

29 April 2004

Mining Association of Canada
Towards Sustainable Mining
Community of Interest Advisory Panel
Opening Meeting

Royal York Hotel
Toronto, Ontario
New Brunswick Room

March 10-11, 2004



Participants:

Ginger Gibson (and Hamish)	CoDevelopment Canada
Larry Haber	City of Kimberley
Brenda Kelley	Bathurst Sustainable Development
Soha Kneen	Inuit Tapiriit Kanatami
Stefan Lopatka	Nunavut Tunngavik Incorporated
Christy Marinig	Timmins Economic Development Corporation
Elizabeth May	Sierra Club of Canada
George Nakitsas*	United Steelworkers of America
Alan Penn	Cree Regional Authority
David Scott**	CIBC World Markets
Eira Thomas*	Prospectors and Developers Association of Canada
Joe Carrabba	Diavik Diamond Mines Inc.
Pierre Gratton	Mining Association of Canada
Peter Jones	Inco Ltd.
Trevor Roberts	Suncor Energy Inc.
Richard Ross	INMET Mining Corporation
George Greene (facilitator)	Stratos Inc.
Mary Jane Middelkoop (rapporteur)	Stratos Inc.

Regrets:

Assembly of First Nations	(one member to be announced)
Jim Boucher	Fort McKay First Nation
Richard Briggs	Canadian Auto Workers
George Pirie	Placer Dome Canada

**only attended March 11 session*

***only attended March 10 session*

Background

The Mining Association of Canada started its Toward Sustainable Mining initiative (TSM) in 2000 with the intention of improving the industry's reputation by improving its environmental, social and economic performance. As part of this initiative, the MAC Board agreed to develop a Community of Interest Advisory Panel, as a means of strengthening engagement with mining communities of interest, and to help achieve the objectives of the TSM initiative.

Establishment of the Panel was guided by a multi-interest Design Team, which provided recommendations to the MAC Board on the Panel's mandate, terms of reference, and operational procedures. Over the period of several months, the Design Team worked with the Mining Association of Canada and the Ottawa-based consultancy Stratos Inc. to identify Panel candidates, and to make formal nominations. The Design Team reached agreement on Panel membership in September, 2003, which was subsequently agreed to by the MAC Board.

This meeting represents the first formal gathering of the Communities of Interest Advisory Panel.

The objectives of this meeting were to:

-  Review and adopt the Panel's Terms of Reference and Operational Procedures;
-  Discuss expectations for the work of the Panel;
-  Review the TSM Draft Guiding Principles;
-  Review proposed TSM Performance Indicators;

Introduction

The meeting was opened by Gordon Peeling, President of the Mining Association of Canada. Mr. Peeling acknowledged the importance of establishing a process for meaningful engagement, both as a means for identifying and discussing the needs of mining communities of interest, and for achieving the expected outcomes of the Association's *Towards Sustainable Mining* (TSM) initiative. Through the establishment of effective feedback mechanisms, MAC hopes that the Community of Interest Advisory Panel will provide a forum for active and meaningful engagement.

It was suggested that the TSM initiative will build on the outcomes of the Whitehorse Mining Initiative, and will raise the bar with respect to engaging COIs and other interests, improving actual performance, and demonstrating stewardship. Mr. Peeling also noted that the process that had been used to develop the TSM initiative had demonstrated equity and transparency. MAC believes that the TSM initiative will be fundamental in obtaining a social license to operate for the mining industry.

Review and Approval of Panel's Terms of Reference and Operational Procedures

The goal of the Design Team when developing the Terms of Reference was to ensure open dialogue and to create a transparent process that would provide MAC with valuable input. It was also hoped that the Panel would provide a forum for two-way dialogue between the mining industry in Canada and its communities of interest. In general, Panel members felt that the Design Team had done a good job in developing the Terms of Reference, and that they provided a good frame of reference from which additional details could be added. Participants felt that the document could evolve over time, based on the experiences of the Panel and in response to any emerging issues. The Panel members agreed to the Terms of Reference and Operational Procedures, following discussion and clarification of several points described below. The Terms of Reference and Operational Procedures will be revised to reflect this.

Meeting Reports

To ensure the process remains accountable and transparent, it was recommended that the draft minutes from each Advisory Panel meeting be made public, once reviewed by participants for their accuracy and completeness. The meeting report will be drafted by the meeting facilitators, and will become public when it has received approval from all participants. Meeting reports will be available in both French and English, and will be posted on the MAC web site.

Participation from Outside Groups

While one participant recommended that citizens be provided with the opportunity to attend Panel meetings as observers, others cautioned that the presence of citizens or governments could limit the otherwise open conversation. It was emphasized that the group should strive to achieve an environment where participants feel free to speak candidly and openly. Furthermore, while having government or interest representatives sit as observers would help keep them informed, other methods of engagement should be explored.

The Panel itself will play a role in identifying key individuals and / or organizations that should be involved in discussions on specific agenda items at upcoming meetings. To facilitate this, agendas should be agreed upon and made public (i.e. posted online) in advance of Advisory Panel meetings. Panel members will also communicate with their constituents, and will bring forward any additional viewpoints to upcoming meetings, provided they are of relevance to the Panel and its mandate.

When deemed necessary, individuals from different interests or governments will be invited to make a presentation at a Panel meeting. Those wishing to make a presentation should submit their request to a Panel member, who will then bring the request to the group for final decision.

Role of the Panel

One participant noted that Panel members should not to be perceived as being endorsers of the Mining Association of Canada. The Advisory Panel serves to provide advice, but not to endorse MAC activities, beyond the work of the Panel.

Accessibility by the Public

One of the key questions surrounding the role and function of the Panel is the degree of public accessibility. The TSM initiative will be publicly launched in May, and it was suggested that a web -page be developed to explain the nature and role of the Panel.

Report-back Mechanisms

In recognition of the different report-back mechanisms and structures within member organizations and constituencies, materials for upcoming meetings should be provided well in advance of the actual meeting date. It was generally agreed that materials should be received at least three weeks in advance of meetings. In addition, materials should be available in both French and English, and should be provided in both paper and electronic format.

The group acknowledged the potential difficulty for members to provide representative feedback on short notice – particularly for organizations that require consensus or input from regional groups. To expedite the process, draft materials for discussion at Panel meetings will be available for distribution within constituencies, with the proviso that information included in the documents be kept confidential. All documents that have not been finalized should be clearly labeled as *draft*.

Information Dissemination Protocol

Only documents that have been approved by the Panel will be made available to the public. Public documents will be posted online in both French and English, and will be available in both electronic and hard copy.

It was also recommended that an information dissemination protocol be developed to guide future decisions on document dissemination.

Intra-Panel Communications

To encourage ongoing dialogue and learning among members of the Panel, the Mining Association was requested to establish a listserv. The online forum will encourage members to communicate on an ongoing basis, rather than limiting the dialogue to two meetings per year.

Operating Principles

Third-party Facilitation

It was agreed that a third-party facilitator would be needed to lead meetings of the Advisory Panel. It was recommended that George Greene continue in his role as facilitator, drawing on his experience with the Design Team and his ongoing work with the Mining Association of Canada. The importance of having an impartial facilitator was emphasized, and it was suggested that an evaluation of the facilitator be included in the evaluation of each meeting and in the overall evaluation process.

The Design Team had developed a set of Operational Principles to serve as a basis from which additional details / elements could be elaborated. The Design Team established proposed elements related to General Principles; the Basis of Participation; and the Mode of Operation for the Advisory Panel.

While the Advisory Panel agreed in principle with the Operational Principles, several participants noted that it would be difficult to measure performance against the broad-based elements in the Panel ToR and Operation Principles. Despite the inherent challenge in measuring and quantifying performance of a mechanism such as the COI Advisory Panel, demonstration that feedback from

Panel members has been recognized and responded to will serve as a proximate indicator of success. The ability of the Panel to achieve real, on-the-ground results will also demonstrate effectiveness.

The group generally agreed that it would be most important to evaluate the achievements and progress of the Panel as a whole, rather than attempting to develop indicators to measure performance against specific operating principles. It was agreed that (1) an evaluation be conducted at the conclusion of each meeting, (ii) that the process be reviewed after its first two years, and (iii) that the findings be used to determine if the Panel itself has been, and will continue to be, a worthwhile endeavor. It is MAC's intention that the Panel be maintained based on positive evaluation results.

Panel members should be provided with a mechanism through which they can express views privately and confidentially. It was agreed that concerns can be raised individually with the facilitator, who would also seek the views of Panel members in advance of upcoming meetings, and serve as a repository for confidential information. Being able to bring issues forward in confidence will allow members to feel they have ownership over the process, and will help ensure effective engagement of all communities of interest.

While it is recognized that the Panel is not a forum for airing specific grievances, the use of "case studies" to illustrate a specific point should not be discouraged.

Selection of Agenda Items:

Any Panel member or industry representative can propose items for the agenda, with the facilitator being responsible for pulling the items together in advance of upcoming meetings. The agenda will be jointly agreed. It was suggested that part of the wrap-up of each session would be devoted to identifying agenda items for the next meeting.

Honorarium:

An honorarium of \$500/day(CDN) plus additional out of pocket expenses as proposed by MAC, was agreed by the Panel. It was suggested that members of the Panel who are not members of the MAC Board be eligible for the honorarium, if this is considered appropriate by their organization. MAC was strongly urged to establish guidelines and criteria for this process as a means of establishing certainty and consistency for Panel members.

Panel Membership

Subsequent to the functioning of the Design Team, the Mining Association of Canada had received a letter from the Métis National Council requesting that it be represented by two people. Although the Métis National Council had been contacted during the nominations process for the Panel, MAC had not received a nomination. The Panel members agreed that the Métis National Council are an important mining community of interest and agreed that they should be have one representative on the Panel. This was seen as a good and fair compromise that would keep the Panel at a workable size.

Some participants also noted the absence of additional interest groups, including *faith-based*, *womens*, and *youth* groups. However, while the importance of having these groups involved was noted, it was re-emphasized that the number of individuals included on the Panel must be kept at a workable level. Nonetheless, the Panel recognized the importance of engaging these groups, and suggested that different means of participation be identified – particularly if these groups will not be adequately represented by national organizations already included on the Panel.¹ Several participants suggested that the ideas and perspectives of these groups could be brought forward

¹ Some organizations (e.g. ITK) include representation from women and youth, and will include these perspectives when providing input to the Panel. For groups that will not be captured by member organizations (i.e. faith-based groups), different engagement mechanisms will be explored.

by Panel members themselves; it was also suggested that individuals could be asked to provide presentations in support of specific agenda items.

Presentation on TSM Status and Plans

To provide participants with a common understanding of the TSM initiative, Pierre Gratton provided an overview of the process and drivers that led to the development of TSM, as well as a discussion of its future path. It was emphasized that the MAC membership is fully behind this initiative, and that the commitment to improving performance and adopting best practices is strong. MAC members hope that TSM will encourage companies to raise the bar with respect to social, environmental and economic performance, and that the COI Panel will provide breadth of perspectives necessary to understand key COI concerns. It is hoped that the perceptions and ideas coming from the Panel will help inform decisions regarding both legacy and emerging issues. It was also suggested that the Panel provide guidance on the development and implementation of the TSM initiative, including on indicators being developed for key performance areas.

DAY TWO

Expectations for the Work of the Panel

Participants were asked to identify the issues they expect to discuss in their capacity as Panel members, and to identify what they perceived to be the role of the Panel and its work.

In general, participants felt that the Panel will provide a forum for open communication and dialogue, and that the diversity of the Panel will contribute to a broad and meaningful discussion of a wide range of issues. It is hoped that the outcomes of these meetings will encourage industry and various interests to work collaboratively in moving towards sustainable development, and in improving industry-wide performance. It was also suggested that the Panel will provide industry with a reality-check – particularly with respect to reaffirming and understanding community perceptions.

While the Panel has good intentions, participants cautioned that the work of this group will only be effective if the Mining Association responds to the recommendations arising from the Panel. Furthermore, although the Panel will provide a useful forum for looking at industry-community relationships, it is hoped that this will translate into practice at individual worksites. Through this initiative, the Association should strive to improve its overall reputation, and to develop the necessary partnerships required in order to move forward. The Panel should also examine how Canadian operations are perceived overseas, particularly in the absence of clear or adequate regulatory regimes.

One participant suggested that the Panel will be an improvement upon previous ad hoc engagement and approaches, moving MAC toward partnership. It will provide a mechanism to discuss activities which make economic sense to communities, address broader social responsibility, stewardship, as well as other specific issues. In addition, the Panel should ensure that the MAC performance indicators emerging from this process are consistent with those developed through parallel processes. The TSM indicators should also be relevant to communities that are interested in reviewing this performance information.

Another Panel member emphasized the need to educate both the industry and Inuit communities with respect to co-management regimes in the North. In addition, the Panel should discuss opportunities for improved relationships among companies and impacted communities, particularly when it comes to establishing processes for ecological effects monitoring. Issues surrounding economic downturns – and in particular the impact of economic downturns on small, permanent Aboriginal communities, should also be discussed in this forum.

It was also noted that while the Panel will provide the Mining Association of Canada with an increased understanding of COI perspectives, it should also serve to inform communities of interest of the challenges faced by industry. The Panel also provides a forum for increasing understanding among different communities of interest – many of whom have not interacted in the past. If successful, the Panel will be viewed as a model for constructive engagement at the international level, and could contribute to a cultural shift within the industry.

With respect to the specific role of the Panel, one participant suggested that the Panel should serve as a review function for determining the Association's progress in meeting the objectives of the Towards Sustainable Mining initiative. Rather than taking a blanket approach, the Panel could review current industry performance levels. The findings from this baseline assessment should be used to identify priority issue areas, and help focus short-term and long-term objectives.

The Association is considering making compliance with TSM a condition of membership, and as such is seeking input from the Panel in identifying items that are saleable to industry. It is also hoped that TSM can be extended to companies that are not members of MAC, including smaller enterprises and junior companies that often engage in smaller-scale, short-term operations.

One participant recommended the development of a standard communications protocol that outlines expectations for how companies should communicate with their communities.

Finally, one participant suggested that one of the most important issues facing industry is climate change, including adaptation to its impacts.

Review of TSM Draft Guiding Principles

Before soliciting feedback from participants, Pierre Gratton provided an overview of the process that led to the development of the Principles, including a discussion of the research process, consultation process, and the approval process. The Principles provide a framework around which additional tools and management processes can be developed; the TSM performance indicators, for example, are linked directly to the Principles. The Principles are also designed to encourage companies to move beyond regulatory requirements.

The Guiding Principles have been labeled as draft because (a) they are to be viewed as evolving Principles; and (b) the MAC Board wanted feedback from the Panel before finalizing the document. Nonetheless, one participant suggested that the word "draft" implies that there is uncertainty surrounding the Principles, which sends the wrong message.

The participants generally agreed that the Principles are substantive and broad in issue coverage. However, there were several recommendations for improvement, including:

- ✚ Employee health and safety should be explicitly included.
- ✚ "Minimizing the impacts of our operations" should reflect the need to not compromise global security.
- ✚ The Principles should encourage companies to develop proactive emergency response plans.
- ✚ The Principles should explicitly reference responsibility for legacy issues, including those related to water quality.

- ✚ The Principles should include a statement on Aboriginal Peoples, including their recognition as a unique community of interest, and as repositories of traditional knowledge. There was recognition of the need to be careful in using the proper terminology regarding rights, and that this terminology should be developed in collaboration with Aboriginal representatives, including those from the Assembly of First Nations.

The Principles should be general enough to allow them to cover a broad range of issues, but they should also be reasonably explicit to allow industry to properly interpret and respond to their intent. The Principles should also be understandable to the public, and issues identified in the Draft Guiding Principles should be prioritized as a means of focusing the work of the Panel

The Mining Association is preparing a TSM brochure, which is to be published in May. The current proposal is to print the Guiding Principles in the brochure. Given the advice from today's meeting, the Mining Association will seek clarification and consensus on the proposed additions / revisions to the Guiding Principles. MAC will circulate a proposal, and Panel members are asked to seek input from their constituencies on the proposed revisions. It is hoped the Panel can agree to at least some of the proposed revisions in time for the April 5th publication deadline. These will then be presented in the revised MAC TSM Principles, with a recognition that further improvements are still under discussion by Panel members and MAC. All revisions to the Principles will be approved by the MAC Board prior to publication.

Review of Proposed Performance Indicators Areas for 2004

Prior to launching a discussion of the proposed indicators, Pierre Gratton provided an overview of the development process, as well as a summary of the key performance areas that MAC had identified to date. MAC members evaluate their performance against each indicator. The data from this exercise will be used to produce aggregate results, which will be included in MAC's 2004 TSM report. To ensure the process has credibility, MAC is in the process of developing a verification and assurance process, which will be phased in over time. Companies will be given the opportunity to establish formal reporting mechanisms and management systems before verification requirements are introduced.

While Panel members responded favourably to the concept of sustainability performance elements and indicators, there were several recommendations for improvement. From a process standpoint, some participants felt that additional reporting guidance was required to help companies interpret and respond to specific indicators. MAC indicated that report guides are under development. In addition, it was unclear if some of the criteria could be quantified and / or measured. Participants also felt that information should be reported at the facility-level, as well as in aggregated form.

Regarding the external outreach performance area, one participant suggested that MAC refer to the World Bank's approach, which requires funded organizations to (a) identify groups that have been consulted; (b) describe the approach to consultation; and (c) assess the quality of consultations. MAC referred participants to the detailed indicators for external outreach which addresses these issues. MAC should also develop guidelines that will define what is meant by public consultation. This definition should allow activities to be measurable and concrete, and should be determined collaboratively by industry and communities of interest. Clarification is also needed with respect to the definition of "communities of interest."

Most participants agreed that one of the greatest challenges to the company self-assessment process will be in achieving consistent interpretation of the indicators. To identify potential inconsistencies, and to understand how companies are interpreting and reporting against indicators, the Panel should play a role in reviewing results from preliminary submissions. The Panel should also provide input into the development of performance expectations / standards

related to each indicator. The recommendations from the review process should also inform the design of the verification system. MAC stated these recommendations for Panel involvement will be taken to the MAC Governance Team.

Other comments included:

- ✦ The verification process itself should include public consultation, and could involve a third-party audit by community / NGO groups.
- ✦ Companies should report on both North American and international operations – particularly for companies that have global operations.
- ✦ To create incentives for ongoing improvement, compliant companies should be recognized / rewarded for their achievements.
- ✦ Some companies will need assistance in developing management systems that will allow them to effectively measure and report on performance.
- ✦ Environmental performance indicators need to be relevant and understandable at the operational / site level.
- ✦ Indicators should be relevant to communities, but should also help companies to improve their performance.
- ✦ Reporting companies could be interviewed to get feedback on the TSM performance indicators.

Proposed New Performance Areas

Panel members generally agreed with the four new performance elements proposed to be developed by MAC: aboriginal relations; community development; mine closure and reclamation; and, environmental management systems.

In addition to these proposed performance areas and indicators, members of the Panel made the following comments on performance areas:

- ✦ **Climate Change:** Climate change could present a significant challenge in the future, and could have serious impacts on the mining industry and affected communities. It was suggested that climate change adaptation be incorporated into site plans, tailings management plans, and closure and reclamation plans. Engineers and decision-makers should also be educated on adaptive processes and options – particularly in the event of extreme hydrogeological fluctuations.
- ✦ While external outreach and community development have been separated in this process, the issues appear to overlap. These criteria should perhaps be revisited to avoid unnecessary duplication.
- ✦ **Legacy Issues:** Sustainable mining is about creating sustainable communities, creating a sustainable environment, and maintaining profitability. It is important that the indicators and criteria adequately address community development, both in terms of physical reclamation and in ongoing community involvement. Environmental considerations should also be applied to the entire lifecycle of the mine.

MAC stated that these comments will be taken into account by the MAC groups responsible for developing performance indicators. The resulting new draft indicators will be made available to the Panel for comment.

Panel Work Plan and Next Steps

The session concluded with an evaluation of the meeting. Members were encouraged to provide verbal and written evaluations, with all written comments to be submitted to George Greene (facilitator). It was also recommended that the comments be summarized, and that MAC report on its response to recommendations at the next meeting.

In general, participants were pleased with the opening meeting. The agenda was seen as appropriate to the scale of the meeting, and the group recognized the contributions of the Design Team in putting together the Panel, and in developing preliminary materials. While there was clearly a diversity of opinion, members were pleased with the commitment to constructive engagement. Participants were encouraged by the observation that Panel members want to make a difference as a group, rather than simply advance their own agendas.

New members to the group (i.e. from the Métis National Council and the Assembly of First Nations) and members who were unable to attend will be informed of decisions to date, and should be engaged in the process as soon as possible.

Agenda Items for Next Meeting

Possible agenda items for the next meeting include:

- ✚ Discussion of new TSM performance indicators
- ✚ The design of a verification process
- ✚ Identification of additional mining performance issues
- ✚ Preliminary results of company self-assessment reports on first set of indicators

Date for Next Meeting

The proposed date for the next meeting is the end of the week of September 20th. The meeting will most likely take place in Toronto, and will involve a full day meeting as well as an evening gathering on the previous day.

Summary and Follow-up

The draft meeting report will be distributed for comment within two weeks, as will the revised Terms of Reference. Once the members of the Panel agree to the Terms of Reference and Operational Procedures, they will be considered adopted.

Comments concerning the Guiding Principles will be submitted to Pierre Gratton after members have had the opportunity to communicate with constituents. Panel members will also provide feedback on the proposed performance elements and criteria.

In addition, MAC will begin work on the following:

- ✚ Developing a reporting protocol
- ✚ Establishing a formal process and criteria for selecting agenda items
- ✚ Developing honoraria guidelines
- ✚ Extending a formal invitation to the Métis National Council
- ✚ Making all relevant materials available in both official languages