

# Sustainable Development

## *A growing challenge for the mining industry*

A presentation to the  
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**Wayne Dunn & Associates** – Wayne Dunn [wayne@waynedunn.com](mailto:wayne@waynedunn.com)  
**Universal Management Group** – Rob Nixon [rnixon@umg.ca](mailto:rnixon@umg.ca)

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*A History of Creating Innovative Partnerships in Sustainable Development*

# Presentation Overview

- Growing Importance of Mining & Sustainable Development
- Corporate responses
- Need for a systematic approach
- A model for mining and sustainability
- Benefits of using a systematic approach
- Corporate Sustainability Implementation: Components & Tools
- Questions and Discussion

# Our background

- Strategic Alliance of two International management consulting firm specializing in corporate sustainability ([www.waynedunn.com](http://www.waynedunn.com) / [www.universalia.com](http://www.universalia.com))
- Direct experience with corporate, community, NGO, government and institutional sectors
- International mining and sustainable development experience
- Experience in Canada and over 60 other countries

# Mining & Sustainable Development

*Organizing mining and exploration activities so that they are profitable and maximize their contributions to the long term, sustainable development of the region in which they are located*



# Growing Importance of Sustainable Development

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# Sustainable Development: *a new challenge*

- Sustainable development is a new challenge
- Communities and civil society: *increased influence and bottom line impacts*
- Not unlike the challenge posed by emergence of environmental issues in the 80's and 90's



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# Why is this happening

- **Globalization & Inter-connectedness**
  - **Global media** – The *CNNization* of the world – remote local issues direct to television screens
  - **Proliferation of NGOs** – direct, well organized and financed support to communities
  - **Internet and other communications innovations** – direct communications from remote projects to worldwide audience
- **Global Democratization** – increased attention to local issues

# Why is this happening (cont)

- **International standards and directives**

- World Bank: *Operational Directive 4.30 – Involuntary Resettlement*;
- World Bank: *Operational Directive 4.20 – Indigenous Peoples*
- IDB: *Community Consultation, Sustainable Development*
- IDB: *Operational Directive 710 – Involuntary Resettlement*
- International Labour Organization *Convention 169 on Indigenous and Tribal Peoples Convention*
- United Nations Conference on Environment and Development: *Chapter 26, Agenda 21*
- United Nations: *Declaration on the Rights of Indigenous Peoples (Draft)*
- Organization of American States: *Declaration on the Rights of Indigenous Peoples (Draft)*
- ISO Standards

# Why is this happening (cont)

- **Increased permeability of institutional and organizational boundaries**
- **Regulatory frameworks and licensing-permitting procedures** – platforms for public involvement
- **Growing public interest** - driven by increased access to information (CNNization and other communications)

# NGOs: *a powerful force*

**\$1 Trillion influence**

- **Big government, big business give way to \$1 trillion big nonprofit sector**
  - Washington (AP) -... “NGOs distribute more aid than the World Bank and, if viewed as a nation, would rank 8th in economic power... Key roles in trade, environment, corporate decision making” (Nov 18, 1998)
- **Tony Blair** – “*third way*” in world affairs
- **Gerhard Schroeder** – represent the “*new middle*”
- **Employ over 7% of U.S. Workforce**
- **Distribute 30% of U.S. aid**

# Increased community influence

- Social/local license
- Communities supported by well organized/financed NGOs and interested public
- Direct community influence on project design, development and profitability

# Impacts of not addressing sustainability

- Project delays and blockages
- Difficulty securing regulatory approvals and permits
- Increased cost and complexity
- Difficulty accessing financing
- Increased political risk premiums
- Erosion of management credibility

# Impacts of not addressing sustainability

- Deterioration in government and institutional relations
- Erosion of corporate reputation
- Increased scrutiny of other operations
- Difficulty acquiring other opportunities

# Project Finance & Sustainability

- Public and private sector financial institutions are beginning to require that sustainability be addressed effectively
- Some are requiring community/social impact audits and others are moving in this direction

# Financial stakeholders are targets too

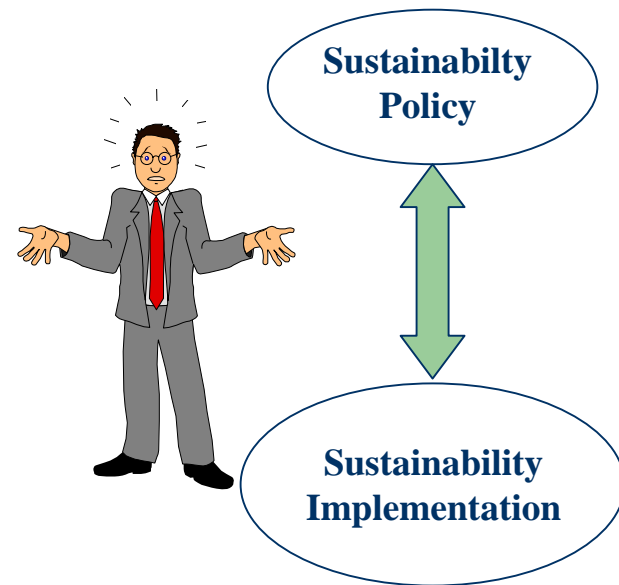
- Project and reputational risk for developers and financial backers
- ***“Greens Gun for Finance”*** – FT Feb 9, 1999
- Potential impacts
  - Negative publicity
  - Possible boycotts of consumer business
  - Decreased financial returns

# Corporate Responses to Sustainability

- Corporations and financial institutions demonstrating growing interest in social and community issues
- Corporate policies, values statements, triple bottom line approaches, etc.
- Increasing communications (social reports, CEO/executive speeches, etc.)
- Emergence of social and sustainability reporting (and auditing)

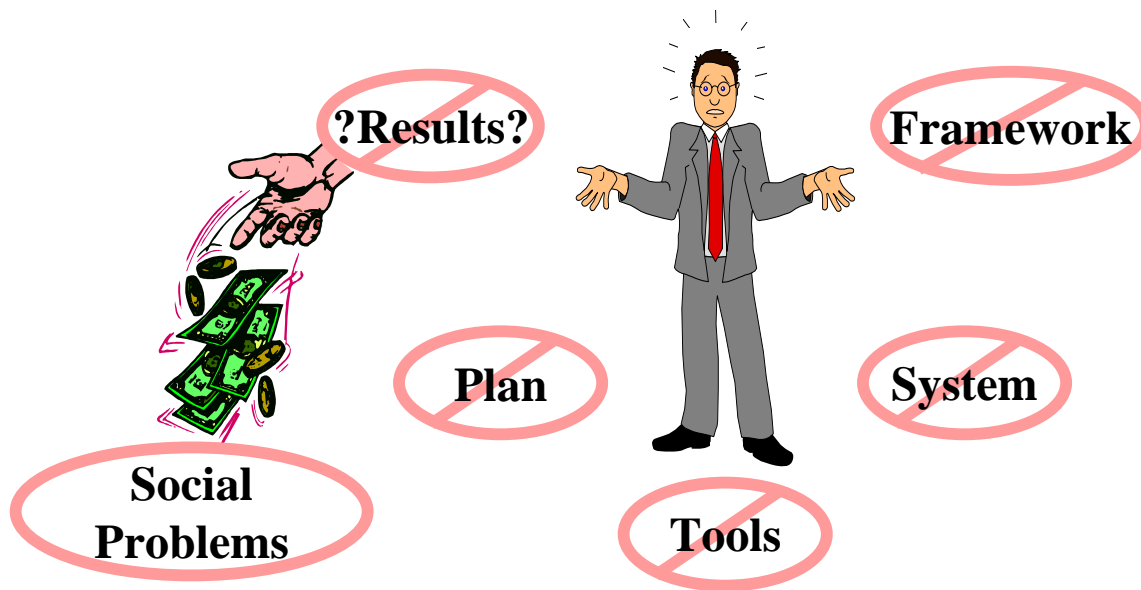
# Corporate Sustainability Gaps & Challenges

- Connecting policies to business unit performance
  - Business unit sustainability strategies and plans
  - Implementation, monitoring and evaluation
  - Absence of sustainability tools and standardized processes
- Lack of framework for implementation of sustainability policies



# Implementation Trap

## Corporate Sustainability Program

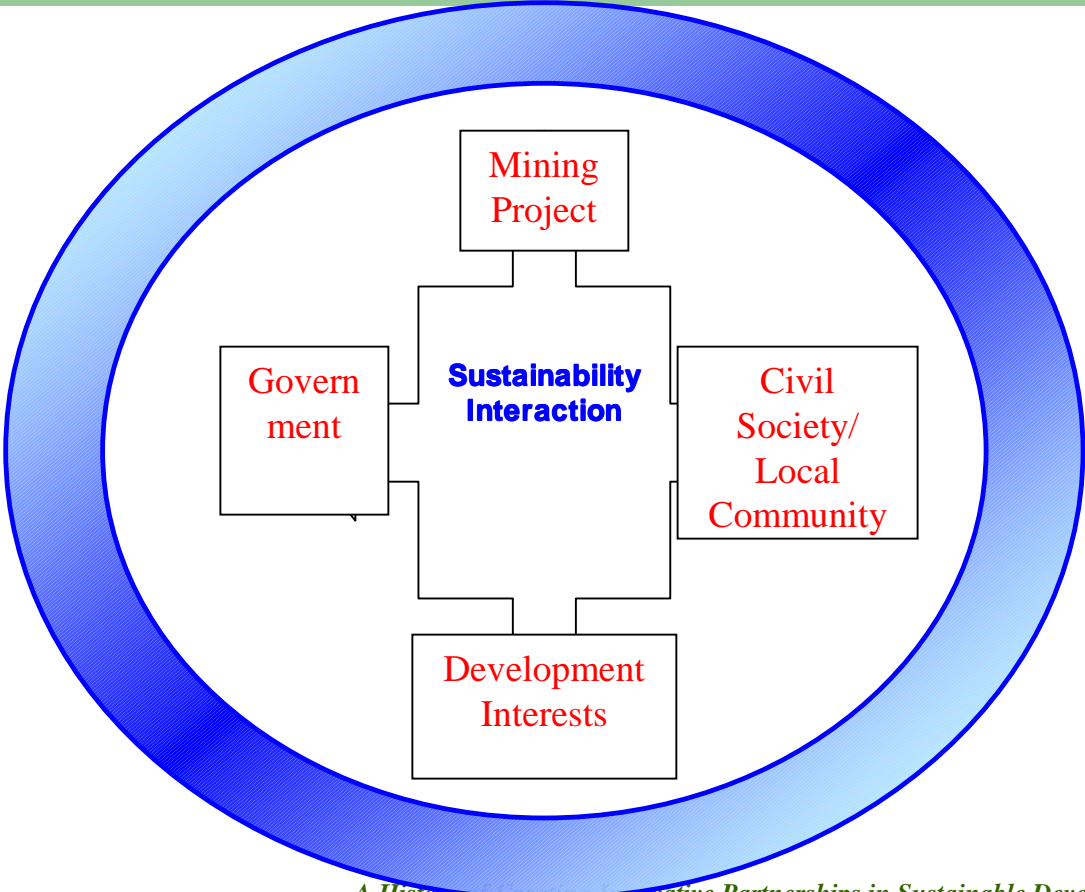


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# Corporate Sustainability Gaps & Challenges

- Lack of a sustainability framework inhibits
  - Return on sustainability investments
  - Strategic approach to sustainability
  - Corporate learning
  - Capacity to design, develop and implement sustainability programs
  - Consistency of application across the enterprise
  - Ability to communicate sustainability practices and objectives
- Lack of a sustainability framework increases risk

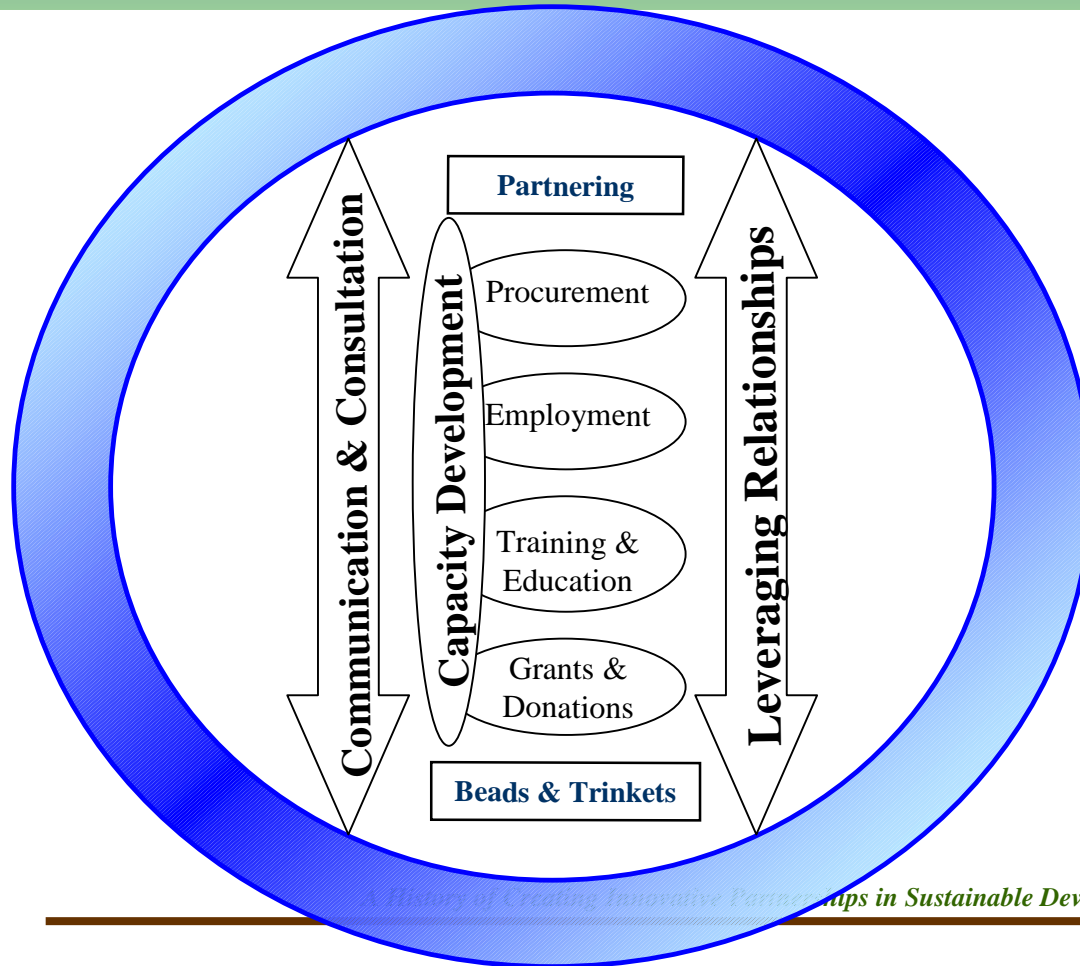
# Sustainable Regional Development



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# Sustainability Interaction Continuum



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# Benefits of Using a Systematic Approach

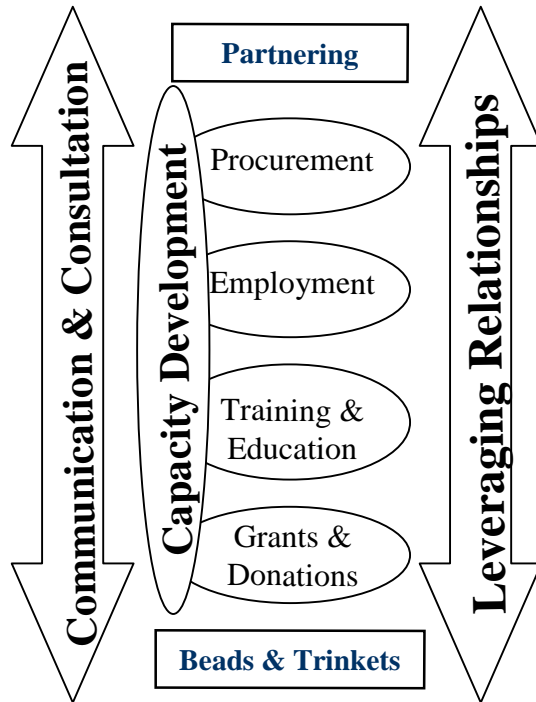
- Improved return on sustainability investments
- Sustainability integrated into overall corporate strategy
- Connects corporate sustainability policy with business unit performance
- Enhanced corporate learning and overall sustainability capacity
- Consistency of application of sustainability across the enterprise
- Enhanced internal and external ability to communicate sustainability practices and objectives

# Benefits of Using a Systematic Approach

- Improved risk management
- Regulatory/permitting processes
- Financing access/terms and conditions
- Decreased political risk premiums
- Enhanced government & institutional relations
- Improved reputation management
- Improved access to other opportunities

# Corporate Sustainability Implementation

## Components and Tools



- Policies & Strategies
- Indicators and Performance Management
- Integration into corporate culture
- Business unit support
  - Training and support programs
  - Capacity to design, develop and implement sustainability programs
- Communication tools
- Implementation strategies & frameworks
- Monitoring/Auditing
- Sustainability reporting

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# Sustainability Assessment Protocol

- Developed for audit of EBRD/IFC financed resource project in Eastern Europe
- Environmental Overview
- Communications and Consultation
- Corporate Ethos
- Sustainability Interaction Continuum
- Measuring and Monitoring

# Mining Sustainability Analysis

- Comparative analysis of leading practices in mining and sustainable development at six sites in Latin America/Caribbean
- Strategic assessment of existing sustainability practices at each individual site
- Linking mining with sustainability partners
- Development of tools and lessons learned

# Summary

- ✓ Growing Importance of Mining & Sustainable Development
- ✓ Corporate responses
- ✓ Need for a systematic approach
- ✓ A model for mining and sustainability
- ✓ Benefits of using a systematic approach
- ✓ Corporate Sustainability Implementation: Components & Tools

# Questions and discussion