Mining Association of Canada
Towards Sustainable Mining

Draft Summary Report

**5th Meeting of the
Community of Interest Advisory Panel**

**March 7-8, 2006
Toronto, Ontario**

Prepared by:

Stratos
strategies to sustainability

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1   Report Format

This report presents a summary of discussions from the March 7-8, 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.

The Panel meeting consisted of a working dinner on March 7 and a full-day meeting on March 8. During the working dinner Panel members were provided with an update on TSM as well as an overview of the two-year panel review results.   The remainder of agenda items was taken up at the meeting on March 8.

2   Summary of Items for Follow-up and Decision

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

TSM Update Follow-up:	The TSM Lead Article is currently being finalized. Pierre Gratton will distribute the draft to the Panel for comment prior to publication.
2005 Syncrude Performance Results Follow-up:	Panel members can submit any outstanding questions for Syncrude to Karla Heath at Stratos (kheath@stratos-sts.com), who will coordinate the exchange of information between Syncrude and individual Panel members.
Panel Statement Followup and Decision:	Brenda Kelley, Larry Haber, and Elizabeth May will incorporate Panel statement suggestions into the draft statement and will circulate a revised statement via email for Panel approval.
Biodiversity Followup:	Stratos will distribute to all Panel members the web link to the ICMM Good Practice Guidance and to the full Whitehorse Mining Initiative documentation. Pierre Gratton agreed to provide the Panel advice to the Initiative Leaders Biodiversity Working Group. He will provide to the Panel the Biodiversity Working Group's plans for a workshop on biodiversity in TSM, including proposed agenda and participation.
Aboriginal Relations Followup:	Stratos will distribute to all Panel members relevant documents provided by individual Panel members (e.g. Fort McKay First Nation Consultation Standard. Pierre Gratton agreed to provide the Panel advice to the Initiative Leaders Aboriginal Relations Working Group. He will provide to the Panel the Aboriginal Relations Working Group's plans for a workshop on Aboriginal relations in TSM, including proposed agenda and participation.
Two-Year Review of Panel Operations Followup:	Incorporate the following issues into the agenda for future Panel meetings: ▪ Discuss how to provide support to MAC to include new companies and how to extend TSM internationally. ▪ Panel confidence in the use of the TSM tools used to measure the shift toward sustainability. MAC will explore the idea of having working group meetings at mine sites or in communities affected by mining. Stratos will continue conducting post-meeting evaluations, which will include written evaluations at the meeting as well as phone calls with selected Panel members.

3   Welcome and Approval of September Panel Meeting Report

3.1   Welcome

The facilitator welcomed Panel members to the 5th Panel meeting, and introduced the following new Panel member:

- Gordon Ball, Syncrude Canada Ltd., replacing Chris Jones, Albian Sands Energy

The following Panel members sent their regrets for the meeting:

- Charles Campbell, United Steelworkers of America
- Ginger Gibson (participated via teleconference for select agenda items)
- Peter C. Jones, Inco Limited
- Soha Kneen, Inuit Tapiriit Kanatami

The following Panel members were in attendance for the full day meeting but not able to attend the working dinner:

- Christy Marinig, Timmins Economic Development Corporation
- David Scott, CIBC
- Eira Thomas, Stornoway Diamond Corporation

Brian Huston, Inco Limited, attended as an alternate for Peter C. Jones. Panel members were advised of Mr. Huston's participation in advance of the meeting and there were no objections to his attendance.

The facilitator also introduced Barbara Shumsky, Syncrude Canada Ltd., who is a member of MAC's Initiative Leaders committee and was invited to the Panel meeting to speak about Syncrude's 2005 TSM performance results as well as to participate in the discussion on Aboriginal relations. The facilitator noted that Craig Ford, the chair of the Initiative Leaders committee, would be attending the meeting for the item on TSM verification.

3.2   Approval of September Panel Meeting Report

Panel members approved the September 2005 meeting report.

4   TSM Update

Pierre Gratton provided a TSM update, including an overview of the 2006 TSM work plan, key experiences from the 2005 reporting process, and an overview of the TSM self-assessment workshops.

4.1   2006 TSM Work Plan

The 2006 TSM work plan includes:

- Publication of the 2005 TSM Progress Report in May/June, 2006. The TSM Lead Article is currently being finalized and will be distributed to the Panel as well as the Initiative Leaders and MAC Board for comment prior to publication. MAC noted that one new company is reporting its TSM results this year, and others have committed to participate next year.
- Completion of the verification system design.
- Two COI Panel meetings.

- Numerous workshops, including verification workshops for potential verifiers (which Panel members are invited to observe); additional TSM self-assessment training workshops; and an associate member workshop for awareness building of TSM.
- MAC participation in the Canadian Institute of Mining (CIM) Distinguished Lecturer series and other ongoing communications regarding TSM (e.g. Globe conference).
- Work on new TSM elements, such as biodiversity and Aboriginal relations, as time and resources permit.

4.2 Experience with the 2005 Reporting Process

MAC noted that the revised TSM self-assessment protocols have added more clarity and rigour to the self-assessment process and have allowed for more consistent self-assessments across companies. The self–assessment training workshops encouraged companies to be "brutally honest" to get the most out of the exercise and to be better prepared for external verification. In terms of self-assessment results, MAC noted that some companies have identified management system or performance improvements – for example, Dynatec has attributed its successful management of a fire at a potash mine in Saskatchewan to its work on TSM's crisis management planning. A detailed overview of TSM performance results was reserved for the full-day meeting.

MAC indicated that awareness of TSM is increasing at the facility-level as well as with others in the mining industry outside the scope of current membership in MAC. In terms of further increasing awareness of TSM, a Panel member noted that it might be worth contacting Brooks DeCillia, a new CBC National reporter, who covered the recent coal mining tragedy in West Virginia as well as the potash mine fire in Saskatchewan.

MAC is working to broaden communications regarding TSM with other organizations in the mining industry, such as the Prospectors and Developers Association of Canada (PDAC), the Ontario Mining Association (OMA), the Québec Mining Association, and the Mining Association of British Columbia. MAC noted that while provincial associations have their own Boards and their own requirements to meet (legally and otherwise), a number have invited MAC to speak about TSM. In addition, all of the provincial and territorial mining associations are *ex officio* members of the MAC Board and receive briefing materials on issues such as TSM. Some of the members of the provincial and territorial mining associations that are not also MAC members are smaller companies, and there are questions about their capacity to take on TSM. MAC noted that its current ability to support companies outside its immediate membership is limited.

It was pointed out that provincial and territorial jurisdictions are also taking up sustainability initiatives. For example, the *Yukon Environmental and Socio-economic Assessment Act* (YESA) governs all activities on Aboriginal and non-Aboriginal lands and is a response to industry's request for a single set of rules under which everyone operates. The Association for Mineral Exploration British Columbia (previously the British Columbia and Yukon Chamber of Mines) is also headed in a similar direction. A Panel member asked whether there has been any interest in TSM from provincial regulators. As a national organization, MAC's focus is on the federal government, and MAC would not see provincial officials unless they were invited to the table by a provincial mining association. The territorial jurisdictions are more engaged because the federal government is their regulator and presentations on TSM have been made to northern boards and agencies. MAC mentioned that a TSM briefing for the annual Mines Ministers meeting might be a good way to reach federal and provincial audiences.

4.3 TSM Self-Assessment Workshops

The purpose of the TSM self-assessment workshops was to prepare participants to consistently complete a TSM self-assessment for their company's facilities using the TSM assessment protocols. Three workshops were held in November and December 2005 in Edmonton, Toronto, and Montréal. More than 70 participants from 15 member companies and provincial associations participated in these workshops and gained hands-on experience through practical exercises and a detailed case study. The workshops were well received, and MAC expects to see more consistency in the application of the self-assessment protocols as a result of the training provided.

> **Follow-up:**
> The TSM Lead Article is currently being finalized. Pierre Gratton will distribute the draft to the Panel for comment prior to publication.

5   2005 TSM Report and Panel Statement

5.1   2005 TSM Report

2005 TSM Performance Results
Pierre Gratton presented preliminary TSM results for 2005. In general, use of more rigourous protocols and stricter criteria have 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. Preliminary observations in each performance area, <u>based on assessments submitted to date</u>, are summarized below:

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% 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. Overall, performance does not appear significantly different from 2004.
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 with the implementation and interpretation of the tailings management indicators.

2005 Syncrude Performance Results
Barbara Shumsky presented Syncrude's 2005 TSM performance results for each indicator, noting Syncrude's progress as well as future challenges that the company faces in improving its TSM performance. While Syncrude's performance in crisis management planning and external outreach are strong, there is room for improvement on energy and GHG management and tailings

management. Ms. Shumsky noted that Syncrude is committed to improving its TSM scores and to continue earning its social license to operate.

A Panel member questioned whether Syncrude invests in innovation to find new ways to solve existing challenges. Ms. Shumsky and Gordon Ball noted that Syncrude is not only a leader in implementing new technologies that improve energy efficiency, but is also amongst the top 50 research and development (R&D) spenders in Canada. Syncrude operates a research facility in Edmonton and also partners with universities and other institutions on R&D activities. Panel members suggested that Syncrude should indicate that they are working on innovative solutions to some existing problems, and that these solutions might also help others.

In terms of energy efficiency, a Panel member asked what would be the ballpark figure for Syncrude's energy costs per unit of production. Mr. Ball noted that Syncrude's energy cost represents approximately $4-5 dollars in the $20 cost per barrel, which is representative of energy costs across the mining sector. Mr. Ball also indicated that while natural gas is Syncrude's largest input, about 70% of the natural gas value is used to upgrade product quality, not for heating. Syncrude generates most of its own heat through the exothermic product upgrading process. In terms of GHG emissions intensity, Ms. Shumsky noted that Syncrude's target is reduction on a unit production basis, not absolute reductions, since production is growing. Ms. Shumsky also noted that $1 of every $4 spent in the current $8 billion Syncrude expansion is dedicated to improving environmental performance, and specifically mentioned Syncrude's new sulphur reduction program.

Some Panel members asked about the information that Syncrude makes available to its communities of interest, as well as the level of community interaction. Panel member Jim Boucher, Chief of the Fort McKay First Nation in the Athabasca oil sands region, noted that while the relationship between Aboriginal communities and Syncrude was historically rocky, there is now a good record of community dialogue between them and a structure in place that allows them to work together. The relationship between Aboriginal communities and Syncrude, as well as other companies in the area, is consistent and proactively maintained. Another Panel member asked for examples of environmental groups with which Syncrude is involved. Ms. Shumsky noted that the main environmental groups that Syncrude works with are Pembina, Toxics Watch, and the Fort McMurray Environmental Association.

A Panel member asked to hear about the value that sustainability has brought to the business since sustainability initiatives were implemented. Ms. Shumsky remarked on the complexity of that issue, and indicated that Syncrude looks at a wide range of indicators (e.g. employee retention rates, R&D spending, ability to attract capital and to earn regulatory licenses) to measure the value of sustainability.

Ms. Shumsky suggested that Panel members submit any outstanding questions to Karla Heath at Stratos, who could coordinate the exchange of information between Syncrude and individual Panel members. She also suggested that Panel members could refer to Syncrude's Sustainability Report for further information on the company's sustainability performance (http://sustainability.syncrude.ca/sustainability2004/index.shtml).

> **Follow-up:**
> Panel members can submit any outstanding questions for Syncrude to Karla Heath at Stratos (kheath@stratos-sts.com), who will coordinate the exchange of information between Syncrude and individual Panel members.

5.2   Panel Statement

Panel members were asked to comment on the draft Panel statement for the 2005 TSM Report, prepared by Brenda Kelley, Larry Haber, and Elizabeth May as per the decision taken at the last Panel meeting. The facilitator suggested that Panel members might wish to use the statement to respond to the aggregate TSM performance results, as well as raise other issues facing the mining industry.

Overall, Panel members were pleased with the draft Panel statement. Panel members discussed a number of options to fine-tune the statement:

- Strengthen the statement to indicate that the Panel is aware of what is currently happening in the program. For example, specify how many companies were involved in TSM in 2005, mention that participation in TSM is voluntary, note that the Panel is aware of the 2005 baseline and the difficultly in comparing 2004 and 2005 data, and indicate that the Panel is aware that MAC is requiring all new members to report on TSM within three years. Be clear that the Panel understands that TSM is a work in progress that strives for continuous improvement.
- Use consistent and proper terminology (e.g. when referring to the Panel).
- Comment on the challenge that not all mining companies are MAC members and therefore do not subscribe to TSM.
- Clarify the reference to targets and goals. While MAC has talked generally about aiming to Level 3 for the TSM performance indicators, they have not made this a formal target or goal. The Panel has previously raised the question of targets integrated into TSM, so it would be acceptable for the Panel to say that the program could be improved by adding targets. However, there is some concern that setting targets could "scare off" companies.
- Consider how/where to mention other issues on which the Panel has worked.
- The second-last paragraph, which raises the issue of whether TSM is resulting in visible, on-the-ground improvements and whether information is moving down into the community level, could have a more positive tone. For example, the word "difficult" could be replaced with "there is greater need". A statement on the forthcoming verification system could also be added, e.g. "The Panel is looking forward to verification results/to what is going to be learned from the verification process, and whether this will demonstrate that results are getting down to the community/as a way of substantiating the TSM results."
- The Panel might want to note that a key challenge going forward is making the TSM results publicly understandable/digestible.
- There is no indication in the statement of how the Panel has consulted with communities of interest. The Panel recognized that it needs clearer guidance in this area, such as could be provided by a consultation protocol. The Panel statement could indicate that the Panel will try to improve its consultation process without being too specific as to the measures that will be used.
- There may be a need to strengthen the reference to Aboriginal relations in the last paragraph.

> **Followup and Decision:**
> Brenda Kelley, Larry Haber, and Elizabeth May will incorporate these suggestions into the draft statement and will circulate a revised statement via email for Panel approval.

6   Breakout Sessions

Panel members have called for opportunities to have more in-depth discussions on key issues facing the mining industry, such as biodiversity and Aboriginal relations. As a response to these requests, the agenda for this meeting included breakout sessions on these two important topics. Each Panel member chose a breakout group in which to participate. Breakout sessions lasted approximately 1.5 hours, followed by a report back to plenary on the advice and recommendations made by Panel members for addressing biodiversity and Aboriginal relations in TSM.

6.1   Biodiversity

Background

The Panel was provided with a briefing note that summarized MAC's work to date on biodiversity issues, including the work program for the Biodiversity Working Group put in place by the Initiative Leaders. It was also noted that the Initiative Leaders have decided to undertake a MAC workshop on biodiversity in 2006, in which a subgroup of Panel members could participate.

Report to Plenary

The biodiversity breakout group stressed the importance of designing a TSM biodiversity program that builds on existing information and does not "scare people away". The group noted that biodiversity concerns, categorized below from easiest to hardest, could begin to be addressed using existing guidance, which would allow for a certain level of comfort while companies familiarize themselves with the ideas presented therein and begin to set achievable goals for biodiversity. They proposed the following framework for further discussion and action by MAC on biodiversity in TSM.

A: OPERATIONAL GUIDANCE
1. *Impacts/operational*
   a. Roads
   b. "Planning ahead" (reclamation, setting aside topsoil, etc.)
   c. Cumulative impacts

2. *Species at Risk*
   (Flora and fauna)

These issues are or could be dealt with through use of the ICMM Good Practice Guidance (GPG) for Mining and Biodiversity. Those MAC members who are not also members of ICMM might not be aware of this guidance, but it represents a good starting point for addressing these issues. The document could be used to help companies to become more knowledgeable about biodiversity and integrate biodiversity considerations into environmental management practices.

B: POLICY STATEMENT
3. *Protected Areas*
   (Application of the IUCN categories of protection and guidance for operations up to the boundary or in the vicinity of protected areas)

4. *Potential Protected Areas*

These issues were addressed in the Protected Areas Statement of the Whitehorse Mining Initiative (WMI). Written in 1994, this statement could be revisited by the Biodiversity Working Group to determine whether the overarching principles could still be accepted, whether they should be revised to make them more relevant for current circumstances, or whether they could be taken farther in light of progress made since the statement was written. The Biodiversity Working Group would need to assess progress to date on existing commitments outlined in the WMI, as well as define any implementation issues that have arisen, so the protected areas statement could be assessed in the current context.

The biodiversity breakout group identified a concern over governments abdicating responsibility for biodiversity as an impediment to effective industry action in this area. For example, it is the government's responsibility to designate sensitive zones so there are clearer upfront rules for industries such as mining about where they can and cannot operate. While it was recognized that

this issue might be outside the scope of the Panel and the Biodiversity Working Group, some members of the biodiversity breakout group encouraged MAC to engage with governments about the need for this type of classification activity, which would put industry in a better position to more effectively manage its biodiversity impacts.

An industry Panel member highlighted the economics aspect of the WMI and the need to address mining economic issues when considering biodiversity. The complexity of biodiversity issues suggests that management or process guidelines be used to elaborate basic principles of biodiversity. Another Panel member identified the usefulness of integrated land management in addressing biodiversity issues, including protected areas. It was also recognized that an operational definition of biodiversity in the context of TSM is also required in order to understand and properly scope out biodiversity efforts.

Overall, the biodiversity breakout group recommended that the Initiative Leader's Biodiversity Working Group explore the ICMM GPG and the WMI Protected Areas Statement. The ICMM GPG could provide a basis to make 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.

There was an expression of interest by some Panel members to participate in the planned workshop on biodiversity.

Followup:
Stratos will distribute to all Panel members the web link to the ICMM Good Practice Guidance and to the full Whitehorse Mining Initiative documentation.

Pierre Gratton agreed to provide the Panel advice to the Initiative Leaders Biodiversity Working Group.

He will provide to the Panel the Biodiversity Working Group's plans for a workshop on biodiversity in TSM, including proposed agenda and participation.

6.2 Aboriginal Relations

Background
The Panel adressed a briefing note which provided a framework for discussion on Aboriginal relations in TSM by the Panel. The note was prepared on the basis of a previous conference held by Panel members and a request by MAC Initiative Leaders to the Panel to provide advice on Aboriginal relations.

It was also noted that the Initiative Leaders have decided to undertake a MAC workshop on Aboriginal relations in 2006, in which a subgroup of Panel members could participate.
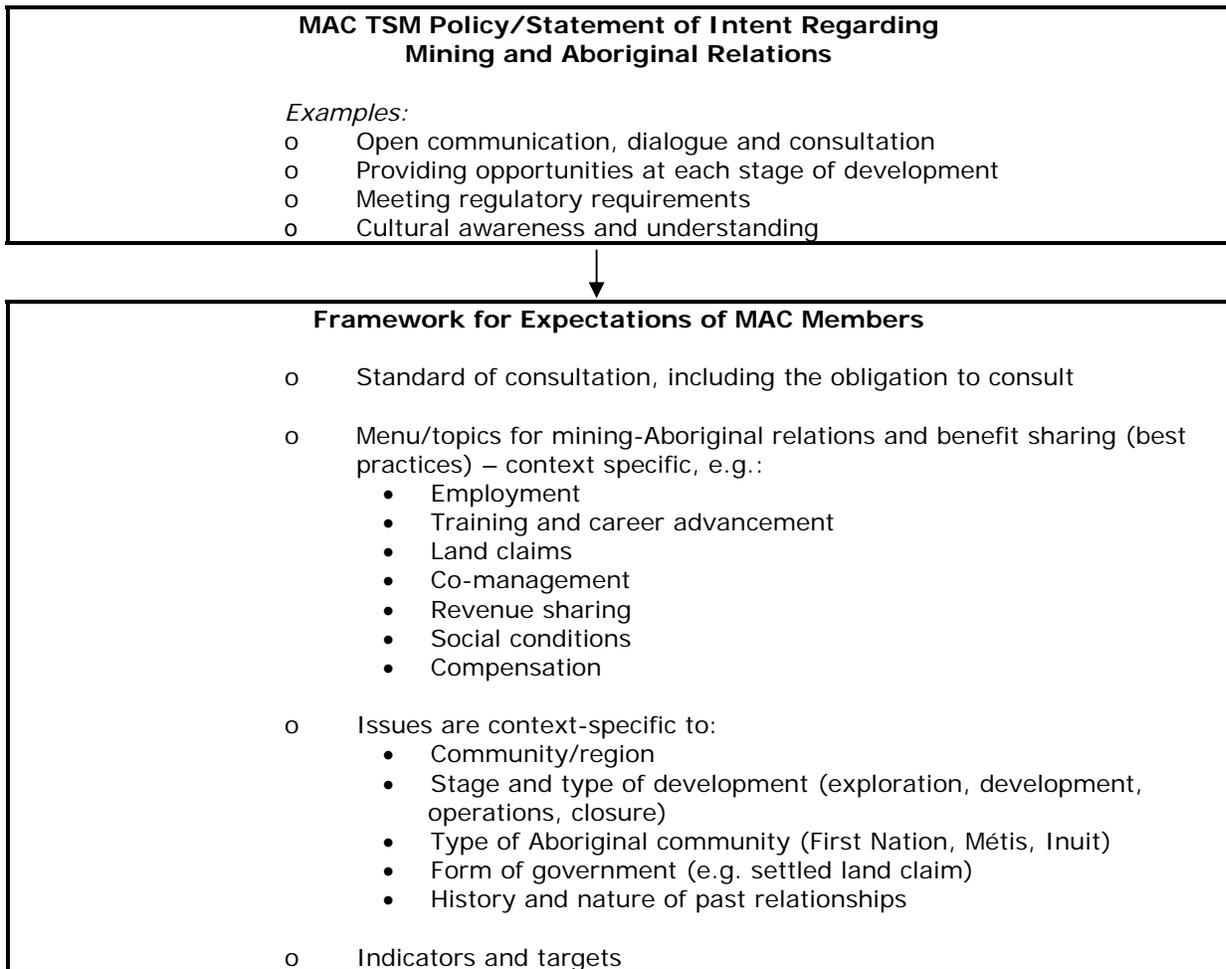
Report to Plenary
The Aboriginal relations breakout group presented the results of its discussion, which had been grounded in the identification of issues of importance to Aboriginal members of the COI Panel and examples of good practice that they had tabled. The group emphasized the following points:

- The importance of having a standard of consultation, which includes consultation with Aboriginal people at the earliest possible stage.
- Identifying and working through a list of potential benefits to Aboriginal communities where there are prospective and existing mining operations, while recognizing that a number of factors will affect which are relevant and important, including the stage of mining activity, the local conditions and the Aboriginal governance arrangements.

- The expectation that the mining sector will show leadership by building on case studies and models of good practice.
- The need for good baseline data, including on environmental values, before industrial activity begins.

The working group proposed that TSM adopt an approach on Aboriginal relations comprising a policy statement/statement of intent, a consultation standard, a framework of expectations and good practices for each, 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.

Specifically, they proposed the following framework for further discussion and action by MAC on Aboriginal relations in TSM:

**MAC TSM Policy/Statement of Intent Regarding
Mining and Aboriginal Relations**

Examples:
o   Open communication, dialogue and consultation
o   Providing opportunities at each stage of development
o   Meeting regulatory requirements
o   Cultural awareness and understanding

Framework for Expectations of MAC Members

o   Standard of consultation, including the obligation to consult

o   Menu/topics for mining-Aboriginal relations and benefit sharing (best practices) – context specific, e.g.:
- Employment
- Training and career advancement
- Land claims
- Co-management
- Revenue sharing
- Social conditions
- Compensation

o   Issues are context-specific to:
- Community/region
- Stage and type of development (exploration, development, operations, closure)
- Type of Aboriginal community (First Nation, Métis, Inuit)
- Form of government (e.g. settled land claim)
- History and nature of past relationships

o   Indicators and targets

The breakout group recommended the following next steps to carry this work forward:
1. A workshop involving MAC member company representatives and Aboriginal people with experience in the relations between their communities and the mining industry. The workshop would focus on brainstorming to draw on experience with the topics identified in the framework above.
2. Case studies and best practices to identify possible models and learnings for MAC members.

3. Sharing of existing materials such as existing benefit-sharing agreements or consultation frameworks.

Followup:
Stratos will distribute to all Panel members relevant documents provided by individual Panel members (e.g. Fort McKay First Nation Consultation Standard).

Pierre Gratton agreed to provide the Panel advice to the Initiative Leaders Aboriginal Relations Working Group. He will provide to the Panel the Aboriginal Relations Working Group's plans for a workshop on Aboriginal relations in TSM, including proposed agenda and participation.

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7   Two-Year Panel Review

At its last meeting, the Panel decided to undertake a joint self-assessment of its operations, to fulfill its terms of reference element on a review of its work after two years. Ginger Gibson was asked to undertake the review on behalf of the Panel, in accordance with the agreed-upon nature, scope and methods. Gordon Peeling was asked to provide comment on the methods and questions to be used for the review, and on the draft interview results, report and recommendations. It was agreed that the scope of the review would cover:

- The activities of the Panel, including its effectiveness and operational aspects;
- The results and benefits that MAC and its members have gained or seen;
- The results and benefits that External Panel members have gained or seen; and
- A set of objectives and indicators to serve as a benchmark for a formal third-party evaluation in the future.

The review was conducted in February 2006. Panel members answered the review questions via either one-on-one interviews or email, and 15 out of 20 Panel members participated (including Ms. Gibson and Mr. Peeling). A brief overview of the results was presented at the working dinner, followed up by a more detailed presentation and discussion during the full-day meeting. An overview of the key results is provided below:

- Panel members are more happy and satisfied than not with facilitation, but there are concerns with over-full agendas. How can the Panel create more space to have a better dialogue on substantial issues? Should there be more meetings? More interaction between meetings? Conference calls? Subcommittees? The over-full agendas also do not allow non-TSM issues to be given appropriate attention.
- Range of representation (e.g. regional representation, government representation) on the Panel is a question for some members.
- Non-industry members are sometimes unclear as to how MAC uses the Panel's advice. There should be better communication of how Panel advice is used.
- Panel members are concerned with how to bring new members into MAC and how to extend TSM internationally.
- Panel members expressed interest in having a meeting at a mine site or in a community affected by a mine.
- Panel members are happy with their experiences on the Panel. Panel members are learning and are expanding their realm of interaction.
- There is still some testing to be done to see if the individual Panel members as well as the Panel as a whole are getting appropriate value out of the process.

Overall, Panel members were very pleased with the two-year Panel review report. One Panel member requested that the report be amended to indicate the number of respondents who answered each question.

Overall, Panel members are satisfied with the way their advice has been received by the MAC Board (with the possible exception of "non-TSM industry issues), and believe their work has been satisfactory or better. Panel members think the Panel operates in an agreeable atmosphere with a diverse and appropriate group of members, and that Stratos has generally provided effective facilitation. Panel members agree that the quality and timeliness of information provided to the Panel has been good.

A Panel member suggested that implementing a longer TSM reporting period (e.g. publishing a report every two years instead of annually) could help alleviate the over-packed agendas and give the Panel more time to address TSM issues. Many Panel members were supportive of this idea, while another cautioned that biennial reporting might leave the industry open to the criticism that issues are not addressed frequently enough. It was suggested that a website or newsletter update could be of value in the non-reporting year of a two-year reporting cycle. While MAC recognized that a longer reporting period would lessen some of the burden on MAC and its reporting members as well as allow more time for in-depth work between reports, there are some items in the TSM report that must be reported annually. Nevertheless, MAC was open to different reporting cycles for different issues.

It was noted that government representation on the Panel was brought up during the Panel design phase, at which time it was decided that government participation in the Panel would be on an "as-required" basis. With regard to extending TSM to other companies, a Panel member felt that it is more important to work out the current issues in the TSM program before recruiting more companies to participate.

Panel members discussed and agreed upon actions for a number of recommendations arising from the two-year review. Panel issues raised in the review would not necessarily have to be fully resolved during this discussion, and could be revisited at the next Panel meeting in September 2006.

1. ***There is no urgent need to discuss turnover. Recommend that discussion on turnover be delayed to 2007.***

    Panel members agreed that the discussion on turnover would be delayed to 2007. The Panel needs some stability and is not ready for turnover. However, eventual turnover is important as it ensures that Panel members do not get too comfortable and allows fresh views to be introduced.

2. ***There is a need to balance the busy schedules of Panel members, but also to accommodate the need for greater discussion. Would it suffice to host more teleconferences between meetings, or are more meetings necessary?***

    Panel members agreed to continue holding two meetings a year, noting that more than two meetings would exceed Panel member availability as well as MAC's capacity to advance issues. Panel members agreed to use other mechanisms (e.g. teleconferences, subgroup workshops (e.g. biodiversity and Aboriginal relations) between meetings to advance discussion on specific issues. This would also alleviate over-packed meeting agendas. A Panel member suggested that subgroup workshops be held around the same time as regular Panel meetings to foster more in-depth discussions as well as to ensure cost-effectiveness.

    A Panel member requested more inter-meeting communication from the Panel's industry members, noting a sense of detachment between industry and non-industry members. MAC indicated the intention to have an Initiative Leader participate in each Panel meeting, as well as Initiative Leader involvement in inter-meeting teleconferences and workshops.

3. ***The next Panel meeting could be hosted at a mine site or a community affected by mining.***

> One Panel member recognized that the purpose of hosting a meeting at a mine site or a community affected by mining would be to participate in a mine tour or other hands-on activity, in addition to the regular Panel meeting. While Panel members saw this as a valuable experience, some logistical issues were raised, such as ease of access to these locations and the required time commitment.

> As an alternative, it was suggested that the proposed subgroup workshops on biodiversity and Aboriginal relations could be hosted at an appropriate mine site or a community affected by mining, to be followed by the regular Panel meeting in a nearby, more central location. Panel member Jim Boucher, Chief of the Fort McKay First Nation, offered to host the proposed workshop on Aboriginal relations at Fort McKay First Nation. The Panel accepted this offer and proposed that the workshop coincide with a regular Panel meeting in Edmonton. Barbara Shumsky offered the use of Syncrude's Edmonton facility for the next Panel meeting. MAC will work on this idea for the next meeting.

4. ***Discuss how to manage new agenda items, how to select topics for the agenda, and agenda timing. Perhaps agenda setting methods and topic suggestions could be publicly raised at the end of each meeting?***

> There was considerable discussion on how agenda items should be brought forth by the Panel and the extent to which the Panel is the appropriate forum for non-TSM mining issues.

> Options for determining future agenda items include the Panel's existing process of reacting to a draft agenda set by MAC and Stratos, as well as potential future agenda items being raised at the end of a Panel meeting. A Panel member noted that it is important to keep in mind the main purpose of the Panel – to advise the MAC Board on TSM – and for the agenda to be set so that MAC gets the feedback that it needs. The point was also raised that there has to be enough room built into an agenda to allow incorporation of issues that may arise in the time between Panel meetings.

> The Panel recognized the need for joint agenda setting, and agreed to keep a running list of new agenda items raised by Panel members. These items will be tested with the Panel and scheduled for future Panel meetings where they fit the agenda and allow time for preparation.

> One Panel member said it would be useful for Panel discussions to include the experience of MAC member companies in measuring business value in their sustainability actions.

5. ***Include representation from government on the Panel.***

> The question of government representation on the Panel was brought up. Panel members agreed to maintain the current approach of inviting government participation on an as-required and issue-specific basis. It was also suggested that the Panel send out "missions" to the appropriate people in government on specific issues on an as-needed basis.

> Further, the Mining Sector Sustainability Table, which has been developed to advise government with respect to sustainability matters pertaining to the mining sector, provides a forum through which the Panel's concerns and suggestions can be brought forth to the government.

6. ***Continue to provide support to MAC to identify how to include new companies and how to extend TSM internationally.***

    The Panel decided to address this issue at a future Panel meeting.

7. ***Consider how facilitation can be of similar value to all Panel members.***

    Options to achieve this recommendation include the facilitator checking in with Panel members more often during Panel meetings as well as follow-up phone calls with Panel members after Panel meetings. This would also be part of the post-meeting evaluation process. Panel members were encouraged to send their comments following each meeting to Stratos to help inform the way the next meeting is designed. Written evaluations at the end of each meeting will continue.

8. ***Provide some sort of information feedback that allows panel members to gauge the uptake of their work by MAC member companies.***

    Panel members felt that they should be provided with more information on how the MAC Initiative Leaders, Governance Team, and MAC Board use the Panel's advice and recommendations. MAC participants noted that Initiative Leaders and the Governance Team are presented the advice of the Panel at their meetings. However, to improve feedback, MAC committed to "closing the loop" on communications going forward by MAC Board members who are also Panel members reporting to Panel meetings on the treatment of Panel advice.

9. ***Panel confidence in the use of the TSM tools used to measure the shift toward sustainability.***

    The Panel decided to address this issue at a future Panel meeting.

Followup:
Incorporate the following issues into the agenda for future Panel meetings:
- Discuss how to provide support to MAC to include new companies and how to extend TSM internationally.
- Panel confidence in the use of the TSM tools used to measure the shift toward sustainability.

MAC will explore the idea of having working group meetings at mine sites or in communities affected by mining.

Stratos will continue conducting post-meeting evaluations, which will include written evaluations at the meeting as well as phone calls with selected Panel members.

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8   Verification System

Background
In developing the TSM verification system, Initiative Leaders reviewed a range of verification systems employed or under development by other industry associations in mining and non-mining sectors. Several auditing and verification professionals were consulted or were actively involved in the design process. In addition, the Panel was consulted on an ongoing basis on all elements of the verification system. Initiative Leaders sought to incorporate the Panel's advice to a large degree, in order to provide MAC members with confidence that the verification system would achieve its goals and be respected by the industry's communities of interest.

The Panel was reminded of the verification system design, which had been presented to it at a previous meeting. It consists of a layered approach, with three key elements combined, and is intended to provide MAC member companies and its communities of interest with confidence in the integrity of reported company performance. These elements are:

a. Verification of performance results by an external verifier;
b. A CEO Letter of Assurance confirming that an external verification was held; and
c. An annual review of verification results by the TSM COI Panel for two-three member companies' performance.

Initiative Leaders developed *Terms of Reference for External Verifiers*, which outline the qualifications and condition for external verifiers. A conference call was held in December 2005 for Panel members to discuss and provide comments on the draft terms of reference. The Panel was broadly supportive of the draft and recommended one specific change, which was made (see teleconference minutes for further details). The terms of reference are currently being reviewed by the Initiative Leaders and are still in draft form. The Panel was asked to comment on the revised draft terms of reference.

Discussion
Craig Ford, the chair of the Initiative Leaders Committee, provided an overview of the major aspects of the *Terms of Reference for External Verifiers*. He noted that the most important aspect of the terms of reference is the requirement for independence. Potential verifiers cannot have *business* relationships with companies (*consulting* relationships are acceptable), and cannot have done any related technical work on the subjects they are verifying within two years of conducting the verification exercise. This requirement pertains to *individuals*, not companies.

Verification personnel will also be required to participate in a verification-training workshop and must have demonstrated competence in the areas they are verifying. MAC noted that while many potential verifiers have general knowledge of mining, they might lack experience with assessing specific, and in particular social, indicators. The issue of competence was addressed in the terms of reference to ensure that verifiers would be able to properly assess the social indicators, which possess a certain degree of subjectivity and would require the verifier to have some knowledge of the issues and apply appropriate judgment. Social indicators also require a level of subjective assessment because of the differences that may exist between sites. One Panel member raised the concern that introducing the requirement for subject area competence may introduce a level of subjectivity that goes against proper audit practice, where requirements are clearly outlined and are either met or not met ("black and white" versus "grey").

Craig Ford stated that the Initiative Leaders were confident that MAC has created the best system possible to ensure that the reported TSM results are accurate. He said that professionals in the auditing field within and outside member companies have informed the system. It was also noted that potential verifiers are already increasing their capacities in the social areas requiring "judgment". A Panel member suggested that the Initiative Leaders might want to consider organizing a post-verification workshop where verifiers could share their experiences and ensure consistency in their verification approaches.

One Panel member also expressed some concern that the TSM verification process would not be compatible with standards such as ISO 14001, 9001 and 18001. It was noted that a number of companies have had the same concern, but a great deal of effort has been taken to ensure that TSM does not create duplication of effort and that other verification programs can continue in parallel with TSM.

Mr. Ford clarified that all companies will be required to have their 2006 TSM data externally verified, followed by one-third of the membership every year thereafter. Companies will be responsible for hiring their own verifiers, and verifiers are expected to use their judgment to determine the sample size (number of facilities to be verified) sufficient to obtain a reasonable assurance of company performance.

One Panel member asked MAC for confirmation that the first verification of TSM indicator results will form the baseline for each facility's performance in the future. It was noted that while the current (2005) reporting year will provide a good baseline, the verified (2006) data will provide an increasingly reliable basis for Panel review of TSM performance and for peer review by MAC members.

Followup:
Once available, the next version of the draft terms of reference will be circulated to the Panel.

The final terms of reference will be tabled as an information item at the next Panel meeting.

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9   Other Information Items

9.1   Mining Sector Sustainability Table Update

Richard Ross, co-chair of the federal government's Mining Sector Sustainability Table, updated Panel members on the status of the Table. He distributed and discussed a synopsis of the Table's terms of reference, as well as a list of its members. He noted that the Table is a government initiative whose mandate is:

> "...to make recommendations to governments in order to attain the highest level of environmental quality, as a means to enhanced the well-being of Canadians, preserve our natural environment, and advance the long-term competitiveness and environmental performance of the Canadian mining industry – improving Canadians' quality of life and the sustainability of communities."

With the terms of reference and membership in place, the next priority for the Mining Sector Sustainability Table is to build a common knowledge base to scope out activities and to avoid replicating work that has already been done. The Table will then select key priority items on which to start working and advising government. The Table hopes to present these priorities at the next Mines Ministers meeting in order to get feedback and/or commitment from all levels of government.

A meeting of the Cross-Cutting Issues Table is also being organized. This committee picks up on issues common to all three existing SSTs (mining, forestry, and energy) (e.g. biodiversity).

Mr. Ross noted that while the previous government had a keen commitment to the Sector Sustainability Table process, the Tables are waiting for the new government to reaffirm this commitment.

Mr. Ross reiterated that the Mining Sector Sustainability Table could be a forum through which the Panel's concerns and suggestions are brought forth to the government. The Table has been made aware of the COI Panel, and it was suggested that communication between the two should go both ways. The Panel proposed some issues that could be taken to the Mining Sector Sustainability Table:

- *Biodiversity and protected areas.*
- *Industry's information needs* (e.g. lack of access to baseline environmental information). The government is not doing a good enough job collecting and disseminated the type of environmental baseline information that industry needs in order to improve environmental performance.
- *Ecological effects monitoring.* For some years, Environment Canada has had a policy in place with regards to ecological effects monitoring, which feeds back into the regulatory process. Industry is interested in knowing whether the results of monitoring are generating useful results.

- *National Pollutant Release Inventory (NPRI).* Industry is being asked to supply the data, but it is not clear what the government is doing with it.
- *Harmonization.* There is a need for a one-window approach to regulatory compliance and permitting.

It was suggested that PDAC and MAC could make a presentation to the Mining Sector Sustainability Table about these issues.

10 Future Agenda Items

Possible agenda items for consideration by the Panel may include but are not limited to:
- The value that sustainability brings to mining companies
- How to provide support to MAC to identify how to include new companies and how to extend TSM internationally.
- Panel confidence in the use of the TSM tools used to measure the shift toward sustainability.
- Relationship of TSM or other specific issues that arise to government processes (e.g. Sector Sustainability Tables)

Inter-meeting Panel activities and communications may include:
- Workshops on biodiversity and Aboriginal relations

11 Next Panel Meeting

The next meeting is tentatively scheduled for the third week of September in Edmonton, Alberta, and will coincide with the proposed workshop on Aboriginal relations to be held in Fort McKay. Details will follow closer to the meeting date.

List of Participants

Gordon Ball, Syncrude Canada Ltd.
Chief Jim Boucher, Fort McKay First Nation
Richard Briggs, Canadian Auto Workers
Ginger Gibson (participated via teleconference for select agenda items only)
Larry Haber, Kimberley Community Development Society
Brian Huston, Inco Limited (participated on behalf of Peter C. Jones)
Peter R. Jones, HudBay Mining and Smelting
Brenda Kelley, Canadian Environmental Network (Bathurst Sustainable Development)
Stefan Lopatka, Nunavut Tunngavik Incorporated
Christy Marinig, Timmins Economic Development Corporation
Elizabeth May, Sierra Club of Canada
Allan Morin, Métis National Council
Gordon Peeling, Mining Association Canada
Alan Penn, Cree Regional Authority
David Scott, CIBC World Markets
Chief Darren Taylor, Tr'ondek Hwech'in First Nation
Richard Ross, INMET Mining Corporation
Eira Thomas, Stornoway Diamond Corporation

Craig Ford (TSM Initiative Leader), Inmet Mining Corporation
Barbara Shumsky (TSM Initiative Leader), Syncrude Canada Ltd.

Pierre Gratton, Mining Association of Canada
George Greene, Stratos Inc. (Facilitator)
Karla Heath, Stratos Inc. (Rapporteur)

Regrets:
Charles Campbell, United Steelworkers of America
Peter C. Jones, Inco Limited
Soha Kneen, Inuit Tapiriit Kanatami