MEMS LUNCHEON REMARKS

1. **Thanks** for intro, opportunity

2. **Two Themes:** (1) ICMM – What is it? Who is it? Why is it? What is its role? why is it what is it’s role in the industry; and (2) UNCSD Review.

3. **Theme 1 – ICMM**

   - Reporting out now to you after a comprehensive strategic review
   - Collaborative of 19 companies, some of the largest and most competitive; 500 operations in 60 countries not including exploration
   - **Context:** 6,000 companies in the world; employ 800,000 of about 2.5 million; some commodities very dominant; 30 associations - regional, commodity through which the reach is extended to another 1,500 companies. (BUT NOT THE WHOLE INDUSTRY, WE DON'T REPRESENT THE WHOLE INDUSTRY – DOUBLE EDGED SWORD –LEADERSHIP VS. INDUSTRY PERFORMANCE, CONSCIOUS STRATEGY).
   - **Origins:** history WWII - current, GMI/MMSD, now, Jo-burg, Rio + 20??
   - **Mythology:** very ancient, old, current, future
   - **Interests:** (1) industry (all parts), (2) government (all orders), (3) indigenous people/communities; (4) end users and consumers; (5) civil society organizations; (6) academic/learning, R & D support
   - **Agenda:** seven program areas: (1) R & A; (2) Socio Economic Contribution: A. Resource Endowent; B. Community; (3) Environment; (4) Health and Safety; (5) Materials Stewardship; (6) Communication; (7) Strategy and Administration
   - **Commitments plus Reporting** (most recent is Climate Change); this year is historic
   - **Systems Perspective:** Project Life Cycle; Mineral Life Cycle; ripple affect
   - **Current Trends:** consumption up; needed technologies for the shift to low carbon economy need the metals and minerals we produce; emerging nations role up; growing recognition that no one party can address issues;
   - **Challenge:** fairness
An Effective and “Fair” Mine Development Arrangement should:

1. recognize the full contribution of all implicated interests: host communities, government (local to national), indigenous peoples, and companies (investors and employees)
2. protect the values and interests of all implicated parties
3. take into consideration the full project life cycle from development through to closure and post closure
4. seek the fair distribution of costs, benefits, risks and responsibilities over the full project life cycle
5. be robust and support a stable operating environment through the full project life cycle
6. include provision of a process to periodically assess the effectiveness of the agreement particularly in the face of changing conditions and if appropriate, spark adaptation should such change be merited
7. lead to trust and respect amongst implicated interests including government, company, local communities, indigenous people and civil society
8. address both the full range of substantive issues important to implicated parties as well as provide for an effective process of appropriate engagement in the negotiating process throughout the life of the agreement.
9. in summary, be consistent with the overarching concepts of sustainability and sustainable development;

4. Theme 2 – UNCSD Review

- cycle 18 of its post Agenda 21 review process; topics in this review include:
  (1) transport  
  (2) chemicals  
  (3) waste management  
  (4) mining, and  
  (5) sustainable consumption and productio

- two phase review: (1) progress; (2) policy moving forward

- industry structure
• Progress/Issues moving forward:

(1) Systems Perspective

(2) Nature of the mining agenda

(3) Engagement

(4) Transparency – EITI, company, government plus civil society

(5) Reporting and Assurance. The evolution from state-of-environment reporting beginning in the late 1980s to sustainable development reporting in the early to mid-1990s has continued. The number of companies expressing sustainable development commitments and reporting publically on performance has increased. However, while performance has improved on a wide range of factors, the industry overall is far from where it needs to progress to. Reporting and assurance systems, and the link between voluntary versus reporting driven by regulation, continue to evolve. The Global Reporting Initiative (GRI), in collaboration with ICMM, has led improvements in this field.

(6) Overall Contribution to Human and Ecosystem Well-being.
Consideration of the long-term contribution of mining to human and ecosystem well-being is gaining recognition as a key design criterion for the industry. Moving forward, this perspective needs to be reinforced, which has significant implications for both industry performance and government policy. The focus on enhancing the industry’s contribution at both a national and local level has dramatically increased over this past decade. An overall understanding of the steps required to ensure that mining enhances conditions in developing countries while avoiding the “resource curse” has emerged. On this front, ICMM’s Resource Endowment work has played an industry-leading role. The related link between mining and community development a key factor and a high-priority area for ICMM members and the industry as a whole. In this regard, an ongoing challenge is to clarify the responsibilities between government and industry – something that currently varies significantly from country to country.

(7) Fair Distribution. ICMM’s perspective is increasingly focussed on coming to terms with the issue of how to achieve a fair distribution – of costs, benefits, risks and responsibilities – while protecting the interests of all stakeholders. This issue will increasingly need be addressed through collaborative activities, with policy implications arising for all those with an interest in achieving a fairer distribution.

(8) Worker Safety. Worker safety remains a top priority for the industry. While significant progress has been made in some countries, a strong “safety culture” is not yet in place worldwide and significant improvements remain to be achieved. A key policy challenge is how to incentivize substantive advances in safety performance through an appropriate balance between regulatory, enforcement and voluntary activities – in particular, on how to reduce fatalities in the industry.

(9) Community Health and Well-being. While companies have traditionally been held to account for the safety and health of their employees, increasingly they are
voluntarily extending that responsibility to the communities that their employees are a part of, or that are contiguous to operations. There is strong evidence for this around HIV/AIDS, tuberculosis and malaria. However, this is an area where: much work remains to be done; the boundaries of responsibility have become blurred; and the best way of achieving effective collaboration between companies, government, and civil society organizations remains to be established.

(10) **Indigenous Peoples.** Improving relationships between Indigenous Peoples and mining companies is of particular concern to ICMM’s members – and moving from a situation of historical disadvantage and sometimes adversarial interactions, towards constructive engagement in pursuit of mutual benefit. This will remain a key issue for the industry moving forward. A challenge for policy-makers is how to reconcile traditional indigenous perspectives on land ownership and their ability to grant or restrict access, with the reality that most states assert ownership over sub-surface resources in the interests of the population as a whole. The tensions that arise as a consequence are often left to mining companies to address and navigate, in the absence of a policy context that provides for meaningful involvement of Indigenous Peoples in decision-making.

(11) **Artisanal and Small-scale Mining (ASM).** ASM is an increasingly important source of livelihoods for millions of poor rural people in developing countries. It can be an important local economic driver, through increasing local purchasing power and demand for locally produced goods, and contribute to foreign exchange earnings. However, ASM’s positive contribution towards poverty reduction and economic development is often tempered by poor environmental and health and safety practices, the spread of communicable diseases, heightened security risks, and the illegal trade in minerals that may also fuel conflict. The increasing coincidence between ASM activities and large scale mining has brought some urgency to the need for policy makers to provide a regulatory context for ASM and large scale mining to co-exist.

(12) **Human Rights.** This issue continues to be a high priority for the industry, particularly as the links between human rights and some of the more traditional environmental and social issues become increasingly clear. ICMM has been deeply involved in discussions led by the Special Representative to the UN Secretary General on Business and Human Rights on this front, and the industry as a whole continues to grapple with the practical implications of demonstrating respect for human rights. As industry develops the tools to effectively deliver on the corporate responsibility to respect human rights, a key policy challenge is ensuring that governments deliver on their duty to protect human rights – on which the corporate responsibility to respect rights critically depends.

(13) **Climate Change.** Work on climate change is a high priority within ICMM’s membership, and ICMM released a new policy position in November 2009. Cross-industry involvement with addressing climate change is a relatively new development and reflects the industry’s willingness and desire to demonstrate that it is part of the solution. There is also an emerging recognition that members can play a pivotal role in facilitating cross-industry involvement, by working with suppliers and customers, in finding solutions to climate change challenges.
(14) **Biodiversity.** ICMM member companies have made considerable progress in reducing the environmental and biodiversity impacts of their operations and many have become leaders in the development and application of state-of-the-art land rehabilitation and ecosystem restoration techniques. Today, other avenues are being actively pursued to enhance contributions to biodiversity conservation, including assessments and conservation of unique flora and fauna, research and development and supporting protected area management programs. A key challenge for policy makers is to better understand the root causes of biodiversity loss, of which mining often plays only a small part – and to put in place policies to address these root causes.

(15) **Integrated Materials Management.** The MMSD report identified the challenge of managing materials from a life cycle perspective – recognizing that the industry has a responsibility that does not end at the mine-site boundary. ICMM has responded to this challenge with the concept of materials stewardship, which includes activities and actions to improve both the upstream processes that support the production of the materials that are mined, and the downstream product(s) that use such materials. It encompasses chemicals management, life cycle management and sustainable consumption and production and seeks to maximize the value to society of the minerals and metals we produce.

(16) **Post-Closure Implications.** The long-term nature of mining and the implications for both people and ecosystems are something that society and industry are only now coming to grips with. There are significant implications for companies, communities and government that have yet to be addressed and resolved.