

Position statement on mining partnerships for development

January 2010



ICMM members recognise that they have a significant role to play in creating a safer and more sustainable mining and metals industry. Through their commitments they work together, alongside governments and local communities to improve quality of life beyond the provision of the minerals and metals that sustain modern living.

All member companies are represented on ICMM's council by their CEO.

Our members

African Rainbow Minerals

AngloAmerican

AngloGold Ashanti

Antofagasta Minerals

Barrick

BHP Billiton

Codelco

Freeport-McMoRan

Glencore

Goldcorp

Gold Fields

Hydro

JX Nippon

Lonmin

Mitsubishi Materials

MMG

Newcrest Mining

Newmont

Orano

Polyus

Rio Tinto

South32

Sumitomo Metal Mining

Teck

Vale

Position statement on mining partnerships for development

1

Overview

ICMM company members seek to be partners of choice for host countries and communities in developing mineral resources. Helping to ensure that the companies' investments in these resources enhance social and economic development locally and nationally is an important part of accomplishing this goal.

Such broad development outcomes, however, are beyond the exclusive control of companies. The approach taken by governments and other state agencies, as well as by development agencies, organised labour and civil society groups, can shape outcomes as much if not more than ICMM member company activities (for example, the ways in which taxes on mineral revenues are spent by governments). Governments have core responsibilities which need to be met. By working in constructive partnerships with other stakeholders, ICMM member companies can play a positive role.

This point has been reinforced through research by ICMM which has demonstrated that large-scale mining can provide low income countries with an important, and sometimes critical, economic boost, helping them to reduce poverty and re-engage in the global economy. In those countries where such positive outcomes have not been achieved, reforms to strengthen public sector governance, whether at the national or regional levels, may hold the key to progress. Companies can contribute to addressing such governance gaps through involvement in multi-stakeholder partnerships.

The purpose of this position statement is to encourage multi-stakeholder development-focused partnerships. It makes explicit ICMM member companies' commitment to actively support or help develop such partnerships at global, national and community levels.

ICMM hopes that an increasing number of governments, development agencies and civil society groups will further engage with ICMM members through such partnerships to enhance mining's development contribution.

2

Background on ICMM principles and position statements

All ICMM member companies implement the ICMM *Sustainable Development Framework* as a condition of membership. This includes commitments to implement 10 principles throughout their businesses, to report in line with the Global Reporting Initiative's (GRI) *Sustainability Reporting Framework* and to obtain independent external assurance that the ICMM commitments are being met (this framework is described in detail at www.icmm.com/member-commitments).

ICMM principles of particular relevance to mining and protected areas are:

- Principle 1: Apply ethical business practices and sound systems of corporate governance and transparency to support sustainable development.
- Principle 2: Integrate sustainable development in corporate strategy and decision-making processes.
- Principle 3: Respect human rights and the interests, cultures, customs and values of employees and others affected by our activities.
- Principle 9: Pursue continual improvement in social performance and contribute to the social, economic and institutional development of host countries and communities.
- Principle 10: Proactively engage key stakeholders on sustainable development challenges and opportunities in an open and transparent manner. Effectively report and independently verify progress and performance.

In accordance with the principles, ICMM has also developed a number of position statements that further elaborate member commitments to particular issues. Company members comply with these statements by incorporating them into their operational practices.

Position statement on mining partnerships for development continued

3

Recognition statements

ICMM research conducted in partnership with the World Bank and UNCTAD has highlighted the success factors which allow investment in mining and mineral resources to be a significant driver of economic growth and poverty reduction and to help catalyse growth in low income countries (see www.icmm.com/en-gb/society-and-the-economy).

1. Investment in mining and mineral resources does not always lead to positive social and economic outcomes. An analysis of 33 mineral dependent countries carried out in 2004 showed that while around half had been broadly successful when judged against a range of socio-economic indicators, the other half had performed poorly, with many of these countries experiencing difficulties associated with the 'resource curse'. This calls for greater effort to apply proven success factors as mining investment takes place.
2. Finding ways to enhance mining and minerals' social and economic contribution is more important than ever. In 2012 (the most recent year for which data are available), almost 900 million people lived on less than \$1.90 a day and over 2.1 billion people lived on less than US \$ 3.10 a day.
3. Research indicates that the most important determinant of whether mining will contribute to economic growth and poverty reduction is the overall

governance framework, both corporate and sovereign. ICMM's research reinforces the importance of sound public sector management by national and regional governments and sound corporate governance.

4. Partnerships between companies, governments, development agencies and civil society can help fill capacity and governance gaps where necessary and can also help to expand, broaden and deepen the overall socio-economic contribution from mining and metals investments. These partnerships can drive progress on issues that companies acting alone may not have the capacity or mandate to address. ICMM and its partners have identified the following six priority themes (although these are not exclusive):
 - Mining and poverty reduction
 - Mining and economic development: revenue management
 - Mining and economic development: regional development planning
 - Mining and economic development: local content
 - Mining and social investment
 - Mining and dispute resolution.

Each of the six themes is described in detail in *Mining: partnerships for development*, available at www.icmm.com/mpd

'Partnerships between companies, governments, development agencies and civil society can help fill capacity and governance gaps...'

January 2010

4**Commitments**

In addition to existing commitments under the ICMM *Sustainable Development Framework* ICMM member companies commit to actively support or help develop partnerships with other stakeholder groups with the aim of enhancing the social and economic contribution of mining through development partnerships. In practical terms this means:

1. Either individually or collectively through ICMM publicly express their willingness to work in partnership with development agencies, host governments, civil society organisations, and local communities to enhance mining and metals' contribution to social and economic development.
2. For major investments in regions where socio-economic outcomes are highly uncertain or where there are significant opportunities to enhance such outcomes: (i) develop an understanding of the social and economic contribution of the project, including an analysis of the barriers that might weaken this contribution; and (ii) actively support or help develop partnerships or collaborations with other stakeholder groups with the aim of ensuring the project's potential socio-economic contribution is realised.
3. Review the relative success of their development partnerships and collaborations at suitable intervals and adapt these over time to ensure they continue to contribute to the overall goal of enhancing the social and economic contribution of mining.
4. Provide an overview of their work on such partnerships, as appropriate, in their annual external reporting and communications.

'ICMM member companies commit to actively support or help develop partnerships with other stakeholder groups with the aim of enhancing the social and economic contribution of mining...'

ICMM is an international organisation dedicated to enabling a safe, fair and sustainable mining and metals industry. Bringing together 25 mining and metals companies and over 30 regional and commodities associations we strengthen environmental and social performance.

We serve as a catalyst for change; enhancing mining's contribution to society.

ICMM
International Council
on Mining & Metals

35/38 Portman Sq.
London W1H 6LR
United Kingdom
+44 (0) 20 7467 5070
info@icmm.com
www.icmm.com

Follow us:

 @ICMM_com