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Paradigm Shift—Mining as an Essential Sustainable Development Driver

The frame for today's discussion is the relationship between mining and society. The underlying premise is that this relationship needs strengthening, it needs a reset.

This morning I would like to explore three things that I think can help the industry and its stakeholders with that reset.

First, I will assert that a fundamental paradigm shift is taking place with regard to the way that we resolve social, development, and natural resource issues—and I will explore this shift..

Second, I will offer evidence that this shift is already beginning to take place in your sector and that companies are seeing value accrue with this transition.

Third, I will suggest that many of the sustainability challenges that you face, when looked at through a different lens, are actually opportunities. And your response to these challenges has the potential to position the sector as an essential driver of sustainable development in many parts of the world.

Towards Sustainability 3.0

Let's start with my first assertion. This shift to a new paradigm is what I call Sustainability 3.0.

Here is my thesis—the first phase of sustainability, Sustainability 1.0, was about sounding the alarm—alerting the public and decision makers to environmental, human rights and poverty issues and the need for solutions. This first phase closes with the creation of laws, regulations, treaties, agencies and government infrastructure intended to solve these issues—infrastructure that we are all familiar with.

The period I label Sustainability 2.0 is about the application of this system to real world problems. The early gains are significant. However, over time the system begins to show its age, particularly when it encounters complexity and the need for rapid response, innovation and collaboration. In a world where partnership and collaboration are essential, the system tends to polarize constituencies and stakeholders. We see evidence of this limitation all around us today.

Now, to be clear, I see great value in both of these phases, they remain essential. But something is missing.

Sustainability 3.0 is the idea that today's natural resource and developmental challenges require something different: support for rapid innovation and collaborative leadership, safe space for risk taking, and partnerships formed across sectors. This requires the design of new systems and tools that support a collaborative approach.

At RESOLVE, we see this as our essential work.

A shift in the mining sector?

In the mining sector we evidence of this shift—and we expect that you are aware of many additional examples of movement in this direction.

- We see it in site-based stakeholder engagement and agreements such as Kinross at Buckhorn Mountain, Stillwater in Montana, or the way Anglo Gold Ashanti handled Clean Water Act issues at Cripple Creek & Victor.
- We see it in regional, multi-party natural resource agreements.
- We see it in the voluntary systems to which many of you are parties such as the Cyanide Code, the Voluntary Principles and EITI.
- We see it in systems innovation—such as the participation of Newmont and Rio Tinto in Wal-Mart's mine-to-consumer jewelry line; or the participation of mining companies and refiners in programs to help electronics manufacturers such as Intel, HP, Nokia and Motorola develop "conflict-free" supply chains.
- And we see it in company exploration, innovation and leadership—whether it's Newmont positively re-setting its relationship with civil society through its Community Relations Review, Freeport McMoRan engaging artisanal miners

in the DRC, or Dundee Precious Metals adapting its mine plan to achieve biodiversity benefits in eastern Bulgaria.

The reset of your relationship with society will benefit from the innovation already underway in your sector.

Mining as a Leading Sustainability Driver

With this new paradigm in mind I would like to explore five issues that on the one hand present risks, but also offer opportunities to position mining companies as essential drivers of sustainable development.

1. Fragile States and “Conflict Minerals”

The first issue is fragile states, conflict zones and “conflict minerals.” Anyone who has tracked the “blood diamonds” issue or who is following developments in DRC is familiar with the upward pointing trend line for this issue—minerals fueling, at the heart of, or associated with simmering, active or potential conflicts. You have all, no doubt, overlaid the map of global mineral potential with the map of fragile or challenged states—mineral potential is often greatest where governing capacity is weakest. The result is sobering but also offers an opportunity.

Building capacity and developing natural resources in these regions will require new forms of cooperation between NGOs, companies and governments. In these regions, to address issues of human rights, economic development and the environment mining companies and civil society need each other. How else does a mining company support and build capacity? How else does an NGO gain traction and build opportunities? Going forward, we see the need for a new mining company/civil society partnership on these issues.

2. Essential Products and Essential Minerals

The second issue I refer to as essential minerals for essential products. Mining and materials will play a key role in our energy and technology future. Consider the minerals used in new green energy technology (lithium, gold, copper, the rare earths) or in cell phones or computers. The story of mining and materials today is increasingly one of “essential” minerals for new technology and for green technology.

In there a new green deal needed that links good practice at the site level, with access to ore bodies that build the new green economy? Could such an approach help open up sustainable supplies of essential minerals? Does this create a new opportunity for collaboration that benefits communities, civil society and companies, at both ends of the supply chain? Do we need to look more broadly at the issue of renewable or “green” energy and consider the policy context that needs to be created throughout the whole supply chain? Once again, we see an opportunity for a new mining company/NGO partnership.

3. Social License & Consent

The third issue is social license and the role of communities (e.g. who speaks for a community, when have they spoken, how does community participation link to government decision making, and on what basis can valid agreements be reached with communities?) These questions are now at the heart of your business model and developing effective tools and mechanisms is essential.

We see three areas of opportunity:

- continued participation in multi-sector initiatives designed to build capacity on this set of issues
- investments in training and new programs in stakeholder engagement and conflict recognition and resolution, such as those that RESOLVE has designed for a number of stakeholders, and
- the development of a new cadre of social and developmental leaders in mining companies, with deep and productive collaborative networks with civil society

4. The Climate and Energy Reshuffle

The fourth issue is what we call the “climate and energy reshuffle.” Consider the issues we’ve already noted—conflict zones and green energy technology—now mix in the issue of climate adaptation and the result is both a set of new challenges and new opportunities.

The climate challenges for the mining sector include energy use and access to water—and the potential cost of transporting products.

Additionally, mining companies are positioned to lead on climate adaptation. Consider the draw on, and contribution to, infrastructure and community institutions near your operations. With your investment in infrastructure it is important to begin thinking about a response to issues like changes in rainfall and weather patterns, water supply and competition for water, and temperature changes and impacts on nearby natural resources and communities. Is planning for adaptation taking place in the communities where you mine? Since adaptation is lagging in other sectors, and on the part of governments, mining company learning and leadership on adaptation could inform others. It could be useful for companies as well as industry associations and research organizations to put adaptation on their respective agendas.

5. Mining & Science: Don’t Blind Me With Science—Put it to the Test

Fifth, collaborative science presents another opportunity. Many of you are relying on new practices, technologies and systems backed by science. Yet

there is sometimes frustration when stakeholders don't accept claims that these practices are safe or effective. At RESOLVE we utilize a collaborative inquiry program that we call Joint Fact Finding and we have used it effectively on many issues, just like the ones you face. It creates a space in which stakeholders can work together to put an issue to the test. If I was in your shoes I would consider the following issues as ripe for this approach:

- assessing the impact of the cyanide code
- in-situ, leaching as a technology in uranium mining
- the safety of new nuclear reactor technologies
- best practices at coal, oil and natural gas sites

Mining and Society

To close, let's return to the framing question—the question of mining's relationship with society and the need for a reset.

I would argue that this reset begins with an embrace of collaborative strategies and leadership—an embrace of Sustainability 3.0.

With this shift the story of mining will be the story of the best the industry has to offer, which leads to products we all need, use and value. This story will not have to be told by the mining industry. It will be told by stakeholders, community leaders, NGOs, manufacturers and retailers (like Tiffany and Wal-Mart, Intel and Apple, and Vestas and General Electric). It will be told through relationships and successes.

And it will be told by the growing cadre of employees who want to work at leading mining companies. Why? Because mining companies are at the leading edge of advancing sustainable development.

At RESOLVE we see a need to create the conditions that support collaborative leaders—those who reach across sectors and interests. In response we have launched a new program, the Solutions Network (www.solutions-network.org), to create a safe space for risk taking, shorten the planning timeline for solutions, and encourage stakeholders to work in a step-wise manner. Companies and NGOs working in the mining sector are active in this initiative.

We also see the need for a rapid escalation in our understanding and use of collaborative tools such as mediation, conflict resolution, joint scientific fact finding, effective negotiation, and others. We see your industry as a partner.

Thank you.