

THE GLOBAL MINING INITIATIVE

Address to Mining 2000, Melbourne September 20, 2000

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(Prepared in association with Tony Wells, BHP Minerals)**

The idea of Sustainable Development---meeting the needs of this generation without compromising the ability of future generations to meet their needs---has become a key concept in seeking to integrate environmental, social and developmental goals of societies everywhere.

As a consequence, the future of the mining and metals industries is inseparable from the global pursuit of Sustainable Development. The central question is: Will the industry be a critical and important contributor to a sustainable future or will it become, in reality or perception, a relic of a declining industrial age?

This question goes far beyond the mining industry's reputation and standing. It concerns deeply the way in which the industry manages its activities. It concerns the way in which it participates in the debates about how the world is to achieve a sustainable future. It touches upon every aspect of its operations and their consequences---economic, environmental and social.

The industry is no stranger to Sustainable Development. In many countries and globally, it has been prominent in the debates surrounding it. But many critics see the industry as having a declining role in sustainability. For some, even the notion of mining being part of a sustainable future simply doesn't make sense. They argue that the industry's dependence on non-renewable resources is fundamentally incompatible with sustainability.

Through its industry associations and by other means, the industry has argued its sustainable development case for many years, sometimes with reasonable success. But overall, it has slipped behind. There are measurable consequences of this. It has literally lost ground for exploration or has found that the conditions for entry have become too onerous. It has found some of its products under fire on environmental and toxicity grounds, some of them arguable. As a consequence, market access for some metals has been under pressure in some countries---copper in pipes, nickel in coins, to mention just two.

Despite the economic benefits that mining and metals bring to societies, in both the developed and developing worlds, its environmental and social consequences---real and perceived---attract greater attention. Its very tangible technological accomplishments, which have delivered more efficient and clean extraction, production and use of metals, are usually overwhelmed by low tech images of massive holes in the ground.

Against this background the central questions grow even more pressing---what role is mining to play in the transition to a sustainable future? How is that to be debated and decided? How can the industry better contribute to the debate?

It was these issues which gave birth to the Global Mining Initiative (the GMI) and, more particularly, a major study of mining and sustainability which is now underway--- to give it its full title “Mining, Minerals and Sustainable Development” (MMSD). I and my co-author Tony Wells of BHP Minerals want to outline to you today the key features of MMSD---how it started and what it is intends to do.

The GMI had its genesis in a meeting of several mining industry Chief Executives in London almost exactly two years ago. They agreed that the industry needed to rethink the way in which it was arguing its case. They also agreed that the inescapable context in which this task should be tackled was Sustainable Development. Other CEOs soon joined them in these conclusions.

Even more importantly, the CEOs recognised that success would be achieved only if a fresh approach was adopted. This needed to take the industry’s position beyond normal advocacy through its industry associations. This did not represent any lack of confidence in the industry bodies. On the contrary, it was recognised by the CEOs that the associations were doing much good work. But they also concurred that the industry needed to marshals its resources more effectively and achieve greater coherence of purpose among the associations, especially at a global level.

The compelling challenges involved in launching the MMSD project were:

- How to build greater trust about the industry’s intentions and actions in respect of Sustainable Development,
- How to create an open and transparent process of engagement and debate with the NGOs and international and national agencies concerned with mining’s future,
- How to conduct an exercise which would be seen to be independent, rigorous and professional.
- How to ensure that the project led to needed change by the industry and others.

The CEOs agreed that meeting these challenges successfully meant placing an examination of

mining's role in sustainability in the hands of people outside of the industry. Such a study could be initiated by the industry and largely funded by it. But its success depended on it not being run, or even being seen to be run, by the industry. The industry would need to be a full participant, but sitting alongside other stakeholders.

The MMSD project, now underway, is probably the most far-reaching, open and comprehensive process of scrutiny that the industry has been under---at least in an industry wide, globally organised sense.

Once the CEOs had decided that the MMSD should be run outside of the industry, two decisions followed. The first was to commission a feasibility study to flesh out the ideas.

This critical task was given to Richard Sandbrook, the then executive director of the London based NGO, the International Institute for Environment and Development. The IIED, over a quarter of a century, has successfully advised governments, donors and agencies on how to evaluate and manage projects with environmental, social and economic implications, particularly in the developing world.

Richard Sandbrook was one of the four co-founders of the Friends of the Earth. He has sat on numerous international committees concerned with sustainable development. He also conducted an international study of the pulp and paper industry and its role in sustainability. Sandbrook presented his feasibility study to the mining CEOs last October and his proposals were accepted.

The second decision was to ask the World Business Council for Sustainable Development (WBCSD) to act as the agent for the sponsors of the study. Many will be aware of the WBCSD and the positive reputation it has achieved in international forums in advancing the role of business in Sustainable Development. It represents more than 120 global corporations, only a fraction of which are mining companies.

The WBCSD's tasks were:

- Firstly, to form a sponsorship committee, with representatives of all sponsors, both industry and non-industry;
- Secondly, with advice, to convene the "Assurance Group" a distinguished body of about 20 individuals with international reputations in environment, social and economic areas. This body would act as a peer review group and thereby offer evidence of the project's independence and integrity,
- Thirdly, to appoint someone to co-ordinate the study, and
- Fourthly, to oversee the broad administrative aspects of the project for the sponsors.

Richard Sandbrook was appointed by the WBCSD as Project Co-Ordinator. In turn, he recommended the appointment of Luke Danielson as Project Director. Luke Danielson has worked for universities, governments and agencies on environmental and social issues in the mining industry in North and South America. He has now gathered together a small, professional team based in London, to undertake the MMSD study. This team works within the IIED structure which was appointed as the lead work group.

Once the feasibility study was completed, the original group of nine CEOs invited other mining industry companies to join as sponsors of the MMSD study. About 20 have now done so, representative of virtually every commodity and every major mining region of the world. The sponsors include Rio Tinto, whose Chairman Sir Robert Wilson chairs the CEOs Group, Anglo American, Billiton, Noranda, Placer, Codelco, Phelps Dodge, Newmont, BHP and WMC. So much for the mechanics. While they are critically important in ensuring that the study is at arms length from the industry, what is even more important is the set of principles on which the MMSD study is based.

In his feasibility study Richard Sandbrook identified a number critical bottlenecks which had to be cleared if the MMSD study was to succeed. These included:

- a lack of trust between the industry, governments and society at large;
- the absence of a clear vision about the contribution which mining could make to sustainability;
- confusion about boundaries of responsibilities, and
- the need to translate sustainable development principles into operational standards and benchmarks for communities, consumers, companies and countries.

To address these and related issues, he recommended several guiding principles. These included:

- The importance of taking a long term strategic approach,
- Adopting a global perspective which recognised issues of concern to both the developed and developing worlds, and
- Ensuring that the study was action oriented so that it would become an engine for change, not just a talking shop.

Equally importantly, he emphasised the need for the study to be inclusive so that the full range of representative stakeholders could be involved in its design, governance and implementation. Coupled with this was the requirement that the study should be driven by the highest professional standards of analysis, consultation and communications.

These principles were endorsed. They entailed some interesting---and in some cases---challenging propositions for the industry. For example, the industry could easily draw up a list of

issues of importance to it, but what about other stakeholders and their lists? Those lists would undoubtedly include waste disposal in rivers and oceans, the fair sharing of economic benefits, greenhouse, concerns about toxicity of some metals, the vexed question of “no go” areas, human rights, learning from poor (as well as good) industry case studies and so on. Everything needed to be on the table. The industry sponsors accepted this.

Of course, the MMSD team will have to make decisions on what can be addressed and with what priority, given the time and resources available. Of course it will need to make these decisions through consultation with all of the stakeholders. But decisions nonetheless will be required.

A further example concerns the quite reasonable expectation of stakeholders outside of the industry that their participation will help drive change. Some NGOs are asking already why they should spend precious time and effort on the study without evidence that their views will be heard and acted upon.

This position is respected. There is no point in seeking to build trust through an extensive exercise of analysis and engagement with stakeholders unless it is aimed at achieving needed change. To help accomplish this, the study is designed to deliver thoughtful analysis of the key issues. Inevitably the results will reflect sometimes differing stakeholder perspectives and sometimes conflicting responsibilities as between governments, the industry and civil society institutions. The study will seek to identify those things which merit action and lay out the paths which might be followed to achieve it. Without that approach, the exercise is doomed to failure.

Beyond these challenges lies a more prosaic but nonetheless equally real challenge---how to managed the MMSD study, given its enormous scope, its global reach and its complex and controversial subject matter, within a finite period and within reasonable, but ultimately finite, resources?

The finite life is by design, not accident, for several reasons. Firstly the sponsors want outcomes from the study by mid 2002, the year that will mark the 10th anniversary of the Rio Earth Summit, which was pivotal to institutionalising Sustainable Development. During 2002 many events will be held to discuss progress in pursuing Sustainable Development.

To contribute to these events, the GMI is organising a conference on Mining and Sustainability in Toronto in mid 2002. This will provide a venue for discussing the study outcomes and proposals to carry its work forward. It is planned that a wide range of stakeholders will be present, particularly from the developing world.

There is another reason for the finite life of the study. If the study is to drive needed change, its outcomes must be firmly and permanently embedded in the industry. The study, and the GMI

which gave rise to it, will hopefully catalyze change. But neither are permanent entities, nor should they be.

Implementation will depend critically, but not solely, on the actions of individual companies and the industry as a whole, working through its representative bodies. Part of the GMI's work involves considering how best to organise and resource the industry's associations so that they can play an important role in carrying forward the work of the study.

The decision that the MMSD study's life will expire in mid 2002 has raised concerns from some stakeholders that it will be impossible for it to do all the things expected of it in the available time. To some extent, this understandable concern misses the point. The MMSD could not address all of the issues everywhere, even if it had twice the time and twice the money.

Its central purpose is to analyse the issues so that others, including the industry, can deal with them over time. MMSD will aim to complete all that it can by mid 2002 but it will also recommend ways of pursuing issues still not completely resolved when its life comes to an end. This will be a very important part of its legacy.

There are several ways in which MMSD is organising itself to undertake its huge task. Firstly, it is acting on the environmental principle of thinking globally and acting locally. Much of MMSD's work will be done on a regional basis, particularly in those parts of the world where mining and its environmental, social and economic consequences are important. Australia is one of those regions.

Organising in this way is driven not simply by the need for a division of labour, but also to ensure that regional and local issues are taken properly into account. The issues for the industry and its stakeholders in Europe, for example, are vastly different to those in parts of the developing world. In some regions questions surrounding the sharing of the economic benefits of mining at national and local levels are critical. In other areas, the management of environmental impacts and the use of metals loom large.

Trying to deal with these issues in a global, abstracted way, rather than grounded in the regions, would be likely to miss many important points. It would also run the risk of producing vague outcomes, not specific proposals.

Of course there will also be topics that merit attention at the global level. These may include issues surrounding the financing of the industry and, among other things, associated impacts on supply and demand. The role of technology in driving improved economic, social and environmental performance is a second potential example. Weaving together the regional and global issues is likely to enrich significantly the value of the study.

The MMSD will avoid duplicating work that has been done already. It will seek to identify and organise existing information into a form which will help drive the debate forward. Of course the MMSD team may identify new research tasks which will require original work. But the main focus is likely to be more on analysis rather than on research.

It is also the intention of the MMSD team to sublet work to the many organisations and academic bodies which have long established credentials in mining and sustainability. It has already done so in Australia by commissioning the Minerals Division of the CSIRO to conduct a scoping study for the regional work in Australia.

Even using these approaches, the MMSD team still faces a daunting task, on which it will spend many millions of dollars over the next two years. Countless hours will be spent on the necessity of interacting with literally hundreds of stakeholders all over the world. A continuous process of review, criticism and refinement of its work will also involve a major commitment of resources.

Only time will tell whether all this effort will prove to be worthwhile. But there can be little doubt that it is a task which should undertaken. The fact that around 30 major mining companies have backed it is evidence of the industry's awareness of the need.

Encouragingly, support for the Study goes beyond the industry. This has been demonstrated by strong signals that organisations outside of the industry are prepared to back it financially and in other ways. It is anticipated that around 40 percent of the resources needed to undertake the study will be found from non-mining industry sources. Sharing the ownership of the study and its outcomes in this way will be important to its success.

The MMSD team has recruited staff who will be dedicated to managing stakeholder relationships. This is aimed at ensuring that the representatives of civil society, particularly environmental and community aid NGOs, have the opportunity to play a full and important role.

While the study is not unprecedented it is unusual in its scope and intent. To be successful it must get beyond simple, adversarial positions and it must demonstrate qualities of thoroughness, professionalism and independence. Above all it will need to command respect from a wide range of stakeholders who may not agree with all of its conclusions but hopefully will agree that they have been arrived at through a rigorous, fair and transparent processes.

While the MMSD has lofty aims, they are surely justified. Debates will be endless around the extent to which mining and minerals contribute to economic well being. But few would argue the fundamental proposition that mining has some role in a sustainable future. How it plays that role is unquestionably the subject of legitimate analysis and debate.

In the past, the industry has made mistakes. Accidents have occurred. Often the industry has not been the best advocate in its own cause. In the future it must be prepared to respond better to criticism.

Through the MMSD the industry sponsors have voluntarily submitted themselves to a very deep level of scrutiny because they know that it is important to do so. Working through a thorough process of analysis with other stakeholders will hopefully ensure that the MMSD study breaks new ground and drives needed change.

Melbourne, September 2000.