Mining Association of Canada
Towards Sustainable Mining

Draft Summary Report

**6th Meeting of the
Community of Interest Advisory Panel**

**September 28, 2006
Edmonton, Alberta**

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1   Introduction

This report presents a summary of discussions from the September 28, 2006 meeting of the TSM Community of Interest (COI) Advisory Panel ("the Panel"), including decisions on the work of the Panel and recommendations to the Mining Association of Canada (MAC). Any dissenting views have been identified and recorded.

2   Summary of Decision Items for Follow-up

The following is a summary of items for follow-up and decision as identified during the meeting:

Verification Workshops:	Panel members should speak with Pierre Gratton if they are interested in participating as observers in the upcoming verification workshops.
2005 Ekati and IOC TSM Performance Results:	Jane Howe and Lee Preziosi will send information on BHP Billiton's and IOC's relevant standards and policies to Stratos for circulation to the Panel members.
Biodiversity Workshop:	The report from the biodiversity workshop will be distributed to panel members when completed and tabled at the next COI Panel meeting.
Aboriginal Relations Workshop:	The report from the Aboriginal Relations Workshop will be circulated to the Panel once it has been finalized. A revised draft of the Mining and Aboriginal Peoples Framework being prepared by MAC's Initiative Leaders will be distributed to the Panel and put on agenda for the next Panel meeting.
Next COI Panel Meeting:	The next COI Panel meeting will be held March 7th or 8th in Toronto. MAC will circulate the proposed date for confirmation by Panel members.

3   Welcome and Approval of March Panel Meeting Report

3.1   Welcome

The facilitator welcomed Panel members to the 6th Panel meeting, and introduced the following new Panel member:

- Doug Horswill, Teck Cominco and Chair of the MAC Governance Team

The following Panel members sent their regrets for the meeting:

- Jim Boucher, Fort McKay First Nation
- Charles Campbell, United Steelworkers of America
- Ginger Gibson
- Soha Kneen, Inuit Tapiriit Kanatami (on maternity leave)
- Alan Penn, Cree Regional Authority
- David Scott, CIBC World Markets
- Darren Taylor, AFN, Tr'ondek Hwech'in First Nation
- Eira Thomas, Stornoway Diamond Corporation (participated via teleconference for select agenda items)

George Hakongak (Nunavut Tunngavik Incorporated) attended in lieu of Stefan Lopatka, who has resigned from the panel. A replacement for Stefan will be in place for the next Panel meeting. Bill Napier also attended along with Peter C. Jones, who will be retiring from Inco, to facilitate continuity for the Peter's replacement on the Panel. Peter R. Jones (HBMS) is the new Chair of MAC and assumes Richard Ross' position on the Panel

A complete list of participants is provided in Appendix 1.

3.2   Approval of March Panel Meeting Report

Panel members approved the March 2006 meeting report without amendments.

4   TSM Update

Pierre Gratton provided a TSM update, including a summary of TSM work completed and planned, an update on the TSM verification system, and an overview of the 2005 TSM Performance Report. Pierre also presented a brief overview of the aggregate 2005 TSM performance results. Representatives from BHP Billiton's Ekati Mine and the Iron Ore Company of Canada presented their individual 2005 TSM performance results.

4.1   TSM Work Completed and Planned

Work completed since the last Panel meeting in March 2006 includes publication of the 2005 TSM Progress Report (May 2006); an associate members' workshop (June 2006); and an Aboriginal relations workshop (September 2006). Worked planned for the remainder of 2006 includes a biodiversity workshop (October 2006) and three verification service provider workshops (October and November 2006), in which Panel members are invited to participate as observers.

> **Follow-up:**
> Panel members should speak with Pierre Gratton if they are interested in participating as observers in the upcoming verification workshops.

4.2   TSM Verification System

The TSM external verification system received final approval from the MAC Governance Team in June. TSM external verification will be implemented in 2007, with all MAC member companies externally verifying their 2006 self-assessment results. The TSM external verification system involves:

- Verification of company self-assessments by an external verifier;
- Letter of assurance from a CEO or authorized officer confirming the verified results; and
- Annual post-verification review of two or three member companies' performance results and verification by the COI Advisory Panel.

MAC will allow companies in special circumstances to postpone implementation of the verification requirements for one year, and will maintain a list of qualified verifiers.

An intensive review of the self-assessment protocols was conducted in preparation for external verification, and key revisions made to ensure consistency and reflect differences in company's management systems.   In addition to general word-smithing to ensure consistent use of terminology across all protocols, specific revisions included:

- Tailings Management:
    - Indicators 3 and 4 were redesigned to assess the extent to which the CEO/COO ensures effective system are in place; and
    - COI consultation requirement was further defined to include COI consultation "through either development or **review** of policies and systems".
- Crisis Management:
    - Criteria were streamlined to focus on critical elements and better capture variations in company programs.
- Energy:
    - Indicators 3 and 6 were modified to replace the 1% target with facility-specific performance targets; and
    - Indicators 2 and 5 were adjusted for to reflect that the publication of energy use information may be limited by competitive considerations.

There was some concern amongst Panel members that the Panel was not consulted before changes were made to the protocols. Pierre agreed that the process in which the protocols were revised was not ideal in that it lacked Panel consultation, but indicated that the revisions were required within a very short timeline. Prolonging the process would have meant delaying the implementation of the verification system. The protocols are "living documents" and will continue to improve, and Panel feedback was encouraged. MAC members of the Panel recognized the need to consult with the Panel members on TSM design and implementation changes going forward.

Some Panel members were concerned about the removal of the 1% reduction target on energy indicators 3 and 6, citing the need for numerical targets as opposed to open-ended targets that are at a company's discretion. One Panel member also asked if companies not reporting energy use for competitive reasons are not meeting TSM reporting requirements. Pierre noted that this change allows companies to set targets that are appropriate to their own operations, and noted that absolute energy use and GHG data will still be reported in the TSM report. One Panel member explained that the 1% target was originally put in place as a collective industry target, and is inappropriate for some operations (e.g. newer operations that have a much lower baseline of energy use and GHG emissions). Another member noted that companies will strive for energy reductions regardless of targets because it affects the bottom line. Another Panel member from a MAC company explained that incorporating TSM indicators into their management system helped the company to benchmark itself.

There was also discussion around a company's option to "opt out" of verification in special circumstances, and the implications for the credibility of TSM. Pierre clarified that companies in special circumstances will be allowed to opt out of the *verification* process, but are still expected to do their self-assessments and report on the TSM indicators. One Panel member questioned how MAC has defined "special circumstances".   Pierre noted that there is no firm definition of companies in special circumstances, but provided a few examples (e.g. a company undergoes significant ownership and/or staff change and does not have the financial or human capacity to carry out the verification requirements). While it is unclear whether any companies will opt out this year, the system has to allow for these types of situations. One Panel member noted that this

option serves as a "safety valve" and provides companies with an option should the need arise, and another noted that companies want to operate in good faith and will not try to avoid the verification requirements. Panel members nonetheless recognized the importance of this concern to the credibility of TSM.

4.3   Overview of the 2005 TSM Performance Report

Sixteen companies provided TSM data for the 2005 TSM Performance Report (fewer companies than in 2004 mostly due to mergers). Eight of these companies reported individual facility results, four more than in the 2004 report. Companies that MAC hopes will report for the 2006 reporting year include Aur Resources, NA Palladium (new member), Breakwater Resources (new member), Kinross, and Wabush Mines (new member).

The 2005 report is four pages longer than the 2004 report, and includes the first COI Panel Statement, four feature articles (up from three last year), more context regarding publication of air and water releases, more company highlights reporting, and a feedback card.

Overall, Panel members were pleased with the 2005 TSM Performance Report. There was some discussion around the length of the report – while some Panel members thought that the report was too long, others thought that a certain amount of background is required for non-industry readers. One Panel member suggested including an executive summary that could provide a rollup of all facility-level TSM performance results in a single table to facilitate comparisons, as well as tables showing individual company performance over time. However, another Panel member raised a concern regarding direct company-to-company comparisons, citing that there are often good reasons for differences among companies' performance and that companies may wish to dedicate more space in the report to justifying their performance if they are directly compared to one another.

Another Panel member cautioned that while it is important to recognize MAC's leadership role with regard to TSM and performance reporting, the TSM report does not fully reflect what each company is putting forth in its own publications. It is important that TSM reporting does not go in a direction that is contrary to what some members are able to follow or that is relevant only to particular operations, such as specific substance emissions.

A few Panel members thought that some items in the report could use additional explanation (e.g. discuss reductions in heavy metals, provide definitions of key terms). One Panel member pointed out the opportunity to capitalize on the good news stories in the TSM report to build confidence in the industry and encourage participation in TSM.

4.4   2005 TSM Performance Results

Pierre Gratton provided a brief overview of the aggregate 2005 TSM performance results. In general, the use of more rigourous protocols and stricter criteria lowered performance averages. While improvements made to the protocols and criteria limit the extent of comparison with 2004 TSM results, it also means that 2005 results should provide a more effective baseline going forward.

Crisis Management Planning	Despite a more rigourous assessment process and stricter criteria, crisis management performance has improved markedly over the past year against all three criteria. While crisis management planning is more likely to be stronger at the corporate level, facility-level performance is also strong.
External Outreach	As with 2004, performance in this area is mixed. Most companies do not have formal, documented systems for COI identification and engagement, and COI identification tends to be narrow. Overall, the ratings have declined, but there is more evidence of progress and leadership since last year (e.g. more at Level 5).
Energy and GHG Emissions Management	This remains the weakest of the TSM performance areas overall, but still over 25% of reporting companies have met or exceeded the energy intensity target of 1%/year (up from 2004). Most companies have basic systems or better in place to measure and report energy use, but not GHGs, despite the rigourous MAC protocols.
Tailings Management	Tailings management performance is strong in the areas of senior management responsibility and review. In general, the lack of formal, documented policies and systems and consultation with COIs are responsible for the lower ratings. There may be a need for additional work to assist MAC members with the interpretation and implementation of the tailings management indicators.

4.4.1 Ekati Mine (BHP Billiton)

Jane Howe provided some context on BHP Billiton's Ekati Mine, and presented Ekati's 2005 TSM performance results. BHP Billiton is the world's largest diversified resource company, and Ekati is the only diamond operation in its portfolio. Their Health, Safety, Environment and Community (HSEC) management system includes a charter; sustainable development policy; 15 HSEC management standards with specific objectives; procedures, protocols, guidelines and toolkits; business-based HSEC management systems; and operational HSEC procedures. BHP Billiton's charter includes a commitment to sustainable development, and the sustainable development policy includes a vision to be the company of choice, central to which is the idea of zero harm to people and the environment.

Ekati is a joint venture between BHP Billiton and the two geologists who discovered it. The mine began production in October 1998. The operation exists within an emerging and ever-changing regulatory system as well as a number of logistical and environmental challenges posed by the location of the site. Ekati is committed to health and safety, to being valued by the communities in which the company operates, and to building capacity through people development, all of which are supported by a number of policies, programs and initiatives.

Jane provided a detailed overview of Ekati's 2005 TSM performance results, which are included in her presentation in Appendix 2.

A Panel member inquired as to Ekati's plans to respond to the implications of climate change, particularly regarding the winter road. Jane stated that from their modeling and forecasting they expected a minimal disruption in the number of weeks that the winter road would be accessible across the northern lakes during the next 50 years, which is the life expectancy of the mining operation. Jane noted that there are initiatives in place to address the capacity of the winter road as well as Ekati's reliance on diesel fuels. For example, Ekati's plans for a wind farm will help reduce reliance on the winter road and the need for diesel fuels, and Ekati is evaluating different technologies to make the winter road ice thicker and allow for fewer, heavier trucks. The real

issue with the winter road is its capacity to handle future mining development in the area, and what role BHP and the government have to play in building and maintaining infrastructure to support this development.

A COI Panel member asked whether there is consensus within BHP and MAC members in general on a reliable source of climate change data for modeling future climate change impacts and scenarios, since some sources of data are overly conservative and may result in conservative modeling for the northern mining operations concerning the timelines on winter roads, permafrost melting and other major risks. Jane noted that BHP has its own climate change policy and methodology, and that there is no policy suggesting the most reliable source of climate change data or predictions on which models should be built.

A Panel member suggested that an understanding of the science of climate change to inform northern mining projects could be a possible issue for future consideration under TSM, as well as determining the most credible and current source of data for modeling future climate change impact and scenarios for northern mining operations.

A Panel member questioned how closely Ekati works with the surrounding communities with respect to environmental issues and environmental assessment. Jane noted that the terms of reference for both of Ekati's environmental assessments clearly stated the requirement to take traditional knowledge into consideration on par with western science.   During the first environmental assessment, the company recognized its limited capacity to undertake this task, and also discovered that most traditional knowledge is not easily accessible, passed down by word of mouth and stored only in memories. As a result, Ekati formed a partnership with the Inuit to build a database of traditional knowledge. The Inuit helped to design survey questions, interview elders, record information in audio format and transcribe this information into a geo-referenced database that makes it easier for western scientists to find and examine traditional knowledge for consideration alongside western science. Jane felt that western science and traditional knowledge are compatible, and encouraged educating western scientists on the importance of traditional knowledge. She also gave a few examples where Ekati has acted on traditional knowledge.

4.4.2 Iron Ore Company of Canada

Lee Preziosi provided some context on the Iron Ore Company of Canada (IOC), and presented IOC's 2005 TSM performance results. IOC is 59% owned by Rio Tinto, and has been in operation for 50 years with sufficient reserves forecasted for another 50 years of operation. IOC's mission is to "secure our future together as a successful supplier of iron ore products to the global steel industry", and its supporting values are to:

- Be socially and environmentally responsible
- Show respect and consideration to all
- Pursue excellence in health and safety
- Focus of performance
- Build effective teamwork & leadership
- Be an employer of choice

Lee confirmed that IOC reports to NPRI, and has an active rehabilitation program in place for long-term closure and for fugitive dust from the tailings pond. Lee provided a detailed overview of IOC's 2005 TSM performance results, which are included in Lee's presentation in Appendix 3.

The TSM process has become more engrained in IOC and is now part of IOC's Sustainable Development Plan. In the summer of 2006, IOC conducted a voluntary external verification of the 2005 TSM performance results for the Labrador City facility. The verification process identified a number of gaps, for which IOC is developing a plan to address. External verification of the 2005 TSM performance results for the Sept-Iles facility is planned for October.

One Panel member questioned whether there is compatibility between the standards prescribed by Rio Tinto and those prescribed by TSM, and whether any differences among those standards would account for the variance between IOC's self assessment and verified scores. Lee indicated that there is a high degree of compatibility between Rio Tinto's and TSM's standards and that requirements from both can be implemented with relative ease. Lee also noted that the difference in scores could be attributed to improved protocols and the rigour of the verifier.

One Panel member referred to IOC's innovative work on biodiversity. IOC's Tailings to Biodiversity project involves the creative use of inert tailings to create wetlands that contribute to the biodiversity goals in the region. Thousands of hectares of "new" habitat will be developed as a result of the project.

Following the presentations from Jane and Lee, the Panel engaged in a discussion of how to make TSM relevant to communities. One member noted that communities have concerns with both short and long-term issues. For example, citizens are starting to understand the implications of the rapid pace of climate change, and want reassurance that a company is in a good position to handle both short and long-term issues resulting from these changes. It was noted that current mine planning looks not only at the influence a mine will have on the environment, but also at the influence of the external environment on the mine (e.g. climate change and weather, water access, etc.) and that effective mine planning will include responses to these external impacts.

One Panel member noted that the objectives and positive impacts of TSM are not being communicated at the community level, especially around older operations. Communications should be enhanced so that communities are aware of TSM and its benefits, and also to encourage innovation and integration at the local level between the mine and the community. For example, many municipalities have to put a sustainable development plan in place by 2010, but lack the internal capacity to do so. Many mining companies have strong experience in sustainable development planning, and could contribute their knowledge and expertise to municipalities.

A number of Panel members felt that the majority of local public interest is on mine closure and the impact on job loss, or that community interest is only sparked by a triggering event (e.g. closure announcement), and there is a need for regular two-way communication and knowledge sharing around other issues, including the environment.

Another Panel member noted that resource based communities may feel as though they are "biting the hand that feeds them" if they voice concern about environmental impacts, rehabilitation, etc. Communities need to be reassured that their concern and discussions around these issues will not be viewed as expressions of hostility or disloyalty. Different terminology could also be used to put community-company dialogue and activities in a more positive light (e.g. joint enhancement projects).

Mining companies and communities need to make regular and ongoing communication part of the regular business process.

> **Follow-up:**
> Jane Howe and Lee Preziosi will send information on BHP Billiton's and IOC's relevant standards and policies to Stratos for circulation to the Panel members.

5   Update on Biodiversity Workshop

At the last COI Panel meeting in March 2006, the Panel had a breakout discussion on biodiversity in TSM in response to a request by MAC's Initiative Leaders' Biodiversity Working Group for the Panel to provide advice on biodiversity issues. At this time it was also noted that the Biodiversity Working Group had decided to undertake a MAC workshop on biodiversity in 2006, in which a subgroup of Panel members could participate.

In the breakout discussion, Panel Members recommended that the Biodiversity Working Group explore the ICMM Good Practice Guidance (GPG) for Mining and Biodiversity as well as the Whitehorse Mining Initiative (WMI) Protected Areas Statement. The ICMM GPG could provide a basis for making companies more knowledgeable about biodiversity and to integrate biodiversity considerations into environmental management practices. The WMI Protected Areas Statement could be the basis for developing a vision or policy statement on biodiversity that would address the broader areas of protected and potential protected areas.

The Biodiversity Working Group has taken these recommendations forward and, consulting with selected stakeholders, has planned a TSM Biodiversity Workshop for October 16-17, 2006. The expected outcomes for the workshop will be:

- Participants will become familiar with ICMM's Good Practice Guidance on Mining and Biodiversity;
- Participants will understand the business case for integrating biodiversity into mine planning, development, operations and closure;
- Participants will share perspectives regarding issues such as conservation planning, protected areas and integrated land management; and
- Participants will contribute to the development of a Towards Sustainable Mining strategy and vision statement on mining and biodiversity.

Several Initiative Leaders and COI Panel Members will be participating in the workshop, in addition to NGOs, government representatives, and international experts. The workshop agenda and draft participants list were included in the COI Panel's briefing binder. It is not too late to add additional participants to the workshop, and clarified that for the purpose of this initiative the Initiative Leader's have chosen to adopt the IUCN definition of biodiversity.

> **Follow-up:**
> The report from the biodiversity workshop will be distributed to panel members when completed and tabled at the next COI Panel meeting.

6   Report on Aboriginal Relations Workshop

Also at the COI Panel meeting in March 2006, the Panel had a breakout discussion on Aboriginal relations in TSM in response to a request by MAC's Initiative Leaders for the Panel to provide advice on Aboriginal relations. At this time it was also noted that the Initiative Leaders had decided to undertake a MAC workshop on Aboriginal relations in 2006, in which a subgroup of Panel members could participate.

In the March breakout discussion, Panel Members had recommended that TSM adopt an approach on Aboriginal relations comprising a policy statement or statement of intent, a consultation standard, a framework of expectations and good practices for MAC members and their relationship with Aboriginal communities (to be applied according to the specific situation of each mining activity and community), and at a later stage, the development of indicators and targets. The group also identified the need to consider the role of government and its constitutional obligation to consult with Aboriginal peoples.

The Initiative Leaders took these recommendations forward and a TSM Aboriginal Relations Workshop was held on September 27, 2006 in Fort McKay, hosted by Chief Jim Boucher. Several Aboriginal community leaders, COI Panel Members, mining company representatives and MAC Initiative Leaders participated. The objectives for the workshop were to:

- Provide substantive advice on the development of a TSM Policy regarding mining and Aboriginal Peoples; and
- Provide input into MAC's strategy on Aboriginal relations.

Aboriginal participants were given an opportunity to share their own perspectives and experiences on Aboriginal relations in the mining industry. The roundtable discussion brought forth a number of critical issues regarding Aboriginal relations and the mining industry, including:

- The key role for prospectors and developers as the first point of contact with Aboriginal communities;
- The importance of relationship building as well as community education and capacity-building;
- The need for the Canadian government to move forward more quickly in settling land claim issues as well as other issues pertaining to Aboriginal rights;
- Addressing issues of equity in the way mining companies work with neighbouring Aboriginal communities;
- The need for baseline studies as well as early and continuous dialogue around issues identified in Environmental Impact Statements; and
- The importance of MAC and mining companies demonstrating leadership in engagement with Aboriginal and other communities.

Overall, workshop participants encouraged MAC to move forward with the "draft" Mining and Aboriginal Peoples *Framework* in the short term, and to refine and adjust it as necessary over time. Participants suggested a number of actions that MAC and its members could take that would support the draft framework, including:

- **Consult**: While there was a general consensus that MAC should move forward sooner rather than later and not wait until the framework is perfect, some participants thought that MAC should consult on the draft framework with selected Aboriginal communities neighbouring mining operations before the framework is implemented.
- ***Adopt a consultation standard***: Implementing a consistent standard of consultation would level the playing field in terms of how Aboriginal communities are consulted across Canada by the mining industry.
- ***Leadership and capacity building***: MAC should take a leadership role on relations between Aboriginal communities and the mining industry.
- ***Rewarding good performance***: MAC could implement an awards program to recognize strong achievers and encourage others to improve their performance.
- ***Certification and verification***: MAC could consider implementing a certification scheme similar to the Sustainable Forest Management certification program, whereby a certifying body would verify that companies are implementing and meeting the requirements as laid out in a TSM framework.

The output from the Aboriginal relations workshop will be used by the Initiative Leaders to develop a revised framework.

COI Panel members had a brief discussion on the results of the Aboriginal relations workshop. One COI Panel member asked whether there had been any discussion of how a framework would be flexible enough to accommodate change but also include binding commitments. A MAC representative noted that there was discussion on specific outcomes, but that workshop participants had cautioned not to define outcomes too narrowly as they will change over time. It was recognized that there is a need to balance the need for flexibility in the framework with some clear commitments being made by MAC members.

There was also discussion of the role of prospectors and developers in engaging Aboriginal peoples and how this "sets the tone" for future relationships. One COI Panel member recognized that while this is an important issue, it is equally important not to narrowly prescribe community objectives at the front end. Instead, the focus should be on communication. However, it was also noted that there is often a fine line between good communication and building unrealistic expectations within a community, and both small and large companies struggle with the inherent difficulty in creating good relations without raising expectations. Part of the solution may be to educate communities about the exploration and mining cycle, as lack of clarity on these issues means that expectations may overtake reality. One Panel member also raised the issue of consultation fatigue within communities.

A MAC representative informed the COI Panel that a new educational tool, *The Mining Information Kit for Aboriginal Communities*, was published this year, and which can be used to inform Aboriginal communities about the stages of the mining cycle, as well as help Aboriginal peoples better understand mining activities and identify the many opportunities that mining can bring to communities. This document is available on MAC's website:
www.mining.ca/www/media_lib/MAC_Documents/Publications/English/Mining_Toolkit2006E.pdf

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Follow-up:
The report from the Aboriginal Relations Workshop will be circulated to the Panel once it has been finalized. In addition, a revised draft of the Mining and Aboriginal Peoples Framework will be distributed to the Panel and put on agenda for the next Panel meeting.

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7   Emerging Sustainability Issues in the Mining Industry

Doug Horswill opened the discussion on emerging sustainability issues in the mining industry. He stressed that, given the challenges ahead, it will be crucial to demonstrate that TSM has enduring value, and that TSM should continue to grow and remain relevant to the changing Canadian mining industry. Doug noted a number of issues currently facing the mining industry in Canada and globally:

- Human resource shortages and the need to attract young people to the mining industry;
- Equipment shortages;
- Emerging environmental agendas (e.g. water use, providing access to clean water and sanitation) and broader resource conservation issues;
- Changes in the industry as a result of consolidation;
- Different expectations and timeframes of new players in the sector; and
- Weak host governments, a lack of community capacity, and the need to balance local priorities and industry needs.

Gordon Peeling provided a presentation on the current state of the mining industry locally and globally, and proposed some possible issues that could be considered under TSM. Canada is currently the global centre of mine financing, the largest outward investor in mining, and the largest recipient of new exploration investment. In 2005, 41% of worldwide equity mining capital was raised on the Toronto Stock Exchange (TSX), and 88% of the worldwide mine financings were handled on the TSX (London is second with 9%).

However, industry consolidation has been underway over the past decade, and Canada does not have a "big-tier" major, the impact of which is uncertain. Nevertheless, the global appetite for mineral resources will continue, especially in the rapidly expanding Chinese market and the emerging Indian market, and Canada will remain a central player in meeting this demand as a supplier of raw materials, as an outward investor, and as a purveyor of supplies, services and expertise.

At the same time, the mining industry is trying to move down a sustainable development path and maintain its social license to operate. Three major sustainability initiatives are currently underway – ICMM's Sustainable Development Framework and Work Program, which includes GRI reporting and assurance; Minerals Council of Australia's *Enduring Value*; and TSM. Others are under development, for example in South Africa.

In light of the issues raised above, possible ideas for consideration under TSM include:

- Complementarity of initiatives (e.g. equivalency, duplication, gaps);
- Reach and impact of TSM as there are fewer "Canadian" majors; and
- Scalability of TSM (e.g. TSM "Light" for prospectors and developers, a TSM-type program for companies operating abroad).

Panel members were asked to identify what they felt are the key issues that the mining industry is facing for the future. These are discussed below.

The need for a competitive Canadian mining industry

One Panel member was discouraged with Canada's position as a raw material exporter, and felt that the Canadian mining industry should encourage the manufacturing of value-added products to expand the benefits of the mining industry within Canada.   There was also concern about Canadian companies coming increasingly under foreign ownership.   Another member noted that people will do business where it makes sense to do business, and Canada needs to create the right conditions to keep the mining industry in Canada competitive, attractive and growing.   TSM's role in this effort was raised in terms of helping to create a mining industry with lower risks and a high reputation, both of which encourage investment.

Impacts of foreign ownership on TSM

There was also concern whether new foreign owners of Canadian-based companies would adopt TSM, and whether MAC progress on sustainability would be impacted by changes in ownership. A Panel member indicated that TSM has its roots at individual mining operations, and that foreign companies coming into Canada cannot afford to cancel best practice initiatives that have already been implemented at these sites.   Instead, these companies will want to support Canadian best practices, including TSM, and may even be encouraged to export the initiative to other global operations.   Another member commented on the rapidity of change, and that MAC and TSM need to respond at an appropriate pace or risk "missing the boat".   While foreign companies are likely to follow the standards and best practices that are appropriate for Canada, there is a risk that they will bring lower standards with them.   However, if TSM is kept leading edge and relevant and viewed as best practice, it will sell itself.   TSM is a positive influence in terms of good management practice and community relations, which impact on a company's bottom-line.

Some Panel members noted that communication with communities on the implications of changes to the Canadian mining industry, specifically foreign ownership, are lacking given the pace of these changes.   Communities are concerned about what these changes mean for them.   It was indicated that Xstrata joined ICMM in May 2006, and it is expected that they will also join MAC and implement TSM.   CVRD was an observer at a recent ICMM meeting, and they are aware that they need to improve their CSR performance if they want to be seen as a global player in the mining industry.

One Panel member suggested revisiting the Whitehorse Mining Initiative (WMI), which included many standards that companies bought into when the initiative began in the mid 1990's. However, many of the corporations that signed onto the WMI no longer exist, and it may be worth updating the WMI to make it relevant to today's mining industry.

Retaining spin-off benefits

One Panel member was concerned that foreign-owned companies would not use Canadian engineering and consulting firms to conduct work that is typically contracted out by mining companies (e.g. support to environmental permitting, engineering design, etc.), and would instead rely on companies in their own countries.   This may suggest a bigger role in TSM for MAC's associate members.

Expanding MAC membership

One Panel member raised the issue of expanding MAC membership to include a broader range of mining activities (e.g. potash, uranium, coal, etc.).   It was noted that mining is an industry segregated along product lines, and it is difficult to break down these barriers.   However, TSM is spurring interest in MAC, and MAC has worked hard to ensure that TSM is an attractant, not a

barrier. MAC welcomes new members regardless of their size, and determines membership fees according to a company's asset base in Canada. However, the reality is that single mine operators are affected by provincial legislation and are provincially focused and participate in provincial mining associations. One Panel member also noted the E3 (Environmental Excellence in Exploration) program and suggested that it be linked to TSM, to have a "TSM light" version for smaller companies.

New sustainability issues

Panel members raised a number of new sustainability issues that TSM could address, including:

- Water use and conservation;
- Energy costs and the risk that they will preclude mining developments in some communities. TSM could look at new ways to work with communities to come up with energy solutions;
- The need for a mineral products council;
- Encouraging governments to set an attractive research and development climate for companies;
- Climate change issues (e.g. opportunities such as carbon markets and clean development funds; impact on waste materials and storage; and
- Declining Canadian reserves, affecting the sustainability of operations as an issue of importance to communities.

One Panel member remarked that while these issues are important, there is a limit to the number of issues that can be undertaken at the same time under TSM, and that capacity needs to be retained to deal with the existing work under development on Aboriginal relations and biodiversity. It was recommended that TSM could begin to look at water issues in 2007. The outcomes of the National CSR Roundtables could also inform future directions of TSM.

8   Panel Renewal

At the previous Panel meeting, Panel members expressed the need to maintain continuity within the Panel, but also recognized the importance of introducing new people and new ideas. Panel members were encouraged to discuss a process for panel renewal, as well as to discuss Elizabeth May's participation in the Panel now that she is the leader of the Green Party.

In terms of a process for panel renewal, many Panel members expressed concern about loss of continuity if the Panel membership changed too frequently. One Panel member stated that at the same time, the Panel should not become a static body. Various renewal schedules were suggested, including one-third turnover every two years, one-third turnover every three years, or one-quarter turnover every four years. The issue of natural renewal was also raised, as Panel membership has often changed as a result of members moving on to new jobs. This is especially relevant for the industry members. It was noted that the process for renewal should take into account the natural renewal that has occurred on the Panel, and allow for flexibility and continuity while keeping the categories of representation in balance.

One Panel member recommended more Panel subgroups and issue-specific workshops, like the Aboriginal relations and biodiversity workshops, to allow more in-depth discussions of specific issues than is possible at the Panel meetings and to take better advantage of Panel members' expertise.

Many Panel members indicated that the Panel should wait until a "full cycle" of the TSM process (through to external verification) has been completed before considering renewal.

The Panel agreed to the following process for Panel renewal:

- Maintain a balance in the categories and perspectives of members;
- Review the need for renewal in 2007; and
- Review membership each year thereafter.

The Panel also discussed Elizabeth May's participation in the Panel, given her new position as leader of the Green Party. The question was raised whether Elizabeth should stay on the Panel as she no longer fits any of the categories of communities of interest identified in the Panel terms of reference, and whether her continued participation would create any issues for MAC or TSM.

Many Panel members expressed support for Elizabeth maintaining her position on the Panel. While there was no debate about the value of Elizabeth's contributions to the Panel, some members were concerned about the implications of having a political leader involved in an advisory panel. Some Panel members were also concerned that there may be elements of TSM work or TSM outcomes that are not in line with the Green Party's views. Some Panel members suggested that re-categorizing Elizabeth's participation in the Panel might allay concerns that people would have about her participation on the Panel. One Panel member suggested that she could attend the Panel meetings as an observer. It was also noted that Elizabeth's new role means she no longer fills an NGO seat on the Panel, leaving this seat vacant.

One Panel member noted that First Nation Chiefs on the Panel are also considered political leaders, and would not want to see their roles re-categorized or their participation questioned.

The Panel agreed to recommend to the Governance Team that Elizabeth maintain her position on the Panel, with the caveat that should her participation become problematic for MAC or TSM, her role would be revised (observer, etc.) or she would be asked to resign. The Panel will address filling the vacant NGO position on the Panel.

9   Information Items

9.1   Mining Sector Sustainability Table Update

Gordon Peeling provided an update on the Mining Sector Sustainability Table.   He noted that all of the sector sustainability tables are currently stalled, and that there is no indication of when work might resume.

9.2   National Roundtables on CSR and the Canadian Extractive Sector

Gordon Peeling provided an update on the federal government's National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Sector. In June 2005, the 38th Parliament's Standing Committee on Foreign Affairs and International Trade (SCFAIT) issued a report on Mining in Developing Countries and Corporate Social Responsibility, which called on the government to "put in place a process involving relevant industry associations, non-governmental

organizations and experts, which will lead to the strengthening of existing programs and policies in this area, and, where necessary, to the establishment of new ones".

In response to the SCFAIT report, the federal government has been hosting National Roundtables on Corporate Social Responsibility (CSR) and the Canadian Extractive Sector in Developing Countries between June and November 2006, in Vancouver, Toronto, Calgary and Montreal. Based on the SCFAIT report, five themes were selected to guide the Roundtables process: CSR Standards and Best Practices; Incentives for Implementation; Assistance to Companies; CSR Monitoring and Dispute Resolution Mechanisms; and Resource Governance Capacity Building.

The government will generate a report back to Parliament that presents, through the engagement in the Roundtable process, recommendations for government, NGOs, labour organizations, businesses and industry associations on strengthening the CSR performance of Canadian extractive companies operating abroad.

At the time of the Panel meeting, two roundtables had been conducted with two more planned. The process is still in the idea-generation phase and the government has not yet begun to assess which ideas will work and which will not.

10 Future Agenda Items

Possible future agenda items identified during the meeting for consideration by the Panel were:
- A discussion on how traditional knowledge can be beneficial to MAC and the mining industry, which could include a presentation from Jane Howe on the Naonayaotit Traditional Knowledge Project (NTKP);
- Review of the revised Mining and Aboriginal Relations Framework;
- Concrete examples of how TSM has affected a company's bottom line and impacted operating procedures and processes;
- The opportunity for product councils in the mining industry;
- Report on results of the MAC biodiversity workshop;
- Communicating TSM and TSM performance at the community level; and
- Approach for COI panel post-verification review of two-three member company results.

Inter-meeting Panel activities and communications will include:
- Biodiversity workshop, to which a number of Panel members have been invited.

11 Next Panel Meeting

The next meeting is tentatively scheduled for March 7th or 8th in Toronto. Details will follow closer to the meeting date.

Appendix 1: List of Participants

COI Panel Members

Gordon Ball, Syncrude Canada Ltd.

Richard Briggs, Canadian Auto Workers

Larry Haber, Kimberley Community Development Society

George Hakongak, Nunavut Tunngavik Incorporated (in lieu of Stefan Lopatka)

Doug Horswill, Teck Cominco Limited

Peter C. Jones, Inco Limited

Peter R. Jones, HudBay Mining and Smelting

Brenda Kelley, Canadian Environmental Network (Bathurst Sustainable Development)

Christy Marinig, Timmins Economic Development Corporation

Elizabeth May, Sierra Club of Canada

Allan Morin, Métis National Council

Bill Napier, Inco Limited

Gordon Peeling, Mining Association Canada

Other Attendees

Pierre Gratton, Mining Association of Canada

George Greene, Stratos Inc. (Facilitator)

Karla Heath, Stratos Inc. (Rapporteur)

Jane Howe, Ekati Mine, BHP Billiton Diamonds Inc.

Lee Preziosi, Iron Ore Company of Canada

Barbara Shumsky, Syncrude Canada Ltd.

Regrets

Chief Jim Boucher, Fort McKay First Nation

Charles Campbell, United Steelworkers of America

Ginger Gibson

Soha Kneen, Inuit Tapiriit Kanatami

Alan Penn, Cree Regional Authority

David Scott, CIBC World Markets

Chief Darren Taylor, Tr'ondek Hwech'in First Nation

Eira Thomas, Stornoway Diamond Corporation (participated via teleconference for select agenda items only)

Appendix 2: Ekati Presentation

Attached under separate cover.

Appendix 3: IOC Presentation

Attached under separate cover.