

Reporting in the mining sector

Corporate environmental reports were the exception ten years ago. They were produced mainly by companies responding to criticism - typically in sectors such as petrochemicals. The initial impetus for environmental reports in the US stemmed from the 'right to know' provisions of SARA Title 13 in 1987. Under this legislation all emissions above a threshold level of a list of over 300 substances were to be reported to the Environmental Protection Agency on an annual basis. This data - the Toxic Release Inventory (TRI) - was then made publicly available in a consolidated register. Initially, the information was distributed freely as a series of weighty volumes, but it soon also became available electronically. For the first time, interested parties had free access to potentially damaging and occasionally incriminating information.

It was time for companies in the spotlight to tell their side of the story - why these emissions arose, and what they were doing about them. At first defensive, these environmental reports were well received by the public, local communities and regulators. Reporting companies in the US encouraged their overseas subsidiaries to produce reports as well, despite the absence of a TRI, as the benefits in public perceptions outweighed the potential damage from the publication of sensitive information. Year-on-year, companies in new sectors and countries adopted this reporting, and over the past decade reporting has gradually become accepted practice.

Despite its significant environmental impacts, mining did not make the same headlines as the oil spills of the petrochemical industry in the 1980s, which prompted the 'right to know' legislation. This may be the reason why reporting in the mining sector started slowly in the 1990s, although it has since gained considerable momentum.

As reporting has become more mature, presentation has become more straightforward and relevant to the material. The early stages of reporting in any sector are typified by presentational 'green gloss'. Most mining compa-

nies have moved on from this stage and now focus on operations and impacts, and the reports are generally among the most thorough and 'non fluffy' of any sector worldwide.

The most positive messages, focusing on achievements, are often from the US and Canada, where the threat of litigation following the presentation of facts which are not already in the public domain restrains the enthusiasm of some reporters.

REPORTING PARAMETERS

Every company has its own objectives and stakeholders, and reports against them. Many guidelines and checklists have been developed in recent years, with many attempts to 'score' reports. At best they can help standardise the approach, but at worst they are misleading and off-track.

All good reports include the following elements (see table 1):

- ◆ company overview (for example, geographical locations, turnover, number of employees and markets);
- ◆ overview of environmental impacts (and increasingly, social and community impacts);
- ◆ explanation of how the company is addressing these impacts through policies, management systems and targets (preferably SMART);
- ◆ demonstration of how policies and systems are implemented;
- ◆ performance data (preferably related to targets); and
- ◆ references to further information, contacts and feedback invitation.

Beyond this, generally all relevant information which serves to complete the overview within the confines of space should be included, the bad news as well as the good. Coverage of sensitive areas such as non-compliance with regulations, fines and compensation payments all help show the 'big picture' and major mining companies are now addressing these issues in their most recent reports.

An area which demonstrates that companies are not merely producing paper as a one-way process is that of consultation. Ideally, companies should identify major stakeholders (for example, local communities, regulators and other authorities, employees, investors and journalists) and ask their views on report content and presentation. Few companies do this at present. However, many mining companies are engaging in some kind of dialogue with stakeholders, assessing views and feeding this into their management approaches.

THIRD PARTY STATEMENTS

A major factor distinguishing genuine corporate environmental reporting from public relations publications is that of third party statements, where an independent third party appraises the veracity of the data and statements in the report, assesses whether they give a fair view of the company's environmental activities, and makes recommendations for further work as necessary. These statements are aimed at raising the credibility of the report, in the same way as the auditor's statement in an annual report, which shows that everything is above board.

In the mining sector, establishing credibility is particularly important. Environmental groups and local communities are conducting campaigns in many countries, and it is vital that company reports are seen to be distinct from corporate publicity material. In substance they already are - the issue is that of perception. Third party statements are important in providing the stamp of objectivity.

Unfortunately, verification in the mining sector still has some way to go. Although leading companies are now including some form of third party statement, the majority of statements themselves do not yet represent reporting best practice. Apart from the dubious practice of statements drafted by consultants who themselves assisted in the report development (such statements hardly represent an independent, objective view) third party statements need to be read line-by-line to see exactly what is being said.

Figure 1

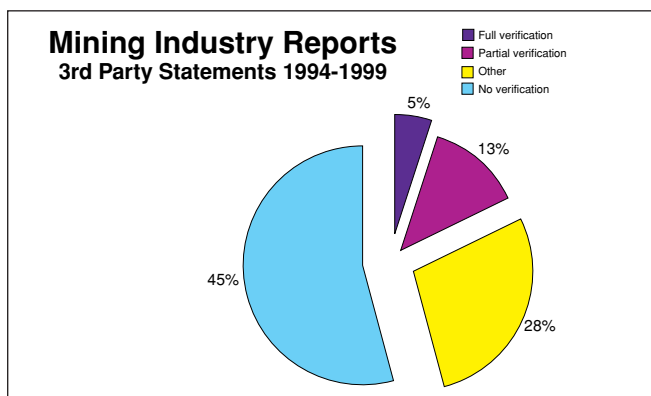
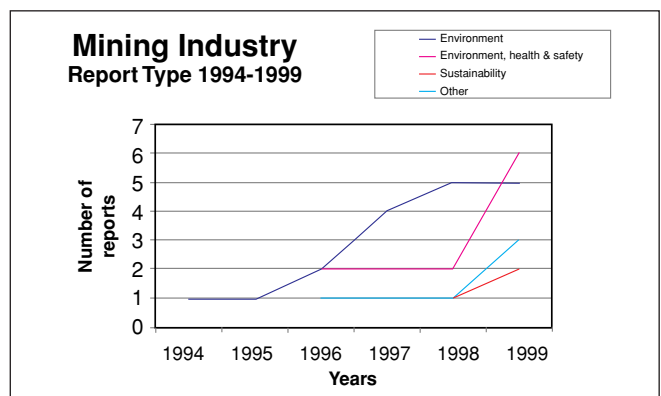


Figure 2



ISSUES

For example, Pasmaenco's otherwise excellent 1999 Environment Report states on page 29 that "Community representatives and peak environment groups stressed the need for external verification of the information included in the report"; whereas the statement itself, aside from disclosing the participation of the consultants in the development process itself, specifies that "No formal validation of the numerical monitoring or KPI data was undertaken by Dames & Moore for this first PER, nor was any detailed validation of the data collection and data reporting systems carried out".

Clearly such a statement will fall short of the expectations of some stakeholders, who need assurance that the report is both accurate and comprehensive.

It is suggested that full verification of reports includes the following elements:

- ◆ verification is conducted by a genuinely independent third party;
- ◆ it specifies the areas examined and the methodology used (interviews with senior staff, site visits, corroboration of records with those held by third parties, for example regulatory authorities);
- ◆ it looks at the accuracy of data and statements (to take the analogy of the auditing of accounts, is it 'true?');
- ◆ it looks at the whole report and addresses the question as to whether the picture is balanced (again, taking the auditing analogy, is it 'fair?'); and

- ◆ it specifies any shortcomings and recommendations so the reader can monitor future progress.

If a statement incorporating these points may be termed a 'full verification', and a statement incorporating most of the points a 'partial verification', and all other statements (whether they call themselves 'verifications' or not) are lumped together as 'other', the picture for the 39 reports produced by the mining sector since 1994 can be seen (see figure 1). Usually, 'other' types of statements are management audits, and refer to company performance rather than the report itself.

If companies wish to add further credibility, they can include views from other third parties,

Table 1: Mining Industry Report Comparison														
Key: ✓ Topic described in text ● Topic described in text and data														
* Site report only														
	BHP Company Ltd	Cambior Inc.	Falconbridge Ltd	Homestake Mining Co.	Noranda Inc.	North Ltd	Pasmaenco Ltd	Placer Dome Asia Pacific *	Placer Dome Inc.	Placer Pacific Ltd	Rio Tinto plc	Sasol Ltd	Shell Coal Pty Ltd	WMC Ltd
Environmental Management														
Environmental management structure & responsibility	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Environmental policy	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Audits & review	✓	●			✓		✓	✓	✓	✓	✓	✓		✓
Compliance	●	●	●	●	●		●	●	●	✓	●	●		●
Clean-up operations				●						✓				
Compensation payments	●			●	●				●	✓			●	
Sustainable development	✓		✓		✓		✓	✓	✓	✓	✓		✓	✓
Environmental training & internal communication		●	●	●	✓		✓		●	✓	●		✓	✓
Environmental expenditure/investment	●		●	●	●				●	●		●		●
Biodiversity/conservation issues	✓	✓							✓			✓	✓	
International activities/programmes	✓	✓	✓	✓	✓	✓	✓		✓	✓		✓	✓	
Community & Social														
Community relations/programmes	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓
Stakeholder consultation	✓		✓		✓	✓	✓		✓	✓	✓	✓		✓
Product stewardship					✓					✓				
Health & Safety														
Health & safety issues	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Lost-time/injuries/fatalities	●	●	●	●	●	✓		●	●	●	●	●	●	●
Exposure to hazards		✓			✓		●	✓	✓		✓		✓	
Emergency planning & response	✓	✓	●		✓			✓			✓		✓	✓
Contaminated land	✓													
Company Operations														
<i>Resource use</i>														
Energy consumption	●		●	●	●		●	●		●	●	●	●	●
Raw materials use			●	●	●			●	●	●	●	●		●
Water consumption	●		●	●	●		●	●	●	●	●	●		●
Land use (surface area)	●		●	●	●			●	●	●	●	●	●	●
Site-specific data	●		●	●	●		●	●	●	●	●	●	●	●
Site-specific targets							✓							✓
<i>Output</i>														
Air emissions	●		●	●	●	●	●	●		●	●	●	●	●
Water/effluent	●	●		●	●			●	●	●	●	●	●	●
Hazardous waste	●		●	●	✓			●	●	●	●	●	●	●
Solid waste	●		●	●	✓			●	●	●	●	●	●	●
Land disturbance/rehabilitation/decommissioning	●	●	●	●	●			●	●	●	●	●	●	●
Site-specific data	●		●	●	●		●	●	●	●	●	●	●	●
Site-specific targets							✓							✓
Report Information														
3rd party statement	✓	✓		✓		✓	✓		✓		✓		✓	✓

ISSUES

Environmental Report Comparison		
Reports Reviewed: Mining		
BHP	Environment & Community Report	1999
Cambior Inc.	Environment, Health & Safety Report	1998
Falconbridge Ltd	Sustainable Development at Falconbridge	1998
Homestake Mining Co.	Environment, Health & Safety Report	1998
Noranda Inc	Environment, Safety & Health Report	1998
North Ltd	Environment, Safety, Health & Community Relations	1999
Pasminco Ltd	Environment Report	1999
Placer Dome Asia Pacific	Osborne Mines	1998
Placer Dome Inc.	Sustainability Report	1998
Placer Pacific Ltd	Towards Sustainability	1997
Rio Tinto plc	Social & Environment Report	1998
Sasol Ltd	Environmental Report	1996
Shell Coal Pty Ltd	Health, Safety & Environment Report	1998
WMC Ltd	Environment Progress Report	1998

such as comments from critics, regulators or academics. This is beginning to happen in other sectors, although it is complementary to, rather than a substitute for, full third party statements. To date, only WMC's 1997 report has included such an item, with WWF Australia's comments published together with Coopers & Lybrand's 'full verification'.

CURRENT TRENDS

Social Reports: Some of the mining industry's major impacts are on people (the local communities in and around where the mines are situated) and social reporting is an even more recent phenomenon than environmental reporting. Mining companies have now

entered this field - reports from Placer Dome and Rio Tinto look at the value of their operations for local communities and employment, together with education and local development projects.

Sustainability Reports: Sustainability reports take this form of reporting a stage further, combining environmental, economic and social aspects. Placer Dome is at the forefront of this trend, having produced several sustainability reports in place of separate publications for each aspect. This form of report is regarded as the 'best' form of reporting.

Site Reports: Site reporting best addresses the needs of local stakeholders, and is important for mining companies where impacts are local (as compared with the transport, consumer goods or utilities sectors, for example). WMC produces short summaries for its sites as part of its environmental report, whereas Placer Dome produces specific site reports for major mines (available in local languages such as Pidgin). Rio Tinto has decided to take the lead in this area, following its first Social and Environment Report in 1998. The company has announced a programme to report separate annual HSE reports for 63 of its sites around

the world. To date, 15 of these have reported, with all sites due to report by 2001.

ASSESSING THE SECTOR

The mining sector produces some of the most comprehensive reports of any sector, and the quality of reporting is improving year-on-year. The recent focus on social, sustainability and site reporting is expected to expand rapidly. Some companies still need to boost their reporting performance but generally these reports reflect well on the industry. The element of improved credibility is best addressed by reassessing the role of third party statements. The statements are essential, but companies commissioning them should expect objective, thorough work which addresses stakeholder needs and reflects best practice.

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