

**RIISING TO THE CHALLENGE:
ADVISORY STATEMENT ON CLIMATE CHANGE
ISSUED TO MAC & MAC MEMBERS**

November 4, 2016

PURPOSE

The Community of Interest Advisory Panel (the “**Panel**”) of the Mining Association of Canada (“**MAC**”), in fulfillment of its terms of reference, strives to:

- ❖ advise and encourage improvements in social, environmental and economic performance of the Canadian mining industry; and
- ❖ identify to the MAC Board of Directors current and emerging priority issues (environmental, social/cultural and economic) for the sector for the purposes of strategic planning.

To this end and consistent with its mandated responsibility, the Panel is pleased to present the following *Advisory Statement on Climate Change* to MAC and its members. This Advisory Statement is intended to build and expand on MAC’s recently released [Principles for Climate Change Policy Design](#).

INTRODUCTION

Climate change is a global concern. Its impacts pose increasingly widespread threats to local and Indigenous communities, vulnerable ecosystems, economic activities (including mining) and the security of nations. The adoption of measures to address climate change, mitigate its effects and strengthen the resilience of ecosystems has the potential to alleviate long-term impacts, minimize necessary future modification costs, and create social and economic benefits for both public and private interests – be they local, regional, national or international in focus.

Recent commitments by the Canadian federal government and international community, including the United Nations’ *Paris Agreement*, are triggering innovative policies and activities focused on addressing climate change and mitigating its impacts. The Panel challenges and strongly urges MAC and its members to continue to lead and innovate in:

- ❖ reducing emissions;
- ❖ engaging with local Indigenous interests, rights-holders and stakeholders;
- ❖ actively pursuing effective means to mitigate climate change impacts;
- ❖ focusing efforts on achieving a just transition and proper adaptation for long-term resilience; and
- ❖ challenging supply chain partners and investors to support these efforts.

To that purpose, the Panel proposes specific ideas and actions herein to assist MAC and its members in building on the progress already made in addressing climate change, and to help guide future endeavours with respect to planning, managing and operating mines and related activities in this changing global context.

CALLS TO ACTION

1. Towards Sustainable Mining Program

Rationale: MAC's Towards Sustainable Mining Program ("TSM") is focused on continual improvement that is credible and responsive to the expectations of communities of interest. The ongoing development of TSM provides opportunities to go beyond existing efforts, and expand its focus on climate change in such a manner that the urgency of the current situation, the increasingly stringent government reporting requirements, and the opportunities afforded to demonstrate pro-active leadership in addressing climate change can be taken into account.

Accordingly, the Panel recommends that MAC and MAC members:

- In the course of implementing MAC's strategic priorities, systematically review TSM, including all TSM documents (i.e., guiding principles, protocols, frameworks and guides), to explicitly integrate consideration and references to climate change, including mitigation and adaptation and resiliency measures;
- In TSM guides, include reference lists to appropriate tools for climate risk assessment and disclosure;
- Strengthen expectations of MAC members regarding climate change to meet at least the Level A requirements in the Energy Use and GHG Emissions Management Protocol, especially around performance. Additionally, consider making current requirements for Level AAA in the Protocol, such as going beyond energy efficiency and savings and reporting scope 3 emissions, necessary to obtain a Level AA rating. An enhanced Level AAA rating could include extra measures such as demonstrated implementation of the MAC *Principles for Climate Change Policy Design*, mandatory climate risk disclosure and required educational and training initiatives on emission reductions;
- As TSM evolves, include appropriate climate-related terms, definitions and criteria in all other Protocols, especially Biodiversity Conservation Management, Tailings Management, Crisis Management, and Water (once approved); and
- Add climate change considerations, terms and requirements into the Frameworks around Aboriginal and Community Outreach, Safety and Health, Mine Closure, and Energy Use and GHG Emissions Management.

2. Operations Level

Rationale: The mine site, processing plants (i.e., mills) and smelters have historically been a focus for emission mitigation and energy efficiency activities. While efficiency improvements have already led to significant emission reductions, operational-level actions centred on continuous improvement should remain an important focus for additional action on climate change.

Accordingly, the Panel recommends that MAC and MAC members:

- Actively implement and incorporate the use of cost-competitive, value-creating, low carbon emission energy production and energy storage technologies in mine-site operations (i.e., expand the use of these technologies beyond demonstration projects, where feasible);
- Conduct climate change risk assessments that consider direct and indirect risks – such as receding permafrost, increasing frequency and severity of droughts, floods, snow falls and wildfires – at all stages of mine-site design and planning;
- Implement appropriate adaptation measures based on risk assessments that also account for the considerable uncertainty in modelling climate change risks; and
- Engage, educate and empower mine-site workers to consider potential climate change risks and creative solutions.

3. Local and Indigenous Communities

Rationale: Local, remote and/or Indigenous communities often experience the earliest and most severe impacts from climate change. Concurrently, energy costs are often high, energy use often relies on high emission sources, and energy sources are often unreliable. This presents an important opportunity for MAC and MAC members to work with government, industry, and local and Indigenous communities to address these insecurities.

Accordingly, the Panel recommends that MAC and MAC members:

- Assist local and Indigenous communities by improving renewable energy production and energy storage solutions;
- Build capacity among local and Indigenous businesses to maintain clean energy infrastructure at or near the mine site; and
- Where appropriate, aid in the development of capacity for the development of energy efficient quality local sustainable food supplies.

4. Supply Chains

Rationale: The mining industry can play a significant role in strategically positioning itself as a supplier of minerals and metals that are critical for the transition to a low carbon future. Potential benefits associated with a global supply chain can be leveraged, with risks minimized, to yield positive economic, social and environmental change, while concurrently creating a growing market for these critical products.

Accordingly, the Panel recommends that MAC and MAC members:

- Build on the work of the Canada Mining Innovation Council and use its members' purchasing power to encourage suppliers to offer cost-competitive, value-creating, low carbon emission products (e.g., low-emission electric mining equipment and energy storage technology that can meet the needs of remote operations);

- Strategically position the mining industry as a key source of metals for renewable energy manufacturers (e.g., copper and nickel in wind farms, and lithium and rare earth elements in electric vehicle batteries), sustainable transportation manufacturers (e.g., passenger rail and buses) and non-emission fuels (e.g., uranium); and
- Assess the opportunities for mining companies and industry associations (including MAC) to work with partners and customers to recycle or reuse products containing metals and minerals.

5. Public and Policy Engagement

Rationale: Enhanced, strategic public and policy engagement on climate change can create additional value both broadly and specifically to the mining industry. Sharing success stories with the public can improve the social license to operate and encourage innovation both within and beyond the mining industry. In addition, proactively addressing the concerns of impacted workers and communities can help build trust and reduce risk exposure. Concurrently, actively engaging policy makers and building coalitions with other stakeholders can help shape and legitimize policy that facilitates a just transition towards de-carbonization.

Accordingly, the Panel recommends that MAC and MAC members:

- Build on existing campaigns by MAC and other industry associations to educate Canadians on existing success stories and the role of the mining industry in supplying the metals and minerals needed to de-carbonize our energy and transportation systems;
- Enhance advocacy for public policies that stimulate demand for low-carbon infrastructure, and put a price on carbon that reflects the social costs of climate change while remaining competitive on the international stage – MAC's recent *Principles for Climate Change Policy Design* offer an excellent example of this approach, and we encourage more such work by MAC and MAC members;
- Align with other interested organizations to seek common goals for climate action. This model – long proven successful on other social and environmental issues facing Canada's mining industry (e.g., the Whitehorse Mining Initiative, the Resource Revenue Transparency Working Group, the Devonshire Initiative, the National Orphaned and Abandoned Mines Initiative and MAC's Community of Interest Panel) – should now be adopted to focus on the impacts of, and opportunities for, the mining industry with respect to climate change;
- Advocate for industry and government-supported transition funds for impacted workers (i.e., those workers who face increasingly precarious employment, underemployment, or unemployment) and communities dependent on companies adversely impacted by climate change mitigation policies; and
- Acknowledge the need for policies in support of impacted workers (in the mining sector and beyond), including re-training for new job opportunities, employment insurance flexibility for worker transitions, enhanced severance and salary continuance, pension bridging and early retirement options.

6. Disclosure of Climate Risks and Opportunities

Rationale: Increasing numbers of long-term oriented institutional investors are encouraging mining companies to continue developing meaningful disclosure of climate change-related risks and

opportunities. When assessing any type of emerging risk (such as climate change), the key to beginning to understand the possible impacts lies in the availability of pertinent and accurate information which the mining sector strives to provide.

Accordingly, the Panel recommends that MAC and MAC members:

- Continue to disclose absolute GHG emission levels and relevant corresponding metrics, while promoting consistent international standards to ensure accuracy;
- Where possible, clearly segment categories of capital expenditures and research development expenses to effectively disclose risks and opportunities. For example, although difficult to provide, disclosing distinctions on capital expenditures between continuing operations, new projects and climate adaptation requirements would provide critically useful information; and
- Continue to further enhance material disclosure (beyond current regulatory requirements) of climate change risks and opportunities (based on qualitative and quantitative information) to investors and other stakeholders seeking to assess the long-term strategic resilience of mining companies.

What is the Community of Interest Panel of the Mining Association of Canada?

The Community of Interest Panel was created in 2004, alongside the Towards Sustainable Mining (TSM) initiative. The Panel is an independent, multi-interest group comprising individuals from Aboriginal groups, communities where the mining industry is active, environmental and social NGOs, and labour and financial organizations.

The Panel serves as platform for communities of interest and MAC members to discuss and collaborate on issues of mutual concern. A key role of the Panel is to provide advice on current and emerging priority issues and to encourage member companies to improve social, environmental and economic performance.

More information about the Panel can be found on the Mining Association of Canada's website: www.mining.ca/tsm.