

Mining Certification Evaluation Project (MCEP)

Working Group Meeting 2

Thursday 6 March, 10am – 5pm

Hosted by WMC Resources, IBM Centre, Southgate

Participants:

Andrew Minns, Newmont

Andrew Rouse, WWF

Fiona Solomon, CSIRO

Gordon Drake, WMC Resources

Margaret Donaldson, on behalf of Aboriginal and Torres Strait Islander Social Justice Commissioner

Malcolm Forbes, Environment Australia

Martha Macintyre, University of Melbourne

Melanie Stutsel, Minerals Council of Australia

Michael Rae, WWF

Mick Roche, BHP Billiton (on behalf of Ian Wood)

Peter Colley, Construction Forestry Mining and Energy Union

Tim Offor, Offor Sharp and Associates (facilitator)

Apologies:

Arthur Hood, Placer Dome

Libby Rankin, PricewaterhouseCoopers

James Ensor, Oxfam Community Aid Abroad

Ian Wood, BHP Billiton

Summary of Discussion

1. Welcome and Aims of Meeting

- Aim of meeting to discuss and build consensus on 'Principles' for well-managed mine sites.

2. Working Group business

- Update on actions from last meeting
- Additional Working Group (WG) members:
 - James Ensor, Oxfam Community Aid Abroad has agreed to participate in the WG.
 - Suggestion for additional Working Group member from a local government perspective to come from Hunter Valley region.
- Final version of WG Terms of Reference discussed and agreed.
- A basic MCEP Website has been prepared:
 - It is being hosted at CSIRO at www.minerals.csiro.au/certification. The site details will be communicated to the Contact List in the next MCEP Update.
 - Range of MCEP documents will be made publicly available through the website, including notes of WG meetings. Suggestions for improving the site remain welcome.

- Project outreach:
 - The email Contact List for the project is at about 250 people internationally and growing weekly.
 - Two short papers on the MCEP submitted last year were published in the Australian Journal of Environmental Management and the AusIMM Bulletin (Australasian Institute of Mining and Metallurgy)
 - The project team have been invited to attend a workshop in Peru for a related project being run by Oxfam America and the Environmental Law Institute that is seeking to develop community-based standards for mining. This is likely to take place in early July and is a good opportunity to enhance international links.
 - The International Council of Mining and Metals (ICMM) are developing a Sustainable Development Charter with a set of principles. These will be available for public consultation probably in late March 2003 through www.icmm.com. There are links between the MCEP and the ICMM initiative through several of the mining company WG members.

Actions:

2.1 *Project team to progress addition of local government perspective to Working Group deliberations. (Project team)*

2.2 *Lodge “Notes of WG Meeting 1” and the “WG Terms of Reference” on the MCEP website. (Project team)*

2.3 *Circulate a copy of the ICMM principles to the WG when they become available. (Project team)*

3. Introducing the draft Principles

- Presentation by Michael Rae on how the draft principles were developed. This was followed by general discussion on the project structure, which can be summarised into the following:
 - General discussion on MCEP and certification:
 - Product certification and chain of custody (components of the the Forest Stewardship Council – FSC) is not being explored in the MCEP. This could be a separate and later research and development exercise.
 - Discussion of possible outcomes of certification process eg a rating, a number, a logo tick, and how the FSC process works. Need to explore what will best drive implementation of the principles and continuous improvement at sites.
 - FSC uses a scoring system by the certifier, but in the marketplace products are differentiated by a logo. A copy of Smartwood’s Interim FSC Standard for Assessing Forest Management in Australia was circulated, and p.5 describes a scoring system. An interim certificate can be granted by a certifier that identifies areas where changes need to be made before full certification is awarded.
 - Discussion of potential to ‘weight’ or rate the significance of separate perspectives. Example of construction rating system where each area is weighted separately.

- Transparency is important in the FSC model – a summary of the FSC assessment must be made publicly available; making the full document available is encouraged.
- Relationships with other initiatives:
 - Example of the Green Lead project which BHPB's Cannington mine is participating in and which is taking a product stewardship approach over 3-5 years (see www.greenlead.com).
 - Workshop conducted by the Aboriginal and Torres Strait Islander Social Justice Commissioner and Griffith University to develop principles for resource development on Indigenous land. These will be integrated into the next draft of Working Principles. Hard copy circulated at meeting, also available at: (www.humanrights.gov.au/social_justice/corporateresponsibility/development.html).
 - Concern raised that MCEP should avoid replicating existing processes eg ICMM process, MCA SD Code. The MCEP will where appropriate draw on existing systems eg ISO standards for health and safety, environment; SA8000; Global Reporting Initiative developing guidelines for reporting for a mineral sector component. If a suitable 'off-the-shelf' set of principles for certification were available, these could be used; in the absence of 'off-the-shelf' principles, principles would need to be developed, drawing where possible from relevant initiatives. Many of these were summarised in Options Paper 1.
 - On the issue of potential 'duplication': any certification process will by definition seek evidence of good practice/performance; an external certification system and internal management systems would ideally converge over time; in the interim, some degree of duplication may occur in development of the process.
 - Companies are keen to know standards of performance as expressed in the expectations of stakeholders in the Working Group. Also keen for certification to 'add value'.
 - The value of the MCEP would be in developing a third party system, which extends the current internal company (1st party) or contracted auditor (2nd party) verification approaches of mine sites.
- General feedback on principles:
 - *Note that the term "Principles" has been used to refer to "Principles and criteria" in the terminology of the FSC. Principles contained within first paragraph of each section. This merits further explanation in future drafts.*
 - Suggestion that principles be referred to as 'Working Principles' – this will be useful as a means of situating them in the context of an R&D project.
 - Discussion of operation principles vs high level public policy principles – the appropriate level for MCEP.
 - Concern that principles are systems focussed with not enough focus on people, when it is people who will drive change within companies. This could be a differentiating point of the MCEP.

- The principles must form a consistent intellectual framework so people can see where standards have come from. Principles also need to be auditable at the end of the day.
 - Without the performance standard, some of the language is still vague eg ‘appropriate’, ‘where necessary’. While they need to be simply worded, specificity needs to be there in performance standard.
 - The principles varied in level of specificity, and tended to be more specific in the environmental area (eg IUCN categories, excluding riverine disposal)
 - Need more detail in principles relating to Indigenous people, identifying set of management practices and outcomes that can be measured.
 - Need more detail in areas of occupational health and safety, working standards
 - Use of ‘consultation’ as opposed to ‘participation’, and focus on mine closure and not operations.
- Discussion about values:
 - Suggestion to include values in first sentences of principles; currently the document contains a mix of value statements and performance standards which need to be separated out. Option to include upfront ‘value statement’ to add context.
 - Values raised by WG included: fairness, inclusiveness, openness transparency, equity, accountability; respect for human rights; safe and healthy workplace; employees enabled to participated in family, community and cultural life; shareholder return on investment; recognition that mining uses public resources; ESD principles; stewardship of the environment; integration of sustainable development principles for balanced decision-making; do no harm/do good; social justice; recognition, care and respect for people and planet.
 - Important to recognise that principles are dealing with values.
 - Note however that there can be tensions between values, for example between environmental protection and economic social justice. Concern that the role of shareholder is already privileged because the project is dealing with companies. Need to be aware that these values don’t all fit neatly.
 - Also, values are hard to count and to reach agreement on their relative significance (eg being good to animals compared with being good to humans; finding that 67% of the community are happy – the ‘democratic’ result may not be the issue). Companies are used to dealing with hard numbers.
 - Difficulty of measuring values of people in practice without necessitating a perpetual plebiscite – expense and intrusiveness of wide surveys.
 - Whiteboard diagrams exploring the relationships between values, behaviours and outputs, in the context of management systems and operating environments. Note much agreement in the basic philosophy of diagrams and the FSC approach – that is, the management systems are taken into account via the ‘Principles and Criteria’, and the operating environments are taken into account by a certifier in developing specific performance standards for a forest operation.
 - Important to measure behaviours and outputs with a mix of lead and lag indicators.

Actions:

3.1 *Include a description in next draft that situates MCEP alongside other code/principle development processes. This could also form part of a 'Frequently Asked Questions' area on the website. (Project team)*

3.2 *Provide project team with a concise statement of values. (All)*

4. Developing principles

- The facilitator sought feedback from WG participants on the definition of 'mine site' and on specific principles and criteria circulated in draft document.
- Discussion of definition of 'mine site' presented in draft document:
 - Legal dimension: A 'mine site' is a legally defined entity of the mine lease and usefully defines what a company has control and responsibility over. The effect of the site on environments and people also needs to be taken into account. Certification will be looking at mine site plus the land and operations associated with it, so perhaps define the subject of certification as "mining operations".
 - Spatial/Geographic dimension: Company ownership of pastoral leases which have separate (ie not mining) lease arrangements, though these are often used as buffer zones. Suggestion that these could be certified separately as they are often farms or forests, however these areas are where social and environmental benefits could potentially lie. Could have situation where certification is looking at a geographic shadow that could overlap with three companies. Most contentious issues are usually off site so the broader impacts of a site need to be captured.
 - Temporal dimension: as well as exploration before a mine is a 'site', there can also be later damage down the track. A purely spatial or legal definition may not capture that. The temporal dimension is different for mining than for forestry - how to deal with a finite life of operations adds another layer of complexity to MCEP.
 - Social dimension: Ideas about mine site as a set of relationships and including people are important. However need to take care not to imply that company has control over communities for example by incorporating ideas about broader relationships in a definition of a mine.
 - Exploration: Importance of exploration process as it impacts on Indigenous people. Example of gold exploration, involves huge tracts of land in remote areas; in some cases exploration may only last 2 weeks – very difficult and expensive to audit. Ideally would be included, but may be too much to take on within MCEP.
 - Other issues:
 - Chemical processing – should be included where on site.
 - Hazy area of bulk sampling – not mining, but may appear so to some stakeholders.
 - Complexity of transport, even using 'cradle to gate' idea. The social, environmental and health impacts of transport can be the most concerning issue for communities. Will people accept certification that doesn't include these issues? Suggest definition that captures transport 'until ownership of minerals changes hands'.
 - Role of government eg in providing special operating conditions. Regulator interest in seeing companies performing way above the hurdles.

- Issue of including/certifying contractor activity – need to be included but may be challenging.
- Feedback on specific draft principles:
 - Roundtable feedback from WG participants was sought on each of the draft Principles.
 - This was captured electronically in the draft document and will be reflected in a second draft to be prepared by the project team.
 - There appeared to be no strong disagreement with the overall framework of four theme areas. This will be discussed further at the next WG meeting.
 - There is an option of employing a technical editor for the final stage to ensure the principles are couched in appropriate and consistent language.
 - The project team noted that procedures for individual/organisational signoff on principles may need to be discussed at the next meeting.

Actions:

4.1 *Circulate information on the Construction Industry rating system. (Malcolm Forbes)*

4.2 *Project team to prepare second draft of Principles document, including revised definition of mine site, based on discussions at meeting. (Project team)*

4.3 *Include section on contracting operations in next draft – nature of legal arrangements, agreements, obligations. (Project team, Martha Macintyre)*

4.4 *Include section on protected areas – land designation and codified rights, legal status in different countries. (Project team)*

4.4 *Include section on relevant ILO Conventions. (Project team, Peter Colley)*

4.4 *Include section on Indigenous self-determination. (Project team, Margaret Donaldson)*

4.5 *Include agenda item on procedures for ‘organisational signoff’ for next meeting. (Project team)*

5. Reflection on meeting

- The complexity of this stage needs more time and discussion.
- Next meeting proposed to be a two-day residential meeting in Melbourne in early May.
- Circulation of a Principles document to Contact List for comment after the May meeting.

Actions:

5.1 *Confirm date and venue for next meeting. (Project team)*

CLOSE: 5 pm