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## ICMM Annual Review 2004

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# Annual review 2004



leadership • responsibility • accountability • transparency • commitment • dialogue




## The International Council on Mining and Metals (ICMM)

ICMM is a CEO-led organisation comprising many of the world's leading mining and metals companies as well as regional, national, and commodity associations. Our members are committed to improving their sustainable development performance and to producing responsibly the mineral and metal resources society needs.

### The ICMM Principles

Clear targets and accountability are essential to improve performance and build trust. Our sustainable development principles give us a context to achieve this. They were adopted in May 2003 and our corporate members have committed to report on their performance against them.

Our work programme is designed to put our principles into practice. In this review, our projects and activities are marked by a  to signal the principles they support.

1

Implement and maintain ethical business practices and sound systems of corporate governance.

2

Integrate sustainable development considerations within the corporate decision-making process.

3

Uphold fundamental human rights and respect cultures, customs and values in dealings with employees and others who are affected by our activities.

4

Implement risk management strategies based on valid data and sound science.

5

Seek continual improvement of our health and safety performance.

6

Seek continual improvement of our environmental performance.

7

Contribute to conservation of biodiversity and integrated approaches to land use planning.

8

Facilitate and encourage responsible product design, use, re-use, recycling and disposal of our products.

9

Contribute to the social, economic and institutional development of the communities in which we operate.

10

Implement effective and transparent engagement, communication and independently verified reporting arrangements with our stakeholders.

**Introductory welcome messages from our Chairman, Wayne Murdy, and our Secretary General, Paul Mitchell**

**Key achievements and activities in 2004**

- Development of the Mining and Metals Sector Supplement to the GRI 2002 Guidelines followed, in early 2005, by a commitment to report in accordance with GRI framework
- Launch of the good practice website
- Translation of ICMM Principles into four languages



**Key achievements and activities in 2004**

Initiatives to improve members' environmental performance:

- Continued IUCN-ICMM Dialogue
- Publication of case studies on mining and biodiversity conservation
- Fulfilment of the pledge not to explore or mine in World Heritage sites
- A survey of financial assurance practices for mine closure
- Agreement to develop a tailings management reference guide



**Key achievements and activities in 2004**

Increasing our understanding of how mining contributes to social and economic development:

- Launch of resource endowment study
- Indigenous peoples' issues review
- Tools for local community development



**Key achievements and activities in 2004**

Improved health and safety performance through:

- Indicators of health and safety performance
- Scoping of a database of safety statistics for benchmarking of members' operations
- Agreement with the Chinese Government and our partners on a programme to improve mine safety in China
- Work with UNEP on awareness and preparedness for emergencies at local level, or APELL



MESSAGES

2



SUSTAINABLE DEVELOPMENT FRAMEWORK

4



**Goals for 2005**

- Developing a verification element for the framework

ENVIRONMENTAL STEWARDSHIP

6



**Goals for 2005**

- Publication of good practice guidance on mining and biodiversity conservation
- Online reference guide of good practices in tailings management
- Approaches to integrated land-use planning
- Discussion paper on biodiversity offsets
- Advocacy paper on financial assurance

SOCIO-ECONOMIC DEVELOPMENT

8

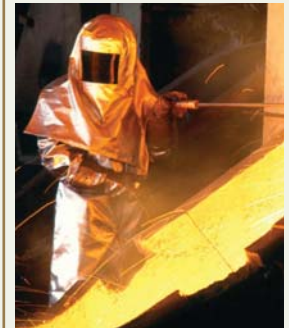


**Goals for 2005**

- Outputs of resource endowment study
- Publication of case study examples to enhance the socio-economic development of host countries
- Dissemination of community development tools

HEALTH AND SAFETY

10



**Goals for 2005**

- A report on a harmonised approach for setting and reviewing workplace exposure limits
- Launch of health and safety database
- A publication on case studies of APELL in mining

# Highlights of 2004 and goals for 2005

## Key achievements and activities in 2004

- Steps towards a policy framework on materials stewardship
- The 'Apeldoorn Declaration' agreeing on the need for a metals specific method for assessing ecotoxicity impacts
- Input to PrepCom2 for the UN's Strategic Approach to International Chemicals Management (SAICM)

4 8

### MATERIALS STEWARDSHIP

12



## Goals for 2005

- Guidance document on materials stewardship
- Eco-efficiency tools and case studies
- Publication on metals recycling
- Continued involvement in SAICM

## Key achievements and activities in 2004

- Recognising that sustainable development policies need to be based on valid data and sound science, ICMM participated in various policy forums throughout 2004:
- Europe's draft new chemicals policy (REACH)
  - Metals Environmental Risk Assessment Guidance
  - Human Health Risk Assessment Guidance
  - IFC policies and performance standards

4

### SCIENCE-BASED REGULATIONS

14



## Goals for 2005

- Continued participation in policy debates
- Developing technical input based on sound science with various partners, such as the Ecotoxicity Technical Advisory Panel

## Key achievements and activities in 2004

- Bringing our members' perspective to:
- The World Bank's Extractive Industries Review
  - The Extractive Industries Transparency Initiative
  - World Conservation Forum
  - Global Dialogue of Governments

1 4 7 9 10

### PARTICIPATION IN INTERNATIONAL FORUMS

16



## Goals for 2005

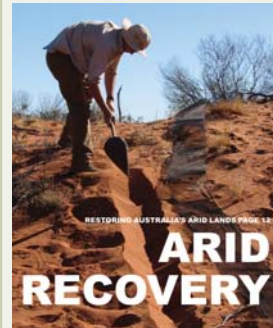
- Continued participation in these and other forums to ensure ICMM's mission and position are broadly understood

## Key achievements and activities in 2004

- Worked collaboratively with 34 organisations
- Participation in 27 international events
- Maintaining two websites
- Three newsletters
- 13 FYI e-letters

### COLLABORATIVE APPROACH

18



## Goals for 2005

- Stronger partnerships and continued collaborations
- Increased attendance in international forums
- Improvements to our websites
- Four newsletters
- Ongoing communication with our members

## Key achievements and activities in 2004

- A new corporate member, Lonmin, joined in October
- A strategic meeting in May
- ICMM annual meeting in October
- Forum for CEOs

### MEMBERSHIP AND GOVERNANCE

20



## Goals for 2005

- Continue to work strategically with our members to meet ICMM's objectives
- Continue to uphold high standards of transparency and accountability in how we work

## The International Council on Mining and Metals

ICMM provides strategic industry leadership and a forum for members to share knowledge and develop improved practices. It also provides a platform for engagement with key constituencies on issues of common concern at the international level.

ICMM members believe that by acting collectively they can best ensure their continued access to land, capital and markets, as well as build trust and respect amongst key stakeholders (see page 24).

As our Chairman reminds us below, our members have been working towards advancing the sustainable development agenda for almost ten years (see also page 22).

# 2 From our Chairman



**WAYNE MURDY**

ICMM Chairman and Chairman and CEO of Newmont Mining

One of today's greatest challenges is integrating economic growth with environmental protection, social progress and effective governance. The goal of this integration is sustainable development.

Our initial steps towards sustainable development, as a group of leading mining and metals companies, began with the Global Mining Initiative in late 1998. These continued through our participation in the Mining, Minerals and Sustainable Development, or MMSD project. And, in 2004, they brought us to the end of three years of collaborative activity through ICMM.

Our business is providing the mineral resources society needs. Doing this successfully requires many things. We need to invest in people and communities and build infrastructure. We need to develop and share science that makes our operations more environmentally sound. These activities are essential to access the financial, natural and human capital we need to create shareholder value. In essence, sustainable development is vital to our business.

For us, being leaders of this industry comes with a host of responsibilities. We are accountable to our shareholders for delivering long term value. And our experiences around the globe have taught us that we are also accountable to many others.

To our host countries and communities, we have a duty, shared with governments, to transform non-renewable natural capital into enduring physical and social assets. To future generations, we must provide environmental stewardship. And to society at large, we owe a commitment to producing and using materials responsibly.

This is why we have come together in ICMM: to find new ways of improving our performance, increasing our transparency, and strengthening relationships with our stakeholders. Our principles serve as a guiding light and the support of our partners and collaborators enables us to turn our first steps into strides.

In addition, our work programme responds to many of the issues raised in the MMSD project, such as community development, biodiversity conservation, and a greater emphasis on collaboration with stakeholders across the sector (see page 18).

Finally, all our projects and activities are designed to put our ten sustainable development principles into practice. This can be tracked throughout this review using the flap attached to the front cover.

# From our Secretary General

3



**PAUL MITCHELL**  
Secretary General

2004 was a year of significant progress for ICMM. Early on, we conducted a review of our resources and activities and aligned them to our strategic goals. A targeted survey of stakeholders followed to identify priority issues for attention. More than 200 respondents from 40 nations confirmed that sustainable development is the right framework for our industry, and the Global Mining Initiative and the MMSD project provide the right policy direction.

In May 2003 our corporate members committed to report publicly on their sustainable development performance. In support, ICMM and the Global Reporting Initiative (GRI) produced a mining and metals sector reporting supplement. Our members agreed to report in accordance with the GRI's requirements. As a result, we are the largest industry group meeting this exacting standard. It is a major step towards improved transparency in corporate reporting and is particularly important in an industry where non-financial issues are of such great relevance.

Our industry depends on the effective transformation of non-renewable natural resources into other forms of capital. It is therefore vital that we, in partnership with governments, development agencies and others, make a valuable social and economic contribution to the countries where we operate. Two important projects in this respect developed during 2004. The Resource Endowment initiative is identifying good practice in developing countries' use of mineral resources to achieve economic growth and poverty reduction. The Community Development Tools project is seeking to enhance the beneficial effects of mineral investments at the local level. Both projects are being undertaken in partnership with the World Bank Group, relevant UN agencies and selected national governments.

Good progress was also made in 2004 in environmental and materials stewardship, and in health and safety.

During 2004 the World Bank Group conducted a major review of its involvement in the extractive industries sector. ICMM played a constructive role, fostering inputs from affected governments and other stakeholders. ICMM welcomed the Bank's decision to remain engaged in the sector.

Collaboration with stakeholders is an essential part of ICMM's mission. In 2004 we extended our dialogue with IUCN - The World Conservation Union to advance our work in biodiversity. We also established partnerships with the International Commission on Large Dams to produce good practice guidance on tailings dams, and with the International Labour Organization and the international trade union movement, ICEM, to help the Government of China improve mine safety. And we launched a website on good practice in mining with two UN agencies, UNEP and UNCTAD, and the UK Department for International Development.

I am optimistic that 2005 will bring further progress for ICMM. I am also confident that our partnerships with governments, donor agencies and non-governmental organisations will further extend our reach. Our work is becoming more widely recognised by governments, investors and commentators alike. This recognition is essential to encourage leaders to make the necessary investments to reap the rewards of sustainable development.

Our achievements have been made possible by the efforts of our members, partners and the staff in ICMM's secretariat, to all of whom I give my sincere thanks.

**Key achievements and activities**

- Development of the Mining and Metals Sector Supplement to the GRI Guidelines followed, in early 2005, by a commitment to report in accordance with GRI framework
- Launch of the good practice website
- Translation of ICMM Principles into four languages

## 4 Setting a sustainable development framework for our industry

ICMM provides a framework for its members to improve their performance in supporting economic progress, protecting the environment, and contributing to social well-being. With these aims, ICMM's sustainable development framework comprises four interrelated elements.

### 1. The ICMM Principles

In **May**, our ten sustainable development principles were translated into French, Japanese, Portuguese and Spanish. They are available in print and online at [www.icmm.com](http://www.icmm.com). ICMM promoted them actively in presentations and events around the world.

### 2. Reporting on performance

Principles alone do not guarantee results. ICMM members realise the need to have reliable and transparent reporting so they can measure – and improve – their performance. This also enables stakeholders to compare performance across companies.

With this in mind, ICMM worked in partnership during 2004 with the Global Reporting Initiative (GRI) to develop a Mining and Metals Sector Supplement to the GRI 2002 Sustainability Reporting Guidelines.

The supplement was developed by a multi-stakeholder working group convened by ICMM and the GRI. The group was made up of 20 individuals representing companies, the financial sector, labour unions, international organisations, and social and environmental non-governmental organisations.

The group met four times and spearheaded an 11-week public consultation period, including consultation meetings with a broad range of stakeholders. The group finished the Supplement in **December**, after considering all feedback received.

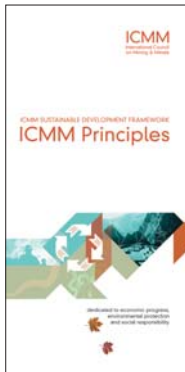
In **January 2005**, the ICMM Council unanimously approved the Supplement and agreed to report in accordance with the GRI Guidelines and the Mining and Metals Sector Supplement. Within two to three reporting cycles, ICMM member companies will fulfil their reporting obligation using the GRI Framework. This support for the GRI Guidelines is the largest by any single industry sector and will result in a 30 per cent increase in full in accordance reporting.

### 3. Verification

With the reporting system in place, a mechanism to verify that member companies' performance and reporting practices fulfil the ICMM principles will be developed during 2005.

### 4. Sharing good practice

Developing and disseminating good practice is essential to improve performance. The focus in 2004 was on biodiversity management, materials stewardship, and socio-economic development (see pages 6, 12, and 8, respectively).

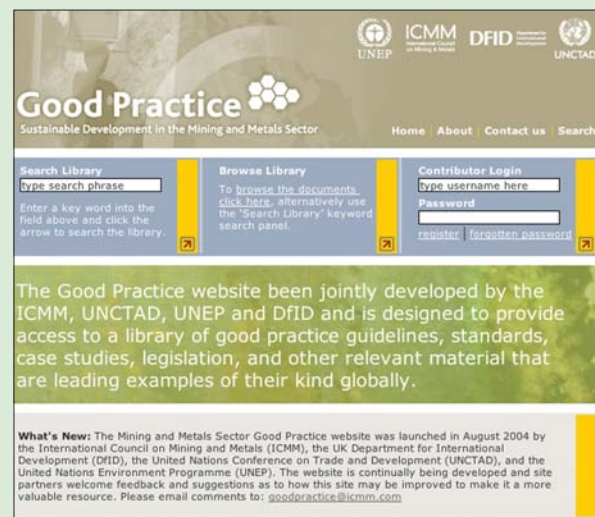


In 2004, the ICMM Principles were translated into French, Portuguese, Spanish and Japanese and were widely disseminated

“ICMM members have backed up their long-term commitment to sustainability by aiming for an unprecedented level of transparency.”

ERNST LIGTERINGEN  
GRI Chief Executive

In **August**, ICMM launched an interactive online library of key references for applying good practices to mining and metals operations around the world, [www.goodpracticemining.org](http://www.goodpracticemining.org). The site was developed in partnership with the UK's Department for International Development, the United Nations Conference on Trade and Development, and the United Nations Environment Programme. It currently contains 395 references and is updated regularly.



The online library can be found at: [www.goodpracticemining.org](http://www.goodpracticemining.org)

#### Collaborators

Department for International Development, UK Government • Global Reporting Initiative  
United Nations Conference on Trade and Development • United Nations Environment Programme


**Key achievements and activities**

- Continued IUCN-ICMM Dialogue
- Publication of case studies on mining and biodiversity conservation
- Fulfilment of the pledge not to explore or mine in World Heritage sites
- A survey of financial assurance practices for mine closure
- Agreement to develop a tailings management reference guide

## 6 Fostering environmental stewardship


ICMM members are committed to improving their environmental performance continuously in all aspects of their operations. To steer their progress in 2004, ICMM launched several projects in collaboration with experts and other stakeholders. Another priority during the year was engendering a global policy environment that encourages more sustainable business practices.

### The IUCN-ICMM Dialogue

The dialogue between IUCN – The World Conservation Union and ICMM was strengthened during 2004. In **June**, its terms of reference were reviewed to set out an agreed blueprint of joint activities through 2009. The dialogue is providing a platform for stakeholders to discuss how to improve the performance of the mining industry in biodiversity conservation. It informs much of ICMM's work in this area. 

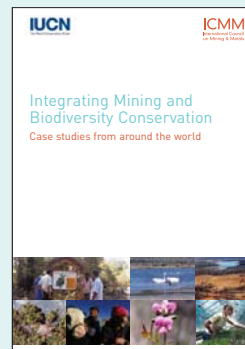
### Mining and biodiversity

Much has been achieved by ICMM members in recent years to lessen the negative impacts of mining activities on biodiversity. In **August**, ICMM launched two key projects to build on these good practices. The first is developing a guidance document aimed at general managers and senior environmental staff. It will set out the reasoning around good biodiversity management and conservation, and what to do to achieve it. The second looks at the use of biodiversity offsets to compensate for impacts of mining operations. A discussion paper will define the key issues and questions in order to promote debate.



A joint ICMM-IUCN Advisory Group oversees both projects. These will benefit from stakeholder input in due course. Both documents will be published in 2005. 

### Case studies on Mining and Biodiversity Conservation


In **November**, IUCN and ICMM co-published a compilation of 17 case studies illustrating how mining projects, through adequate management tools, rehabilitation and restoration processes, and improved scientific knowledge, can help conserve biodiversity. The publication was launched at the World Conservation Forum in Bangkok and was widely disseminated. 



### Following up on ICMM's "no-go" pledge

During 2004, ICMM members fulfilled their commitment not to explore or mine in World Heritage sites. ICMM and UNESCO's World Heritage Centre began discussing how to keep ICMM members better informed of potential World Heritage sites before these are included in the convention.  

### A reference guide for managing tailings

In **March**, the International Commission on Large Dams and ICMM signed a memorandum of understanding, in which they agreed to develop an online reference guide of good practices in tailings management. A joint experts screening group is overseeing the project. The reference guide will be part of the good practice website (see page 5). 



An initiative of BHP Billiton and Conservation Volunteers Australia is helping restore wetlands, the habitat of threatened frogs



Scientists track plant growth in lowland mangrove areas near the PT Freeport Indonesia project




View of Alcoa's Huntly mine after undergoing rehabilitation

“Biodiversity provides the basis for human well-being and human behaviour is key to ensuring the future integrity and diversity of natural systems. I am convinced that industry has a vital role to play in contributing to the conservation targets we have set for ourselves in the 2010 target and the millennium development goals.”


ACHIM STEINER  
IUCN Director General

#### Financial assurance

Starting in **February** ICMM surveyed policies and practices on financial assurance for mine closure and reclamation, as well as the views of members, governments and financial institutions on this topic. Financial assurance instruments guarantee to governments and communities that funds will be available to carry out environmental rehabilitation at the end of a mine's life. A report, launched in early 2005, gives an overview of how this occurs in key mining jurisdictions around the world and describes key features of model systems.

In **October** a group of ICMM members visited the Eden Project in Cornwall, England to discuss issues related to mine closure. 

#### UNEP-ICMM Liaison Committee

ICMM and the United Nations Environment Programme explored the scope of a joint liaison committee in 2004. The committee will assist the regular exchange of views and information between the two organisations. It will be formalised in 2005. 

#### Collaborators

Cambridge Centre for Conservation Policy • Conservation International • Fauna and Flora International  
International Commission on Large Dams • IUCN-The World Conservation Union • UNESCO's World Heritage Centre • United Nations Environment Programme • WWF Australia

**Key achievements and activities**

Increasing our understanding of how mining contributes to social and economic development:

- Launch of resource endowment study
- Indigenous Peoples' issues review
- Tools for local community development

## 8 Enabling positive social and economic outcomes

ICMM's ninth principle calls on members to develop ways to contribute to the social, economic, and institutional development of the communities and countries where they operate.

### Harnessing mineral wealth to reduce poverty


In **June**, ICMM launched its resource endowment study. It is designed to identify good practice in how developing countries use their mineral resources to achieve broad-based economic growth and poverty alleviation.

Phase 1 of the study assessed economic outcomes and social and poverty indicators in 33 countries dependent on mineral revenues. In addition, it examined how these outcomes relate to governance indicators to help explain differences across countries. Lastly, it identified the root causes behind country performance.

These elements provided the basis for an analytical framework and toolkit, which were reviewed at a workshop in **November**, where 60 participants brought together the views of governments, international organisations, investors, banks, and non-governmental organisations.


Our work in this area is supported by our participation in the Extractive Industries Transparency Initiative (see page 16).

Phase 2 of the study began in January 2005. Its activities will use the toolkit to shed light on policy and project outcomes in Ghana, Tanzania, Peru and Chile.

The research is supervised by a high-level advisory group. The World Bank Group and the United Nations Conference on Trade and Development participate in the study. Outputs are expected in late 2005. 

### Assembling tools for community development

Over the course of 2004, ICMM worked in partnership with the World Bank Group to compile a practical, 'how to' toolkit for community development at the local level. The toolkit draws from lessons learned in southern African mining investments. Six working papers dealing with topics including conflict resolution, public participation and corporate planning were prepared. Stakeholders reviewed them at a workshop in Windhoek, Namibia in December 2003.

The kit comprises 17 tools covering a mine's operational stages from exploration through to closure. It is designed for site managers, local communities and governments to boost community development around mining projects. The toolkit also sources key references and guidelines and reflects current good practice. The full toolkit, including a supporting introductory volume, will be completed in mid 2005. 



AIDS awareness training at one of Anglo American's primary health care mobile clinics in South Africa



Public consultation at Newmont's Yanacocha mine in Peru



Schoolchildren from local community near WMC's Phosphate Hill project in Australia

“To achieve our mission of poverty alleviation, it is imperative to work with responsible mining companies. ICMM members are at the forefront of promoting sustainable development in the sector.”

**RASHAD KALDANY**  
Director, Oil, Gas, Mining and Chemicals  
International Finance Corporation/World Bank

### Indigenous Peoples issues and mining

In **March**, ICMM commissioned an independent expert review of the issues related to Indigenous Peoples and mining operations. This was done to improve ICMM members' engagement with Indigenous Peoples. The review was published in early 2005 and will be an important element in ICMM's participation in international forums on Indigenous Peoples' issues. **3** **9**

### Collaborators

United Nations Conference on Trade and Environment • World Bank Group • Calabash Project

**Key achievements and activities**


Improved health and safety performance through:

- Indicators of health and safety performance
- Scoping of a database of safety statistics for comparative benchmarking of members' operations
- Agreement with the Chinese Government and our partners on a programme to improve mine safety in China
- Work with UNEP on awareness and preparedness for emergencies at local level, or APELL


# 10 Better health and safety performance

ICMM's fifth principle commits members to continual improvement of their health and safety performance.


## Measuring health and safety performance

In **August**, ICMM completed a set of leading and lagging indicators on health and safety performance. The indicators were included in ICMM's submission to the Global Reporting Initiative on its draft Health and Safety Technical Protocol. 

## Benchmarking safety performance

Using a prototype database developed by BHP Billiton and others, in **November** ICMM began working with South Africa's University of the Witwatersrand to establish a database of safety statistics of member operations around the world. The database is being designed so ICMM member company operations can benchmark their safety performance against each other in order to identify leaders and learn from them. 

## A consistent approach to occupational health limits

During 2004 ICMM began a programme to identify and promote a harmonised approach for setting and reviewing workplace exposure limits for the different materials used and produced in mining and metals operations. The approach sought is one based on sound science, reflecting risk acceptance criteria, and mindful of its socio-economic consequences. A draft document was prepared in **December**. It will be reviewed by experts at a workshop in 2005. 

## Partnering for safer mines in China

In 2004, ICMM, the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), and the International Labour Organization (ILO) agreed to work together to assist the Chinese mining sector improve its safety practices.

In **November**, representatives from the three organisations travelled to Beijing, where they met with Chinese government, industry and labour officials to discuss the scope of this project. The Chinese government welcomed the initiative and an agreement was signed by all parties present, committing them to proposing concrete follow up actions within six months. 



Local workers at Antamina mine in Peru. Antamina is jointly owned by Noranda, BHP Billiton, Teck Cominco and Mitsubishi Corporation



Titanium slag being tapped from a Rio Tinto smelter furnace using an oxygen lance


“We feel our experience, in cooperation with the ILO and ICMM representing the mining houses of the world, can and will play a pivotal role in safeguarding the lives of Chinese miners.”

FRED HIGGS  
ICEM Secretary General

#### Cooperatively preparing for emergencies

During 2004, ICMM worked in partnership with the United Nations Environment Programme to build on a publication that UNEP had produced in collaboration with ICMM's forerunner, the ICME. The publication concerned APELL, or awareness and preparedness for emergencies at the local level, across the mining and metals sector. APELL provides a structured way of including communities in developing and implementing emergency response plans.

ICMM and UNEP are compiling guidance on emergency preparedness, including case studies of good practice and of cases where community involvement could have been improved.

The publication, “Good Practice in Emergency Preparedness and Response,” is scheduled for mid 2005. 

#### Collaborators

International Federation of Chemical, Energy, Mine and General Workers' Unions • International Labour Organization • United Nations Environment Programme • University of the Witwatersrand, South Africa

## 12 Responsibility and stewardship across the full life cycle


ICMM members' role in meeting the mineral and metal needs of society does not end at the mine site or refinery gate. Their responsibility extends to aspects of product design, use, re-use, recycling and disposal of the materials they mine and process, as set out in ICMM's eighth sustainable development principle. During 2004, ICMM worked towards pioneering an integrated approach to materials stewardship in our industry.

### A framework for materials stewardship

In 2004, ICMM began to develop a policy framework and principles to advance materials stewardship practices in our industry. In **April**, participants from companies, academia and governments started this task at a workshop held in Canberra, Australia.

The workshop called for materials stewardship principles that encompass:


- complementary responsibility,
- accountability, and
- the need for engagement with suppliers and downstream users.

In addition, the workshop concluded that the materials stewardship framework should promote the disclosure of information about hazards and risks and the recovery and recycling of materials where practicable. 

### Life cycle assessment and management

In **April**, ICMM, UNEP, and the Society of Environmental Toxicology and Chemistry (SETAC) held a workshop to review existing methods for assessing life cycle impacts. The event, held in Apeldoorn in The Netherlands, gathered prominent practitioners, scientists and representatives from governments, academia and industry.

The participants crafted the 'Apeldoorn Declaration,' which affirms their consensus on the inadequacy of current methods used to assess the ecotoxicity impacts of metals and ores. The declaration calls for radical improvements and, while these are being put in place, recommends that business and policy decisions not be made using the current methodology. The declaration is informing discussions on materials choices with downstream users and will be enacted as part of the UNEP/SETAC Life Cycle Initiative, of which ICMM is a founding partner.

In **June**, a workshop on life cycle assessment and recycling of metals brought together stakeholders from the base metals, iron and steel, and aluminium sectors. Convened by ICMM, the workshop was a step towards guidance on the methodologies to be used when accounting for recycling in life cycle assessments of metals. 

### International chemicals management

Understanding the hazards and risks posed by chemicals, and managing them adequately, are key aspects of chemicals management policies aligned with the principles of sustainable development.

## Key achievements and activities

- Steps towards a policy framework on materials stewardship
- The 'Apeldoorn Declaration' agreeing on the need for a metals specific method for assessing ecotoxicity impacts
- Input to PrepCom2 for the UN's Strategic Approach to International Chemicals Management (SAICM)



A briefing document on ICMM's work in chemicals management was published in September



Umicore has developed an award-winning battery recycling technology that is a prime example of eco-efficiency



ICMM seeks to advance its perspective on chemicals management as broadly as possible

“Progress must be founded on a sense of shared responsibility for the resources we utilise and the materials we create.”

DAVID KERR  
Former ICMM Chairman and Chairman of Noranda

In **October**, ICMM participated in the second session of the Preparatory Committee for the Development of a Strategic Approach to International Chemicals Management, or SAICM PrepCom 2, in Nairobi, Kenya. The committee is convened through UNEP and comprises representatives from UN member states, intergovernmental organisations, industry and civil society.

From the outset, ICMM, together with its partner Eurometaux, has advocated a global approach to a chemicals management policy that incorporates sustainable development principles, life cycle thinking and sound science. **4** **8**

### Green Lead

In **April**, ICMM and UNEP chaired the first Green Lead workshop. This initiative promotes good practice in mining, transporting, manufacturing, and recycling of lead based on a life cycle approach. **8**

### Collaborators

Eurometaux • International Aluminium Institute • International Iron and Steel Institute • Minerals Council of Australia • Natural Resources Canada • Society of Environmental Toxicology and Chemistry • UK Government Department of Environment, Food and Rural Affairs • United Nations Environment Programme

# 14 Regulation, sound science and the principles of sustainable development

Sustainable development requires regulatory policies that are objective, transparent, efficient, and based on sound science. Policies affecting minerals and metals are no exception. In 2004, ICMM was active in supporting the application of sound science to industry policies and contributed its perspective at key international policy forums.


## Europe's draft new chemicals policy

In October 2003, the European Union gave notice of proposed chemicals management legislation referred to as REACH, an acronym reflecting its key procedures of registration, evaluation and authorisation of chemicals. If adopted, REACH would be applicable to ores, concentrates and recycling materials.

While all feedstock materials for the minerals and metals sector would be subject to REACH, crude oil, gas and coal, the raw materials for the organic chemicals sector, are excluded. This would place the mining and metals industry's products at a competitive disadvantage. These perhaps unintentional consequences of REACH could seriously hamper not only the metals industry in Europe but also internationally, should other jurisdictions follow the EU example or external markets react in a similar manner.


During 2004, ICMM worked with Eurometaux and other associations to ensure our members' perspective is brought to the debate and to coordinate international advocacy. Briefings were held with industry and chemicals policy makers in Australia, Canada, Japan, the UK and the US. 

## Peer review and technical policy development


In 2004, ICMM continued to support the activities of the Ecotoxicity Technical Advisory Panel (ETAP). ETAP comprises world-renowned scientists with expertise in key environmental disciplines. They provide independent guidance to ICMM on environmental issues related to metals. They are an invaluable source of expert advice on the current and emerging science issues facing the industry. 

## IFC policies and performance standards

Throughout 2004, ICMM participated actively in the review of the International Finance Corporation's (IFC) safeguard policies through regional workshops. An analysis of the proposed new performance standards against ICMM's principles was conducted. It concluded that six ICMM principles are stronger than the proposed standards, three are the same, and one is weaker. In **December**, ICMM sent a formal submission to the IFC. It is available at [www.icmm.com](http://www.icmm.com).

ICMM will continue to comment on the IFC's policies and guidelines as they are developed in 2005. 

## IUCN's World Commission on Protected Areas

In **July**, ICMM was invited by IUCN – The World Conservation Union, as part of our dialogue, to assist its World Commission on Protected Areas in the review of the protected areas category system. ICMM is actively participating in this process. 

**Key achievements and activities**

Recognising that sustainable development policies need to be based on valid data and sound science, ICMM participated in various policy forums throughout 2004:

- Europe's draft new chemicals policy (REACH)
- Metals Environmental Risk Assessment Guidance
- Human Health Risk Assessment Guidance
- IFC policies and performance standards



Sound science supports responsible business practices



Scientific knowledge helps preserve biodiversity

“Sound science is vital. Governments cannot change industrial practices without accurate and authoritative evidence that these are cost-effective, will make a genuine difference, and will help deliver sustainable development.”

**KLAUS TOEPFER**  
UNEP Executive Director

**Hazard and risk assessment tools**

Many of the models and methodologies used to evaluate chemical hazards, set priorities and assess risks were developed for organic chemicals. Using these techniques for metals is both difficult and not always accurate. Many governments and other regulators – and scientists – have underscored the need to improve concepts and assessment tools for metals, as well as to ensure screened data sets are available and accessible.

In 2004, ICMM began to develop a new approach to setting priorities for chemicals management for metals and inorganic substances. This new approach would be based on the Unit World Model which, at its first level, would provide information for hazard ranking. It is being developed in partnership with the Society of Environmental Toxicology and Chemistry (SETAC).

In addition, ICMM and its partners made significant progress on two other projects:

- **MERAG:** The development of a Metals Environmental Risk Assessment Guidance document. Several review meetings were held and the project is gaining increased international expert acceptance.
- **HERAG:** launched in **November**, the Human Health Risk Assessment Guidance project is designed to deliver more scientifically valid tools for health risk assessments. 

**Collaborators**

Ecotoxicity Technical Advisory Panel • EURAS • IUCN – The World Conservation Union • Society of Environmental Toxicology and Chemistry • UK Government Department of Environment, Food and Rural Affairs


## 16 Sharing our experiences in global forums

ICMM members believe it is essential to be at the table in policy setting forums of relevance to our industry. ICMM's approach is to be true to our mission of promoting sustainable development by bringing a balanced and pragmatic perspective.


### The World Bank Group's Extractive Industries Review

This review, known as the EIR, assessed the impact of the Bank's activities in mining, oil and gas projects in developing countries. In 2004, ICMM was actively involved and helped shape the dialogue the EIR triggered with developing countries and non-governmental organisations. ICMM members supported the EIR's focus on sustainable development and poverty reduction. In **August**, ICMM welcomed the Bank's board of directors' decision to remain involved in the sector. 


### The Extractive Industries Transparency Initiative

Since 2003 ICMM has actively supported this UK government initiative, known as EITI. In 2004, ICMM was a member of the EITI's steering group, or 'core group' which helps coordinate progress towards greater transparency of revenue payments in resource-rich countries. In **June**, ICMM addressed the ministerial launch of the EITI in the Kyrgyz Republic. 


### The World Conservation Forum

In **November**, ICMM participated in this forum, organised by IUCN – The World Conservation Union, where businesses, governments and civil society debated conservation, science and poverty issues. ICMM demonstrated the role the mining industry can play in biodiversity conservation in keynote speeches, panel discussions and a booth exhibition. 


### The Global Dialogue of Governments

In **June**, ICMM attended the second preparatory meeting of this dialogue as an observer. The dialogue will start once 25 countries confirm their formal support for the initiative. 

### The ISO Social Responsibility Standard

In **October**, ICMM was invited by the International Organization for Standardization to participate in the development of a social responsibility standard as a liaison organisation. This process will take place from 2005 to 2008. 

### The Equator Principles

In 2004, ICMM maintained a constructive rapport with representatives from some of the 29 banks that have adopted the Equator Principles, a new framework for managing environmental and social risks in project lending. These banks account for approximately 80% of project loans globally. The Equator Principles are becoming the international social and environmental benchmark for project lending. 

**Key achievements and activities**

Bringing our members' perspective to:

- The World Bank's Extractive Industries Review
- The Extractive Industries Transparency Initiative
- World Conservation Forum
- Global Dialogue of Governments



ICMM was present at the World Conservation Forum in Bangkok, Thailand




ICMM's participation in international forums is grounded on our sustainable development principles

“Through our collective resolve the work of EITI will continue, ensuring that the wealth of natural resources in developing countries is well accounted for, and helps to drive the reduction of poverty.”

**HILARY BENN**  
Secretary of State for International Development, UK

**Engagement and dialogue**

Throughout 2004 ICMM continuously interacted with a variety of stakeholders. These included investors, government representatives and regulators, academics, research organisations, and development consultancies, among others.

In addition, ICMM engaged constructively with advocacy and campaigning groups around issues of particular interest to them. In 2004, these included gold mining, Indigenous Peoples, company ombudsman processes, and materials stewardship. 

## 18 A collaborative approach

ICMM cannot achieve progress alone. Sustainable development requires complementary participation and engagement by companies, governments, and civil society. For this reason, ICMM conducts the majority of its projects in collaboration with other organisations, and, where possible and appropriate, incorporates input from relevant stakeholders.

Our approach is based on the findings of the Mining, Minerals and Sustainable Development (MMSD) project, and it aims to be in step with the Global Compact, the Millennium Development Goals and the World Summit on Sustainable Development's Plan of Implementation, all of which call for partnerships and collaborations across sectors.

The ICMM website, [www.icmm.com](http://www.icmm.com), contains up-to-date information about all our activities, projects, and publications. ICMM also hosts the Good Practice website (see page 5). ICMM publishes a quarterly newsletter in English and Spanish. The newsletter was re-vamped in **May**.

In addition, ICMM communicates regularly with its members through its FYI e-letters and monthly reports to the ICMM Council.

### Who we worked with in 2004

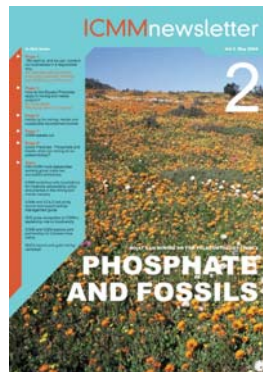
Australian Centre for Minerals Extension and Research  
 Cambridge Centre for Conservation Policy  
 Conservation International  
 Department for International Development,  
 UK Government  
 Department of Environment, Food and Rural Affairs,  
 UK Government  
 Ecotoxicity Technical Advisory Panel  
 EURAS  
 Fauna and Flora International  
 Global Reporting Initiative  
 Henderson Global Investors  
 International Federation of Chemical, Energy, Mine  
 and General Workers' Unions  
 International Labour Organization  
 International Institute for Environment and  
 Development  
 International Iron and Steel Institute  
 International Commission on Large Dams  
 International Organization for Standardization  
 International Petroleum Industry Environmental  
 Conservation Association  
 IUCN – The World Conservation Union  
 Mining Policy Research Initiative  
 National Union of Mineworkers of South Africa  
 National Mining Association  
 Natural Resources Canada  
 Organisation for Economic Co-operation and  
 Development  
 Oxfam International  
 Society of Environmental Toxicology and Chemistry  
 Standard Life Investments

## Key achievements and activities

- Worked collaboratively with 34 organisations
- Participation in 27 international events
- Maintaining two websites
- Three newsletters
- 13 FYI e-letters



February 2004



May 2004



September 2004



www.icmm.com

UNESCO's World Heritage Centre  
 United Nations Conference on Trade and Development  
 United Nations Environment Programme  
 University of the Witwatersrand, South Africa  
 World Bank Group  
 World Business Council for Sustainable Development  
 World Gold Council  
 WWF Australia

### Outreach and communications

In 2004, ICMM had an active presence in the following events:

African Mining Partnership, Cape Town  
 BIAC Chemicals Committee and OECD Joint Meeting, Paris  
 Business and Social Responsibility Conference, New York  
 Development Co-operation and Corporate Social Responsibility, Stockholm  
 Eurometaux's Environment, Health and Safety Seminar, Brussels  
 European Bank for Reconstruction and Development, Annual Meetings and Business Forum, London  
 Following-up the World Summit on Sustainable Development Commitments on Corporate Social Responsibility, Chatham House conference, London  
 Global Dialogue of Governments on Mining, Metals and Sustainable Development, Geneva  
 Green Lead Conference, London  
 ICEM World Mining Conference, Boksburg, South Africa  
 Making Globalisation Work, London

Minerals Council of Australia's Global Sustainable Development Conference, Melbourne  
 Mines and Money conference, Vancouver  
 MinExpo, Las Vegas  
 Mining Industry Association of Southern Africa meeting, Windhoek  
 Ministerial launch of EITI in the Kyrgyz Republic, Bishkek  
 OECD Workshop on Materials Flow, Helsinki  
 OEWG Basel Convention, Geneva  
 Public consultation on draft Mining and Metals Sector Supplement to GRI Guidelines, London  
 SETAC World Congress, Portland  
 Strategic Approach to International Chemicals Management PrepCom2, Nairobi  
 UK Chemicals Stakeholder Forum, Cardiff and London  
 Umicore Workshop on Waste and Recycling, Brussels  
 UNEP Annual Consultative Meeting with Industry Associations, Paris  
 Voluntary Codes of Conduct for Multinational Corporations: Promises and Challenges, New York  
 World Conservation Forum, Bangkok  
 World Economic Forum, Davos

## 20 Membership and governance

ICMM comprises 16 of the world's largest mining and metals companies as well as 23 regional, national and commodity associations. All ICMM activities and initiatives are governed by its members.

### Our corporate members

Alcoa  
 Anglo American  
 AngloGold Ashanti  
 BHP Billiton  
 Freeport-McMoRan Copper & Gold  
 Lonmin  
 Mitsubishi Materials Corporation  
 Newmont Mining  
 Nippon Mining & Metals Co  
 Noranda  
 Placer Dome  
 Rio Tinto  
 Sumitomo Metal Mining Co  
 Umicore  
 WMC Resources  
 Zinifex

### Our association members

Cámara Minera de México  
 Chamber of Mines of South Africa  
 Consejo Minero de Chile A.G.  
 Eurometaux  
 Euromines  
 Federation of Indian Mineral Industries  
 Indonesian Mining Association  
 Instituto Brasileiro de Mineração  
 International Aluminium Institute  
 International Copper Association  
 International Lead Zinc Research Organisation  
 International Wrought Copper Council  
 International Zinc Association  
 Japan Mining Industry Association  
 Minerals Council of Australia  
 Mining Association of Canada  
 Mining Industry Association of Southern Africa  
 Nickel Institute  
 Prospectors and Developers Association of Canada  
 Sociedad Nacional de Minería de Chile  
 Sociedad Nacional de Minería, Petróleo y Energía  
 The Cobalt Development Institute  
 World Coal Institute

**Key achievements and activities**

- A new corporate member, Lonmin, joined in October
- A strategic meeting in May
- ICMM annual meeting in October
- Forum for CEOs



ICMM October 2004 Council meeting in progress



One of ICMM's council meetings in progress



Presentation at ICMM's Council meetings in October 2004

**Governance of ICMM**

The Council is ICMM's principal governing body. It is responsible for the organisation's strategic direction and policies. It comprises the chief executive officers or chairmen of our member companies and associations. The Council's Chairman is Wayne Murdy, President and CEO of Newmont Mining. The vice-chair is Leigh Clifford, CEO of Rio Tinto and the treasurer is Andrew Michelmore, CEO of WMC. The Council is supported by an Executive Working Group, an Associations' Coordination Group, and a permanent Secretariat based in London.

In addition, four members' task forces dealing with environment, community and social development, health and safety, and integrated materials management pursue ICMM's programme of work.

**Bi-annual meetings**

The Council meets twice a year, normally in May and October. The Executive Working Group meets four times a year, while task forces meet as needed to progress the work programme.

**1998**

Nine of the largest mining companies launched the Global Mining Initiative (GMI)

**April 2000**

Start of an independent process of consultation and research known as the Mining, Minerals and Sustainable Development (MMSD) project

**May 2001**

The board of the metals industry's representative organisation, the International Council on Metals and the Environment (ICME), agreed to broaden the group's mandate and transform itself into the International Council on Mining and Metals (ICMM)

**September 2001**

Creation of ICMM, with a Secretariat based in London

# ICMM's history and mission

Nearly ten years ago, the mining and metals industry began working to improve its social, economic, and environmental performance. This led to the establishment of ICMM in 2001 to guide the industry's contribution to achieving sustainable development globally.

## Setting the objectives – the Global Mining Initiative

The process began in late **1998** when nine of the largest mining companies launched the **Global Mining Initiative (GMI)**. This leadership project sought to ensure that the industry – one that is essential to the well-being of today's world – was responsive to global needs and challenges.

The initiative included:

- the **Mining, Minerals and Sustainable Development (MMSD) project** – an independent analysis of the key societal issues facing the industry
- the creation of **ICMM** – an association to provide leadership on sustainable development and related issues in the mining and metals industry
- “**Resourcing the Future**” – a global conference on mining, metals and sustainable development, which was held in Toronto in May 2002 in preparation for the World Summit on Sustainable Development.

## The creation of ICMM

In **May 2001**, the board of the metals industry's representative organisation, the International Council on Metals and the Environment (ICME), agreed to broaden the group's mandate and transform itself into the International Council on Mining and Metals (ICMM). This transformation saw the achievement of one of the GMI's key aims:

**“... creating a more effective representative structure for the mining and metals industry to interact with the wider world.”**

ICMM thus became the principal international representative body for the mining and metals industry.

**May 2002**

The Global Mining Initiative was rounded off with a major global conference, "Resourcing the Future," held in Toronto, Canada

**May 2003**

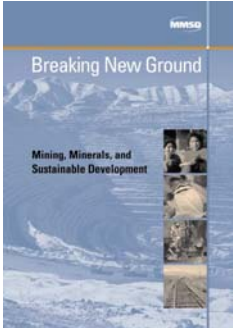
Council adopted the ICMM principles and committed corporate members to report on their performance against them

**August 2003**

ICMM members pledged not to mine or explore in World Heritage sites

**December 2004**

GRI-ICMM Working Group complete Mining and Metals Sector Supplement to GRI 2002 Guidelines. This is followed by Council's commitment to report in accordance with the GRI framework



Mining, Minerals, and Sustainable Development report



Global Mining Initiative Conference, May 2002



Richard Sandbrook, former MMSD project coordinator, addressing the ICMM Council



Peter Dimmell, President of the Prospectors and Developers Association of Canada



Bobby Godsell, CEO of AngloGold Ashanti



Tony Trahar, Chief Executive of Anglo American



Mzolisi Diliza, Chief Executive of the Chamber of Mines of South Africa



Koichi Fukushima, President of Sumitomo Metal Mining



Andrew Michelmore, CEO of WMC



Thomas Leysen (left), CEO of Umicore, and Guy Ethier, Senior Vice President Environment, Health and Safety, Umicore



David Kerr, Chairman of Noranda and former ICMM Chairman



Leigh Clifford, CEO of Rio Tinto

## 24 ICMM at a glance

### ICMM Vision

A viable mining, minerals and metals industry that is widely recognised as essential for modern living and a key contributor to sustainable development.

### Why was ICMM established?

Seven years ago the chief executives of several of the world's largest mining and metals companies determined that their industry needed to have a longer term view of the issues and challenges confronting it. They considered that there would be widespread benefit from stable operating conditions, sustainable host country communities and prosperity, and protection of the environment for future generations, in other words sustainable development (see page 22 for more details). In 2001, ICMM was established to guide the industry's contribution to bringing this about.

### What is sustainable development?

Sustainable development involves achieving economic growth, environmental conservation and social development. At a time when almost two thirds of the world's population still lacks access to basic services, efficient markets and good governance it has an extremely high level of global importance.

ICMM has adopted the Brundtland definition of sustainable development. In the mining and metals sector, this is translated in investments that are: financially profitable, technically adequate, environmentally sound, and socially responsible. ICMM's mission is to ensure that the mining, minerals and metals industry is a key contributor to sustainable development.

### How is ICMM going about its job?

ICMM is working towards its goal by:

- providing a forum to share challenges and responsibilities in developing strategies for implementation
- collaborating with key global organisations, companies and governments
- developing an information base, case studies, tools and verification systems for achieving sustainable development

### How can we measure ICMM's success?

Through a commitment to transparency and improved sustainable development performance, ICMM members will retain access to land, capital and markets, and build trust and respect amongst all stakeholders.

**Photo credits**

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The inks used to print this review are formulated from renewable resources and are about as environmentally friendly as can be reasonably expected.

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