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# CREATING ECONOMIC OPPORTUNITY

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ICMM's fifth sustainable development principle:

to "seek continual improvement of our health and safety performance"



## Comment by Paul Mitchell, Secretary General, ICMM Making our mark in the fight against poverty

Poverty is in the spotlight of the world's media. According to the UN Millennium project, more than a billion people in the world live on less than one dollar a day and another 2.7 billion struggle to survive on less than two dollars per day.

Earlier this month, the G8 Finance Ministers announced that 18 poor countries would receive an immediate US\$1.5 billion annually for debt relief. The UK government, which holds the unique position of chairing the G8 and holding the EU presidency, has vowed to tackle poverty and awareness of this campaign is widespread.

One of the major causes of poverty is a lack of general investment, particularly foreign investment, in developing countries. However, it is important to note that the resources sector, mainly mining, oil and gas, is distinctly different in this respect as it is the only significant source of foreign direct investment in the world's poorest countries, according to the leading economic commentator Martin Wolf.

ICMM member companies are significant investors in developing countries. They contribute to national and local economies, generating employment, providing training and skills development, and creating economic opportunities in remote areas.

Nonetheless, ICMM recognises that mineral investments have not always provided positive socio-economic outcomes and this is being addressed in our work programme. The Resource Endowment study which was featured in the February ICMM newsletter (available at [www.icmm.com](http://www.icmm.com)) is designed to assist mineral-rich countries to use their resources to achieve broad-based economic growth and poverty reduction. Complementing this is the Community Development Tools project (see page 4), which is being undertaken with the World Bank Group and aims to enhance socio-economic outcomes at the local level.

Mineral development can benefit local communities through the support of small businesses. The case study on Anglo American's work in South Africa (see page 12) illustrates how big business can give a helping hand to small start-ups in their supply chain. The support of local communities is also essential for securing investment and economic growth. One important area is relations

with indigenous peoples. ICMM has produced the Mining and Indigenous Peoples Issues Review (see page 11), which examines key aspects of the relationships between mining operations and local communities.

Working in developing countries requires extensive efforts to remedy shortages of skilled labour. On page 6, my colleague Kathryn McPhail illustrates how our member companies are focusing on the provision of basic education, core work skills and lifelong learning. The safety of employees is also of paramount importance to our members as Rio Tinto chief executive Leigh Clifford explains on the facing page.

On page 8 Gareth Thomas MP, the UK International Development Minister argues for greater financial transparency among companies and host governments. He writes that governments should sign up to the Extractive Industries Transparency Initiative (EITI) which aims to make payments by companies and revenues received by governments more transparent in the fight against corruption.

In his seminal report *The End of Poverty*, prominent economist Jeffrey Sachs argues that "extreme poverty can be ended, not in the time of our grandchildren, but our time." As this edition of the ICMM newsletter shows, the mining and metals industry has an important role to play in realising this vision.

### ICMM supports child labour campaign

World Day Against Child Labour on 12 June has been marked by a "A Call to Action", from the International Labour Organization (ILO). The ILO has launched the campaign to encourage governments, workers, companies and civil society to work together to bring an end to child labour in the informal mines and quarries sector.

The ILO campaign, which was launched in Geneva on 10 June, is being supported by ICMM.

ICMM's Secretary General Paul Mitchell commented: "By providing employment, training and general skills development, and supporting the provision of educational facilities we help to eliminate child labour in informal mines and quarries." For more information, visit [www.ilo.org](http://www.ilo.org).

More news on page 10



## Creating a safety culture at Rio Tinto

By Leigh Clifford, CEO, Rio Tinto

ICMM's sustainable development principles include a commitment to 'seek continual improvement' in health and safety performance. Leigh Clifford, chief executive of Rio Tinto, outlines the success of his own Group's holistic approach.

Safeguarding the health and safety of our employees is one of the fundamental values of Rio Tinto and a priority at all levels of the Group. There has been a significant improvement in our safety record from 2003 to 2004 – thanks largely to the safety programmes we have implemented over recent years.

Last year there was one fatal accident at a managed operation compared with six deaths in 2003. That's a big improvement but it remains wholly unacceptable that anyone should be fatally injured at work.

We have also made improvements in the lost time injury frequency rate (LTIFR) and all injury frequency rate (AIFR), with reductions of 21 per cent and 15 per cent respectively from 2003. This result did not meet our challenging target of reducing LTIFR by half, but we have managed a 46 per cent reduction in LTIFR in the five years to 2004. And we can do better still. Our goal at Rio Tinto is zero injuries because we believe that all injuries are preventable.

Most injuries occur because of human behaviour which is where we are focusing our efforts. Moving from what was mainly a rule-based culture we are now encouraging employees to see that acting safely is in their own best interest, and inspiring them to act accordingly.

This supportive safety culture is built through visible local leadership, ongoing education and training and a high level of participation of everyone in the workplace. To achieve zero injuries means every employee must think about the potential risks in everything they do, looking after not only themselves but also their fellow employees.

We also monitor the safety performance of our operations. During 2004, eight operations were fined a total of US\$19,000 (down from US\$160,000 in 2003) for the infringement of

safety regulations. On the other side of the coin, good performance is rewarded through the Chief Executive's Safety Award. Four operations received this award in 2004 following stringent on-site assessments. All the winners had a LTIFR below the company target. The winning operations demonstrated world class safety performance in different challenging environments.

Leadership starts at the corporate level. In 2004 we created a Safety Leadership Panel, made up of senior executives, to provide our operating managing directors with guidance and support. Health and safety is part of my own board portfolio as chief executive. I have a safety adviser who reports directly to me, supported by a network of regional safety advisers. Their role is to ensure that all our businesses achieve full implementation of the Rio Tinto safety standards.

Our success in reducing accidents in the workplace has been based on cooperation from all levels of the company. By setting demanding but achievable targets, engaging in interactive safety audits in the workplace, implementing minimum safety standards, auditing performance against those standards, learning from incidents and near misses, and rewarding excellence, I believe we can reach our target of zero injuries.

### Safety first: ten Rio Tinto principles for employees to follow

- All injuries and occupational illnesses are preventable.
- Safe behaviour is a condition of employment.
- Our managers demonstrate safety leadership and commitment.
- We all work together to continually improve performance.
- We fully comply with our safety standards.
- We identify, assess and effectively manage all risks.
- We identify root causes of all incidents and take actions to prevent recurrence.
- We are trained and competent to fulfil our safety responsibilities.
- Excellent safety results are always recognised.

**“Engaging Communities”**

On 14-17 August 2005, ICMM and the World Bank will present their Community Development Tools project at “Engaging Communities” – an international conference organised by

the United Nations and the government of Queensland in Australia. The event will explore issues related to community engagement and address the experiences, challenges and research which have an impact on

citizens, governments and organisations alike. The conference is sponsored by BHP Billiton. For more information, visit [www.engagingcommunities2005.org](http://www.engagingcommunities2005.org)

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to “contribute to the social, economic and institutional development of the communities in which we operate”



# Pioneering approaches to community development

By Peter van der Veen, Manager, Mining, Oil, Gas and Chemicals Department, World Bank Group

**In April 2002, the World Bank's Mining Policy Group – with support of the Energy Sector Management Assistance Program (ESMAP) – and ICMM launched a project to help governments, industry and communities realise more sustainable community development around mining operations. The Community Development Tools project as it has become known, is now close to completion and will provide site managers, local communities and governments with a practical, ‘how-to’ toolkit to enhance development at the local level. Peter van der Veen outlines the origins and development of a major World Bank-ICMM initiative.**

The World Bank Group's mission is to fight poverty and improve the living standards of people in the developing world. Those of us working on mining projects at the Bank work to ensure that our investments contribute to these goals. While competitive markets are usually the best way to ensure the effectiveness of mining, we also believe there is a vital role for government and communities in the creation and maintenance of a sustainable and equitable development framework for these activities. Our approach therefore seeks to strengthen the capacity of all stakeholders to articulate and represent their interests and to engage constructively with others.

Our commitment to work collaboratively with other stakeholders to achieve poverty reduction is shared by ICMM – as shown by its sustainable development principles, which address the complex social, economic and environmental issues surrounding mining activities. Specifically, ICMM's ninth principle requires its company members to “contribute to the social, economic and institutional development of the communities in which they operate.” The principle also calls on ICMM members to “enhance social and economic development by seeking opportunities to address poverty”.

The Community Development Tools project was originally conceived in November 2000 in Johannesburg, during a World Bank workshop of the Southern African Development Community. The workshop produced a consensus around the need to have practical toolkits to foster constructive working relationships between communities, companies and

governments. It was argued that the toolkits should themselves be developed through participatory processes. And the Mining, Minerals and Sustainable Development (MMSD) project's process of research and consultation advocated the same approach in its seminal 2002 report *Breaking New Ground*.

**A southern African foundation**

The project initially focused on the experience of southern Africa for two main reasons:

- the region's unique development challenges and the distinctive potential of its private sector to pioneer sustainable development, and
- the region's endowment of fuel minerals and its role in meeting the increasing energy needs of an energy impoverished region.

**“Our commitment to work collaboratively with other stakeholders to achieve poverty reduction is shared by ICMM.”**

ICMM's objective was to develop practical tools that would assist its member companies' efforts to engage and contribute more effectively to community development as outlined in its principles.

**Engaging stakeholders**

Early on, a small, multi-stakeholder regional advisory committee was established. The role of the committee was to ensure that the work undertaken was relevant to the region and that it reflected adequately the concerns of different stakeholder groups. All committee members had significant expertise in community and social issues around mining in southern Africa. The committee's input was invaluable to design the scope of the project.

Six studies were then commissioned to African consultants with significant experience in research in sustainable economic and social development at the community and regional level, as well as in working in a multi-stakeholder context. The studies looked at ways of enhancing the value-adding potential of mining in support of community development. They covered the following topics:

- Sustainable development assessments
- Enhancing skills and resources for participation
- Public participation processes
- Conflict management
- Corporate strategic planning frameworks for community development
- Government approaches to supporting social and economic development in mining regions.

Drafts were discussed in two multi-stakeholder workshops in Johannesburg in September 2003, and in Windhoek, Namibia in December, 2003. Over 50 participants attended each workshop. Lively discussions emerged from the different perspectives voiced by industry, national and local government, service providers, NGOs, labour groups and academics.

**From local to global**

The next stage took the information gathered in southern Africa and complemented it with the incorporation of state-of-the-art community development practice in other parts of the world, as well as key references and existing guidelines.

The final result is a toolkit presenting the best local and global experience that offers practical guidance for all stages of the community development process – from first contacts between exploration geologists and local community members, through to construction, operations, and eventually decommissioning and closure.

The toolkit provides simple, user friendly explanations of some of the essential steps towards more sustainable community development.

**The toolkit at a glance**

There are 17 tools that cover a mine's operational stages, from exploration through to closure. The toolkit offers a step-by-step approach and detailed guidance on how to use each tool. These fall into six categories:

- I. Assessment Tools** – for assessing the socio-economic environment. Identifying community members, how they live, any existing conflicts and the resources needed to build and support a community development programme are among the items covered.
  - II. Planning Tools** – for designing participatory development programmes to support sustainable development. Guidance is available for internal planning in specific organisations, such as a company or NGO, and for planning that may require coordination across organisations and communities.
  - III. Relationship Tools** – for building and maintaining effective relationships between all stakeholders, including governments, community members, companies and local organisations. Partnerships are the foundation of all cooperative activities and therefore essential for sound community development programmes.
  - IV. Programme Management Tools** – for supporting and implementing the Planning Tools. This set of tools aims to ensure that plans are realistically resourced and scheduled, and that there are capable people taking responsibility for implementing them.
  - V. Evaluation Tools** – for measuring progress and assessing results against programme goals. Participatory monitoring is also covered to ensure that modifications are made to plans during implementation.
- The toolkit also sources key references, guidelines and good practice case studies. The full toolkit includes a supporting introductory volume.

## ICMM's ninth sustainable development principle...

...includes a commitment to "encourage partnerships with governments and non-governmental organisations to ensure that programmes (such as community health, education, local business development) are well designed and effectively delivered".

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## Heads up for.....

The **4th International Congress on Environmental Protection in Mining and Metallurgy** will be held on 13-16 July in Lima, Peru. ICMM Secretary General, Paul Mitchell, will

give a keynote address at the event's opening session. ICMM will also have an exhibition booth at the event.



# ICMM members commit to human resource development

By Kathryn McPhail, ICMM Principal responsible for social and economic programmes

**As part of their commitment to report in accordance with the Global Reporting Initiative (GRI) framework, ICMM members must meet a number of social performance indicators, including training and education. Kathryn McPhail examines how member companies are making a direct contribution to skills development in local communities.**

The training performance indicators in the Global Reporting Initiative's 2002 guidelines include measures for average hours of training per year per employee, a description of programmes to support ongoing employment and to manage career endings and specific policies and programmes for skills management and lifelong learning. The recently produced Mining and Metals Sector Supplement (MMS) also adds an indicator for local community workforce training programmes.

Globally, ICMM member companies employ nearly 500,000 people between them (excluding contractors), and they all give top priority to nurturing human resources. This is done through management and vocational training, graduate and apprenticeship schemes. Building on the strength and commitment of company employees, ICMM members are reaching out to local communities. Companies also offer skills development through their support for small businesses (See Anglo American case study, page 12).

Local communities expect industry to provide employment, infrastructure and other benefits to counter the impacts they face and leave them better off than when a project started. This was one of the conclusions of the Mining, Minerals and Sustainable Development (MMSD) initiative launched by the founders of ICMM.

The MMSD findings provide the rationale for the GRI education and training indicators. Their adoption illustrates the ICMM members' commitment to environmentally and socially sustainable development. While experience varies considerably from country to country and from company to company, some examples of company experience confirm findings by the International Labour Organization (ILO) that the education and training they provide must meet certain key requirements: basic education, core work skills and lifelong learning to support industry going forward.

High illiteracy levels in remote areas of developing countries continue to be a challenge to the mining industry. Basic education has a big impact on a person's ability to find and retain a job. Many South African mining companies are involved in the Adult Basic Education and Training (ABET) scheme. Lonmin and AngloGold Ashanti are both committed to the scheme with over 6,000 employees enrolled between them.

AngloGold Ashanti, with US\$28 million training and development expenditure in their South Africa region in 2004, place an emphasis on "the identification of potential talent, mentoring and personal development planning". Lonmin, a significantly smaller company, invested US\$8.6 million (\$410 per employee) in training and skills development for their employees in 2004, as part of their commitment to create and sustain a learning culture within the company.

**"Building on the strength and commitment of company employees, ICMM members are reaching out to local communities."**

It is not possible to successfully carry out vocational skills training without the core work skills to build on. This has led the mining industry to place a strong emphasis on workplace training and to develop multi-skilled jobs and formal skill development programmes.

In Indonesia, where Freeport operates the large Grasberg copper and gold mine in the Papua province, the company is aware that job training must offer more than technical skills development. The company offers more classroom and on-the-job training hours than many universities, with 15,000 employees receiving over three million hours of training in 2004. Their programmes range from basic literacy and maths to apprenticeship courses for individuals with no career training, as well as advanced technical and trade development courses, career and leadership development and business management programmes that provide world-class skills to Freeport's workers.

Freeport has provided funding for the facilities and programmes of Nemangkawi Mining Institute, an independent non-profit

### Learning new skills

**Odalina Mitoro, is a 24-year-old apprentice in administration at Nemangkawi Mining Institute. She was born and raised in Timika by the Kamoro tribe. Oda finished high school and two years of college in Jayapura before leaving school due to family problems. Now the 24-year-old apprentice has new dreams. "I would like to learn as much as I can and then help other Kamoro people," she says. Oda is learning English, computer, maths and business skills.**

educational establishment. Trifena Tinal, a young engineer from the Damal/Amungme community who grew up in Tembagapura, the town nearest Grasberg, manages the apprenticeship and pre-apprenticeship programmes at Nemangkawi in the Mimika Regency of Papua.

*"When people don't hire Papuans, they say the Papuans don't have the skills," she says. "Now we're providing those skills so their employment opportunities are greater. What we're doing is solving the root causes of unemployment."*

Work-oriented vocational training is an important way for workers to improve their skills. AngloGold Ashanti runs an apprenticeship programme at Obuasi in Ghana which costs, on average, US\$6,900 per trainee over the two-year training period. Thomas Brentum from Enchi in Ghana successfully completed the programme in 2004. He is now able to support himself and is also sponsoring his nephew through a six-month computer literacy programme at Ghana's leading information, technology, education and training institute in Accra.

Lonmin is committed to developing a demographically representative workforce in South Africa. The company runs management programmes for Historically Disadvantaged South Africans (HDSA). To date, 89 HDSA employees have been selected for fast-track training. Reflecting its commitment to lifelong learning, Lonmin established a mentoring steering committee in 2003 which has drafted a policy, procedure and scorecard. A formal monitoring and coaching system has now been implemented.

The preceding examples illustrate the range of human development programmes undertaken by ICMM members. Mining is one of the few industries that operates in the poorest countries and in doing so it is a significant source of local education and skills development.

## ICMM speaks out Workshops, annual meetings and conferences

Sustainable development challenges and opportunities were highlighted by ICMM Secretary General Paul Mitchell as part of his keynote address at the opening session of the **Asia Mining Congress 2005**, held in Singapore on 22-24 March. The global commodity outlook for 2005 was another key theme of his talk.

Anne-Marie Fleury represented ICMM at the **Responsible Mining in Romania** conference in Bucharest on 13-14 April, where she spoke on "Financial Assurance on Mine Closure".

How do you put the metal into sustainable development reporting? Julie-Anne Braithwaite dealt with the issue at the **International Lead and Zinc Study Group's** spring meetings on 25-26 April in London where she spoke on ICMM's work with the GRI to develop a mining and metals sector supplement for sustainable development reporting.

Paul Mitchell chaired the second **Green Lead workshop** in London on 27-28 April as part of ICMM's commitment to exploring materials stewardship and the Green Lead Initiative. The workshop laid out plans for the launch of the Green Lead Pilot Programmes which are looking at stewardship in the production and use of lead-acid batteries.

ICMM's Andrew Parsons spoke on "Financial Assurance: An effective tool for preventing legacies" at the **Second International Conference on Abandoned Mines (Segunda Conferencia Internacional sobre Pasivos Ambientales Mineros)** in Santiago, Chile, on 3-4 May.

This year's **Annual Mining Seminar of the University of Dundee's Centre for Energy, Petroleum and Mineral Law & Policy (CEPMLP)** was held in London on 20-21 June. ICMM's Kathryn McPhail and Paul Stevens (consultant to the Resource Endowment Initiative) spoke at a session on Economic Development & Good Governance.

ICMM participated at the **Securing the Future 2005** conference which was organised by the Swedish Mineral Industry Research Organisation. The conference was held on 27 June - 1 July in Skellefteå, Sweden, where ICMM's Secretary General, Paul Mitchell, gave a presentation at the opening plenary. ICMM colleagues Andrew Parsons, presenting on the topic "Why Biodiversity Matters to Mining", and Julie-Anne Braithwaite, presenting on "Implementing ICMM's Sustainable Development Framework: challenges and progress" also took part.

ICMM's Paul Mitchell and Kathryn McPhail participated at the EITI conference held on 17 March 2005 in London. The event was opened by the UK's International Development Minister Gareth Thomas and World Bank President

James Wolfensohn. Senior representatives from governments, NGOs, and companies – including ICMM members – spoke about the importance of transparency and the practical aspects of implementing EITI.

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to "implement and maintain ethical business practices and sound systems of corporate governance"



# The case for transparency

By Gareth Thomas MP, International Development Minister

**Much has been made in the last 10 years of the so-called "resource curse" – the link between poor leadership and conflict and the natural resources of poor countries. The Extractive Industries Transparency Initiative (EITI) was set up by UK Prime Minister Tony Blair in 2002 to address this issue by building an international coalition aimed at making revenues from oil and mining more open and accountable. At the heart of the initiative is the belief that the profits from oil and mining can and should help the poorest in society.**

The UK government hosts the EITI secretariat and provides support for countries and community groups such as trade unions and NGOs so they can implement the initiative. Our funding and advice goes through Department for International Development projects overseas, embassies, and a dedicated trust fund in the World Bank that supports countries that we are unable to reach directly. With ten countries presently implementing EITI, and a further ten having endorsed the initiative, the initiative is one that has grown quickly. This complements the activities of mining companies who are involved across the world in countries such as Peru, Ghana, and the Kyrgyz Republic.

The UK currently gives over £4 billion a year to fight poverty overseas and whilst our support to the very poorest countries will continue, it will remain small compared to the wealth that is generated in developing countries by industries such as mining. Ensuring that those revenues are declared and that governments are held accountable is at the core of EITI. It will give people in developing countries greater confidence to know those revenues are being spent on improving public services, such as schools and hospitals, rather than going into the bank accounts of the few.

## Engaging big business

The case for business engagement in EITI is very clear. As Leigh Clifford of Rio Tinto said at the EITI conference held in London in March this year, "the lack of good governance and the presence of corruption in many countries today remains the most serious barrier to long-term investment." A country that is

properly governed will attract more investment because political stability is essential for businesses like mining that often need several decades to make good on their investment. A group of investors with US\$8.3 trillion of assets, including holdings in ICMM member companies, support EITI for that very reason. The involvement of ICMM and its members has been vital to the development of EITI. There has been a frank exchange of ideas between DFID and EITI's wider stakeholders and sometimes that has required a willingness to think again about long held viewpoints. It is that kind of process that helped lay down the basic rules of the initiative – the EITI criteria – this year. There are also some issues beyond the criteria that will need to be thought about: ICMM and its members have often raised the issue of ensuring payments by companies to local authorities are not overlooked. It will be interesting to see how this is addressed in the process now underway in Peru.

We are now in the process of internationalising EITI further through the formation of an International Advisory Group which will bring together countries, companies, community groups, and donors. The rush of countries to join the initiative following the March conference opens up opportunities, as well as threats, to the initiative. There is the opportunity for EITI to become the standard for good government in resource rich countries, and the threat – and the advisory group will look at how to address this – that some will attempt to claim EITI status when they have little intention of implementing it.

In addition to the business community's positive engagement with the International Advisory Group, companies should champion the EITI and call on others to endorse the initiative. I would pick up what Mark Moody-Stuart said at the March conference – that companies should not be shy about advocating government's participation in EITI in countries where they operate.

## 'Commission for Africa'

The Commission for Africa made strong recommendations on the need to expand EITI to all resource rich countries in Africa. We hope that recommendation is something that the G8 nations will be able to agree on when they meet at Gleneagles

in July. With a statement of support from other donor countries, combined with clear proposals from the advisory group on the future of EITI, we will be a long way towards making the EITI a truly global initiative.

The final challenge for EITI is to actually deliver on all the policy statements and endorsements. We are beginning to see that happen now. In many countries EITI is serving as a platform for a unique dialogue between government,

companies, and community organisations. It is an initiative that is actively supported by the majority of the largest oil, gas, and mining companies in the world. By the end of the year I hope to see the payments and revenues reports from a number of different EITI implementing countries. It is when those numbers begin to be disclosed, and debates on them begin, that EITI will start to have a healthy, and very tangible, bite.

## ICMM endorsement of EITI

ICMM released the following statement at the EITI conference in March:

**"The ICMM principles include clear commitments to the goals advanced by the Extractive Industries Transparency Initiative (EITI). Among these are "implementing policies and practices that seek to prevent bribery and corruption;" and "working with governments, industry and other stakeholders to achieve appropriate and effective public policy, laws, regulations, and procedures that facilitate the mining, minerals and metals sector's contribution to sustainable development within national sustainable development strategies" (Principle 1).**

**In June 2003, ICMM issued a statement of support for the EITI Principles, which are designed to encourage high standards of transparency and accountability in public life, government operations and in business. ICMM members committed to reporting all payments made to governments to the assigned "aggregating body" in countries implementing EITI. Since then, ICMM has been an active member of the EITI core group and participated in key activities, including the ministerial-level launch of EITI in the Kyrgyz Republic.**

**ICMM welcomes this conference's objectives. ICMM respects the rights of sovereign governments to make their own decisions regarding revenue transparency, but recognises the contribution that greater transparency can make to combating corruption and stimulating discussion on the sustainable uses of such revenues. Given the importance of revenue transparency for well-functioning economies and good governance, ICMM members will facilitate and cooperate fully with governments that adopt these principles. Accordingly, ICMM members will assist governments that endorse EITI through the following actions:**

- Regular publication of all payments made to governments implementing EITI;
- Support the credible, independent and published audit of these payments;

- Support civil society's engagement in this process; and
- Contribute to the implementation of an agreed public, costed, time-bound action plan, and measure achievements against targets set on the plan on a regular basis.

**ICMM recognises the governance and macro-economic challenges posed by a high level of dependence on natural resource revenues. Paragraph 46 of the Johannesburg Plan of Implementation, agreed at the World Summit on Sustainable Development, states that: "mining, minerals and metals are important to the economic and social development of many countries. Minerals are essential for modern living." Seeking to boost our industry's positive role in sustainable development, ICMM is supporting enhanced revenue management through its Resource Endowment initiative. This builds on ICMM's June 2003 commitment to EITI regarding transparency of payments to focus on transparency of budget preparation and execution and sound management of public expenditure. ICMM also supports transparency in the sub-national redistribution of mineral revenues, particularly where this is a feature of a country's constitutional or legislative arrangements.**

**The Resource Endowment initiative looks at ways to harness mineral wealth to stimulate national and local economic development. Its aim is to identify policy actions, operational practices, and partnership arrangements that will deliver improved outcomes on the ground. The research will identify underlying reasons for national and community success and pinpoint practical lessons for companies, governments and other stakeholders. A high-level advisory group provides independent oversight. The World Bank and the United Nations Conference on Trade and Development are participating in the research, which is expected to be completed in late 2005.**

**ICMM welcomes the greater international awareness and recognition of transparency issues in the extractives industries that have been achieved by the EITI over the past two years. ICMM is committed to continue supporting this process."**

## Working with our stakeholders

ICMM took part in the **Sustainable Development Indicators in the Minerals Industry (SDIMI) conference** in Aachen, Germany from 18-20 May. At the closing plenary session, Julie-Anne Braithwaite

presented progress in developing the ICMM Sustainable Development Framework, particularly the reporting element, and ICMM's work with the GRI. This complemented a presentation in the same session by

Melanie Stusel from the Minerals Council of Australia on Enduring Value, the Australian minerals industry framework for sustainable development. Also in the same session, Michael Stanley from the

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World Bank presented on the linkages between government policies and laws and the management/governance of extractive industries at the local community level.

## ICMM Publications

All ICMM reports, papers and case study materials are available in electronic format at [www.icmm.com](http://www.icmm.com). Hard copies of many of them are available on request by writing to [info@icmm.com](mailto:info@icmm.com)

## Workshop confirms exclusion of minerals and ores as principal objective of international advocacy on REACH

ICMM teamed up with Eurometaux, in March to stage a two-day workshop on REACH, the EU's proposed new chemicals management policy. While supporting the overall objectives of REACH there are specific concerns over the way in which the proposal could affect the metals and minerals sector in particular.

The workshop agreed that there should be an international programme to:

- Focus on the "minerals and ores" as a key issue.
- Support actions to exclude minerals and ores from registration (Annex III of REACH).
- Promote the exclusion of minerals and ores from authorisation.

Delegates also met with representatives of the Brussels-based diplomatic corps of mineral and metals exporting countries to the EU. This provided an opportunity for delegates from Australia, Canada, Chile and South Africa to discuss the issues and advocacy objectives identified during the workshop with their respective diplomatic missions in Brussels. This meeting was part of an ongoing process of engagement with the Brussels-based missions.

The metals industry has proposed a series of amendments (including those outlined above) and these will be submitted to the European

Parliament for consideration as it begins to review REACH.

## Research to focus on LCIA methodology

Current approaches to Life Cycle Impact Assessments (LCIAs) can exaggerate metal toxicity. Rectifying this is the basis for a three-year project to look at ways of improving the characterisation factors used in LCIA when considering ecotoxicity. In April 2005, ICMM partnered UNEP and SETAC (the Society of Ecotoxicology and Chemistry) in inviting proposals for the project, part of ICMM's programme to enhance the understanding and application of LCIA methodologies for metals.

LCIA is aimed at assessing the environmental impacts of extracting and using natural resources. Experts recognise that the way in which metals are addressed is unsound unless specific behaviour such as speciation, complexation and bioavailability are accounted for. Failure to consider such factors can exaggerate the ecotoxic impact of non-ferrous metals.

The project, to be completed in 2008, will create a more robust assessment methodology for the ecotoxicological impacts of metals which will be integrated into the developmental work underpinning the UNEP/SETAC Life Cycle Initiative.

## SAICM meetings provoke different reactions

ICMM participated in two recent regional consultation meetings on the development of a Strategic Approach to

International Chemicals Management. March's African regional group meeting and the EU/JUSSCANZ (EU, Japan, US, Canada, Australia, New Zealand) group meeting held in June provided opportunities for ICMM to discuss with key countries many of the crucial issues that emerged from PrepCom2.

Although the structure of SAICM is now commonly understood, the content is still subject to wide ranging debate. Topics such as financial considerations, principles and approaches, and implementation aspects all require further substantive input. The African group meeting was widely regarded as the pace setter for SAICM negotiations between PrepComs, while the JUSSCANZ meeting predictably highlighted the divergence of views and differing ambitions of developed countries with respect to chemicals management.

## Dialogue for progress

Options for convening a Roundtable on Mining and Indigenous Peoples were on the agenda when ICMM and IUCN met recently to discuss joint projects in 2005. The Roundtable is planned for the fourth quarter of 2005. The Secretariats of both organisations will be working out the details between now and then.

Other items discussed as part of the work programme included significant progress made on Good Practice Guidance (see below) and a discussion paper on conservation area offsets.

Prior to the meeting, ICMM Secretary General Paul Mitchell and IUCN Director General Achim Steiner agreed

on the good progress made by the dialogue between the two organisations. One of the key outcomes of the dialogue has been wider interaction between their respective memberships, contacts which now go beyond the Secretariats.

## Good practice guidance for mining and biodiversity

ICMM has prepared draft good practice guidance for mining and biodiversity through its dialogue with IUCN – the World Conservation Union. The document is intended for use by technical and environmental managers at mines to help improve performance based on good practice in biodiversity conservation and management.

The draft document builds on the work that began at a joint ICMM-IUCN workshop held in Gland, Switzerland in July 2003, where a diverse group of industry and biodiversity experts debated issues relating to industry practice and contributions to biodiversity conservation and to the IUCN-ICMM dialogue generally.

ICMM is seeking input from a broad spectrum of people on the draft document which can be downloaded from [www.icmm.com](http://www.icmm.com).

Comments should be submitted using the reply form which will be available on the website until 12 August 2005. If you know of anyone else who would be interested, please let them know about the consultation period. The aim is to produce a final document later this year that will be published as guidance for members and others who wish to use it.

## New SETAC publication supported by ICMM

The Society of Ecotoxicology and Chemistry (SETAC), has published 'Life Cycle Assessment of Metals: Issues and Directions' – the proceedings of the 2002 Montreal International Workshop on Life Cycle Assessment and Metals, an event co-sponsored by ICMM. The workshop was attended by experts from around the world and provided a useful forum for the metals industry and life cycle assessment (LCA) community to exchange views on life cycle approaches and to advance ICMM activities.

The publication discusses the role of life cycle approaches in relation to the mining, production, use and disposal of metals and the overall conclusions on how to put life-cycle thinking into practice. The publication is available now through the SETAC Store at [www.setac.org](http://www.setac.org).

## Workshop backs new approaches to metals risk assessment

A science review workshop for the Metals Environmental Risk Assessment Guidance (MERAG) project was organised by the metals industry and EURAS – the organisation that helped to compile and advance the scientific concepts. The London workshop was hosted by the UK Government's Department for Environment Food and Rural Affairs, which is endorsing the project politically. The workshop attracted expert attendance from academia, regulatory bodies and industry.

The scientific concepts and guidance provided in nine fact sheets covering key aspects of environmental risk assessment methodology for

metals were critically reviewed. A positive response was given to the material developed to date and comments on how each fact sheet could be improved were invited. All the fact sheets except one were supported by the workshop participants.

The fact sheets will be amended in line with comments received at the workshop and published as a "living document" via a web-based portal. The next stage will involve transferring the science into technical guidance appropriate for regulatory policy.

## New GRI guidelines for 2006

Work has begun on reviewing the Global Reporting Initiative (GRI) Guidelines based on extensive stakeholder input. GRI has named the process 'G3' which will result in the third generation of GRI Guidelines (built on the existing 2000 and 2002 versions) due for release in mid-2006.

A series of working groups involving over 60 experts have been formed to review the indicators. ICMM's Julie-Anne Braithwaite sits on the Indicators Working Group (IWG) which met for the first time in March, and six expert Advisory Groups (AG) have been formed to work with the IWG on issue-specific content.

In December 2004, ICMM corporate members agreed to report in accordance with the GRI's 2002 Sustainability Reporting Guidelines and the Mining and Metals Sector Supplement (MMSD). ICMM members are now the largest industry group committed to using the existing GRI framework.

## Publications Corner New reports, papers and case studies' series

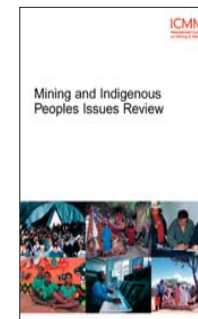


The mining and metals industry's contribution to sustainable development was the main theme of the ICMM Annual review 2004 which was released in May. It showcases a year of significant progress and highlights key achievements across all aspects of the ICMM's work programme. The report is available at [www.icmm.com](http://www.icmm.com) with hard copies available on request by writing to [info@icmm.com](mailto:info@icmm.com).

ICMM also recently released the *Mining and Indigenous Peoples Issues Review*, highlighting issues surrounding relationships between mining and metals operations and their local communities. ICMM members have committed to "uphold fundamental human rights and respect cultures, customs and values in dealing with employees and others who are affected by our activities." There is also a pledge to "contribute to the social, economic and institutional development of the communities in which we operate."

While industry, indigenous peoples, government and other stakeholders all have a role to play in ensuring sustainable communities, ICMM has recognised the need to facilitate more meaningful industry engagement with indigenous peoples. As a result, Jo Render, an international expert, was commissioned in 2004 to carry out an independent review of the issues surrounding Indigenous peoples and mining and metals operations.

The review identifies considerable convergence in the issues identified by industry, indigenous peoples and other stakeholders and outlines a number of possible follow-up activities. ICMM is considering how the various issues and options raised can best be addressed and would welcome suggestions from readers of the review. The full report is available at [www.icmm.com](http://www.icmm.com). Hard copies can be obtained on request by writing to [info@icmm.com](mailto:info@icmm.com).



## To subscribe

The *ICMM newsletter* is a quarterly publication of the International Council on Mining and Metals (ICMM), the industry's peak CEO-led organisation.

ICMM comprises many of the world's leading mining and metals companies as well as regional, national and commodity associations, all of which are committed to improving their sustainable development performance

and to the responsible production of the mineral and metal resources society needs. To receive future issues, and other updates on ICMM activities, please write to [info@icmm.com](mailto:info@icmm.com)

[www.icmm.com](http://www.icmm.com)



Small businessman Solly Mogola with a welding helmet from his product range

## Good practices... Zimele boosts success of black firms

**Good practices... showcases ICMM members' activities that exemplify innovative contributions to sustainable development. In this issue, we feature Anglo Zimele, the enterprise development and empowerment initiative of Anglo American.**

Every year Anglo Zimele invests in around 15 new business ventures. The aim of this initiative is simple: to help emerging black businesses into South Africa's economic mainstream and the success rate speaks for itself.

Businesses that have been supported by Zimele over the years have a 90 per cent survival rate and many continue to grow and prosper. Help, which is frequently unavailable from other sources, takes the form of equity and loans as well as short-term minority stakes in ventures.

"We are looking for people with passion and entrepreneurial vision – and there are many out there," says Zimele's managing director Nick van Rensburg.

The initiative seeks to develop sustainable, commercially viable businesses, primarily in the SME sector. One important spin-off from Zimele's work is the job creation which stems from any thriving enterprise. Zimele is currently investing in 27 businesses, employing over 2,000 people. These investments collectively turned over R264m (US\$38.9m) in 2004.

As small black economic empowerment (BEE) companies frequently have problems raising equity, business development officers (BDOs) based in Anglo American's operating divisions assist in putting forward business plans to Zimele for approval. If the venture is viable, Zimele will take a minority equity stake and provide financial support and skills transfer.

The initiative adds further value through the hands-on transfer of business knowledge and skills and provides advice on strategy, markets, finance, systems and corporate governance. It uses an incubator approach to nurture investments and entrepreneurs, matching up partners and businesses, and complementing technical skills. The approach also allows for a gradual reduction of dependence on Zimele.

In 15 years of operation, Zimele has created in excess of 100 BEE companies and has developed a successful model that helps a small business to survive through the difficult early stages, develop its ability to attract and manage capital and introduce the governance standards required by commercial banks. In line with its ethos of "independence through enterprise", Zimele has a clear exit strategy for all its investments, and any profit is re-invested in other businesses.

One of the many success stories has been Bambanani Health and Safety, a flourishing business supplying personal protective equipment for the mining and industrial sectors, set up in 1999. The business plans to make an estimated turnover of R5 million (US\$737,460) over the next 12 months. As further proof of a growing business, managing director Solly Mogola has recently employed a second person, Walter Mokwana, and opened an office in Middelburg, Mpumalanga.

**"It is great to have the support of big business, which recognises the need for the integration of black business people into the mainstream economy."**

*Solly Mogola  
Managing Director  
Bambanani Health and Safety*

Mogola, formerly a fitter in the coal mining industry, held an initial share of 67 per cent with Zimele holding the remaining 33 per cent stake in the company.

After gaining substantially from Zimele's incubator approach of strategic knowledge and skills transfer, Mogola is now the sole owner and oversees the daily operations, sales and marketing functions.

Anglo Coal's business development manager Lourens de Jager sits on Bambanani's board of directors, and plays a key role in putting Mogola in touch with important sales leads. Mogola says: "It is great to have the support of big business, which recognises the need for the integration of black business people into the mainstream economy."

For more...

[www.zimele.co.za](http://www.zimele.co.za)

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