in a group setting may vary. The auditor should also attend meetings to evaluate how management staff are communicating with the workforce.

At the beginning of the field trial, a short questionnaire, including open questions, should be provided to all employees. They should be asked to fill it out anonymously, on their own time, and return it to a sealed box provided in a public space such as the dining hall. These responses can be used to focus the one-on-one and group interviews.

## **Designing separate questionnaires**

In addition to the questionnaire to be distributed to employees, auditors should have questionnaires for their own use in interviews. Each should include a set of questions to be asked of a particular category of stakeholders. These will be different from the questions aimed at collecting evidence of systems and instead will aim at evaluating perceptions of the MSO's performance.

## **Scoring**

The minimum requirements for acceptable performance should be clearly defined. One option would be for an acceptable level to be a score of 3 out of 5. However, trials of the scoring system indicate that scores of 5 and 1 are rarely assigned and the boundaries between different scoring levels are often unclear. Another, simpler option would be to have just three levels with 2 out of 3 as the acceptable score. Then, the minimum requirements to obtain a score of 2 would be clearly detailed. Performance below that level would obtain only a score of 1, while performance above that level would earn a score of 3.

In either case, when scores below the acceptable level were assigned, explanation would be provided as to what improvements the site would have to make in order to obtain an acceptable score in future.