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PDAC-WEF International Mines Ministers Summit 2018

Trust: A critical foundation for the mining industry of the future

Summit Report

Bank of Montreal
100 King Street West, 68th Floor
Toronto, Ontario



Prepared by



IGF

INTERGOVERNMENTAL FORUM
on Mining, Minerals, Metals and
Sustainable Development

Summit Overview

The 2018 International Mines Ministers Summit (IMMS) was held on Monday, March 5, 2018, at the Bank of Montreal Building in Toronto, Canada. This was the third annual IMMS, and it was held on the margins of the Prospectors and Developers Association of Canada (PDAC) Convention. Twenty-seven government leaders responsible for mining in their countries—representing six continents—joined industry and civil society leaders to take part in the 2018 summit. The IMMS was co-hosted by the World Economic Forum and PDAC under the theme *Trust: A critical foundation for the mining industry of the future*. Discussions focused on how to foster the trust required to ensure that the mining sector contributes to the development and prosperity of resource-rich nations. The meeting followed Chatham House rules.

Since the 2017 summit, the mining industry has emerged from an economic downturn and has turned its collective mind towards growth and innovation. Yet concerns about a “trust deficit” persist, both in connection with specific mining projects and for the sector as a whole. A continued trust deficit creates uncertainty for the industry and could endanger the promise of increased prosperity for many countries.

In order for the mining industry to contribute to the growth and prosperity of resource-rich countries, it will be critical to use social innovation to build trust over the long term and to align industry with other stakeholders, including investors, governments and communities. Leveraging social innovation to build trust will enable countries to attain the benefits that the industry can offer as an engine of sustained economic and social growth and prosperity, and reaffirm the need voiced by 2017 summit participants to identify and implement new trust-building measures.

Participants agreed that trust among mining stakeholders—including governments, companies, employees, communities and civil society—will be foundational for the mining sector in the years and decades ahead. The sector will only thrive in a context where stakeholders have confidence in each other—confidence that is built over time through transparency, accountability, dialogue, fairness and collaboration.

Prior to the opening of discussions, Hon. Jim Carr, Canada’s Minister of Natural Resources, tabled the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF)’s [*Innovation in Mining*](#) report, produced for the 2018 IMMS at the request of delegates at the 2017 IMMS.

Perspectives and Best Practices from Governments

In discussing the foundational nature of trust for the mining sector, ministers noted the central role that governments have to play in building trust among stakeholders. Their interventions focused on how the state can contribute to the establishment and strengthening of trust through regulatory and legislative processes, as well as across the mining life cycle. Above all, the ministers stressed that transparency and dialogue are crucial to the process, and that trust is shared among all stakeholders.



In terms of the legal and policy context, establishing a clear and stable legal framework for mining is important for building trust: within such a system, all stakeholders will have clear rights, roles and responsibilities to help ensure the achievement of a well-managed, and environmentally and socially responsible mining sector. Governments must work to ensure that there is internal coherence among laws and policies relevant to mining, including land, water, labour and environment. Mining licenses must be allocated in a transparent, clear and timely manner, and geological and cadastral information should be of high quality and accessible to all stakeholders. Reforms to mining policies and laws should strive to meet international best practice and should be undertaken in a dialogue-based, consultative process that involves all affected stakeholders. The result of such reforms should be laws and policies that balance the needs of public and private stakeholders, to ensure that mining investments continue and that these investments support local and national development objectives. Legislative and policy stability will also help build trust, and the use of clear investment frameworks can help assure investors that governments are going to follow—and not change—the rules. Trust is further strengthened through a transparent regulatory system, an independent court system and the presence of third-party organizations that sit apart from government but play an important role in research, monitoring and evaluation.

It was noted that exploration is a key moment to start building trust between companies, communities and the government: attaining public confidence in a project is central to exploration and eventual extraction. Exploration is a relatively low-impact activity and offers a great, early opportunity to establish relationships with local communities. At this stage of the mining life cycle, clear communication on the expected benefits and impacts of the project is

crucial; it was stressed that managing expectations early on is a key component of establishing and maintaining trust among stakeholders.

During the production phase of the mining cycle, ministers stressed that companies and governments must work together to create meaningful economic and social opportunities to build trust among themselves and with communities. This extends beyond the payment of taxes and royalties; host countries and communities must also see a commitment to local content and procurement, job creation, skills development, shared infrastructure and other visible development benefits coming out of mining activities. The absence of these benefits can result in tensions or conflict. Similarly, a failure to minimize or manage environmental impacts can erode confidence and breed mistrust. Open and transparent communication among stakeholders is therefore key: participants noted that permanent and continuous dialogue among communities, public institutions and companies will help to manage expectations, communicate impacts and mitigation strategies, and develop local solutions. To ensure that communities see visible local benefits from mining, it was recommended that governments are transparent about how the revenues they receive from the sector, through taxation and royalties, are distributed at the local and regional levels. Investments in in-country value addition are another way that the mining sector can build confidence: by creating more sustainable economies within nations, companies can counter the perception that they are simply taking raw materials out of the country with no lasting, sustainable economic or social benefits.

Finally, the rehabilitation of mining sites and the post-mining transition for local communities are seen as hugely important. Poor practices in the past, including the abandonment of mine sites, have undermined trust in the sector broadly and have hurt the ability of companies to launch new exploration and mining activities. To help repair this damage, financial assurances for closure and post-mining transitions should be required by law, and positive examples of both closure and post-mining planning should be communicated to the public. Keeping the whole life cycle in mind, it was noted that consumers increasingly look for ethically and sustainably sourced products, and that delivering such products increases consumer trust in the sector.

Perspectives and Best Practices from Industry Leaders

Industry leaders acknowledged that trust underpins all facets of the mining sector, from exploration and construction through to operations, closure and post-mining transition. It must be built over time, between all affected stakeholders: governments, companies, employees, communities and civil society. The trust deficit that exists around mining in many countries is the result of many decades of poor performance and opaque operations, and repairing the sector's image will take time, transparency and concerted efforts from all interested parties. There is little room for error; the increased connectivity of companies, communities and civil society only increases scrutiny around mining operations, underscoring the importance of strong partnerships among stakeholders that are built on trust.

For companies, the decision to invest, depends on a number of key factors: stability, transparency, consistency, the rule of law, and the assurance that their staff can work in a context that is safe and secure. Compliance with international transparency initiatives, like the Extractives Industry Transparency Initiative, was seen as a further way of building trust among stakeholders. The long-term nature of mining investments requires that these criteria be met, and that an agreed-upon framework for how the company will operate in the country is in place. Beyond government, companies must build trust with their employees, who deserve a safe and fair workplace and a strong commitment to national representation and gender diversity among staff, from the board down.

Companies must also build trust with the community, through the quality of their operations and their impacts on the local environment, economy and social structures. Companies should see themselves as members of the community, both as employers and otherwise, and must be clear with other stakeholders about what they are trying to accomplish through their business and related programming. They must operate according to world-class environmental standards. They should also be open about the economic benefits that flow from the mine, and should work with governments to ensure that local benefits (jobs, procurement, local services) are widely distributed and that revenues are reinvested to optimize local employment and economic development. Finally, shareholders are increasingly focused on what happens on the ground; profit alone no longer motivates investment decisions and shareholders must trust that companies are operating in a transparent and responsible way. For each of these constituent groups, transparency and dialogue—open and ongoing—are crucial.

Companies see building trust among stakeholders as key to recruiting young, talented staff to the sector. Prospective employees place increasing importance on their companies doing more than just extraction; they want the company they work for to be investing in local development, including health care, education, and other social and environmental services. This also relates to company legacies beyond the life of the mine; legacies underpinned by trust will benefit business after mine closure. A lack of trust has also traditionally been a barrier to attracting women to the sector; while some progress has been made here, the industry must be increasingly welcoming of women and the diversity of experience they can bring to the sector. This will only benefit companies in the realm of trust-building, as women are particularly good at both communicating with and building trust with communities, government and other stakeholders.

Annex 1: Delegate List

Afghanistan	Honourable Nargis Nehan	Minister of Mines and Petroleum
Argentina	Honourable Daniel Meilán	Secretary of Mining
Australia	Honourable Matt Canavan	Minister for Resources and Northern Australia
Bolivia	Honourable César Navarro Miranda	Minister of Mining and Metallurgy
Burkina Faso	Honourable Oumarou Idani	Minister of Mines and Quarries
Canada	Honourable Jim Carr	Minister of Natural Resources
Chile	Honourable Aurora Williams Baussa	Minister of Mining
Dominican Republic	Honourable Antonio Isa	Minister of Energy and Mines
Ecuador	Honourable Rebeca Illescas	Minister of Mines
Ethiopia	Honourable Motuma Mekassa	Minister of Ministry of Mines, Petroleum and Natural Gas
Ghana	Honourable Barbara Oteng-Gyasi	Deputy Minister of Lands and Natural Resources
Greenland	Honourable Múte Bourup	Minister of Mineral Resources
India	Honourable Narendra Singh Tomar	Minister of Mines, Rural Development and Panchayati Raj
Ireland	Honourable Sean Kyne	Minister of State, Communications, Climate Action and Environment
Kosovo	Honourable Valdrin Lluka	Minister of Economic Development
Mexico	Honourable Mario Cantú	Vice-Minister of Economy
Mongolia	Honourable Sumiyabazar Dolgorsuren	Minister of Mining and Heavy Industry
Morocco	Honourable Aziz Rabbah	Minister of Energy, Mines and Sustainable Development
Nigeria	Honourable Abubakar Bawa Bwari	Minister of State for Mines and Steel Development
Papua New Guinea	Honourable Johnson Tuke	Minister of Mining
Peru	Honourable Angela Grossheim	Minister of Energy and Mines
Portugal	Honourable Jorge Sanches	Secretary of State for Energy
Russia	Honourable E.A. Kiselev	Deputy Minister of Natural Resources and Environment
Saudi Arabia	Honourable Khalid Al-Mudaifer	President and CEO, Ma'aden, Saudi Arabia Mining Company
Senegal	Honourable Aissatou Sophie Gladima	Minister of Mines and Geology
South Africa	Honourable Godfrey Oliphant	Deputy Minister, Department of Mineral Resources
Sudan	Honourable Hashim Ali Mohamed	Minister of Minerals
Suriname	Honourable Regilio Dodson	Minister of Natural Resources

Annex 2: Invited Guests

Barrick Gold Corporation	Kelvin Dushnisky	President
BMO Capital Markets	Ilan Bahar	Managing Director, Metals and Mining
BMO Capital Markets	Honourable Brian Tobin (Event moderator)	Vice Chair, Investment and Corporate Banking
BMO Financial Group	David Jacobson	Vice Chair, BMO Financial Group
Development Partner Institute	Peter Bryant	Board Chair
Devonshire Initiative	Carolyn Burns	Executive Director
ICMM	Aidan Davy	Chief Operating Officer
IGF	Greg Radford	Director
IGF	Alec Crawford	Senior Researcher
Kinross Gold Corporation	Paul Rollinson	Chief Executive Officer
Lucara Diamond	Eira Thomas	Chief Executive Officer and Director
Mining Association of Canada	Pierre Gratton	President and CEO
Newmont Mining Corporation	Gary Goldberg	President and CEO
Oxfam America	Ray Offenheiser	President
PDAC	Glenn Mullan	President
PDAC	Lisa McDonald	Executive Director (Interim)
RESOLVE	Stephen D'Esposito	President
The World Bank	Sheila Khama	Practice Manager, Energy and Extractives
World Economic Forum	Christian SpanoKlein	Head, Mining and Metals Industries
World Economic Forum	Marina Colombo	Community Specialist, Mining and Metals Industries