



PROSPECTORS &
DEVELOPERS
ASSOCIATION
OF CANADA



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

PDAC-WEF International Mines Ministers Summit 2019

The Future of Responsible Mineral Supply Chains

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 2019 International Mines Ministers Summit was held on Monday, March 4, 2019, at the Bank of Montreal Building in Toronto, Canada. This was the fourth annual International Mines Ministers Summit (IMMS), and it was held on the margins of the Prospectors and Developers Association of Canada (PDAC) Convention. Twenty-four government leaders responsible for mining in their countries—representing five continents—joined leaders of industry and civil society to take part in the 2019 Summit. The Summit was co-hosted by the World Economic Forum and PDAC under the theme The Future of Responsible Mineral Supply Chains. Discussions focused on the importance of responsible mineral supply chains for promoting sustainable social, environmental and economic development in mineral-rich countries. The meeting followed the Chatham House rule.

The 2019 IMMS took place at an important moment for the mining sector. Multiple representatives noted that their governments or companies are grappling with the tragic consequences of the Brumadinho tailings dam failure in January, and how to ensure that such a tragedy does not happen again. At the same time, many participants recognized the mining sector's important role in the transition to a low-carbon economy, as providers of the minerals and metals that will be needed to build the infrastructure of a clean-energy future: from solar panels and wind turbines to electric vehicles and their batteries. Crucial to addressing both the Brumadinho tragedy and the clean-energy future will be shared commitments to transparency, accountability, trust and inclusion, each of which are central tenets of responsible sourcing.

Responsible mineral supply chains (or responsible mineral sourcing) refers to either a voluntary commitment or a government-imposed regulation where companies work to ensure that their mineral supply chains, from the site of extraction to end user companies, promote sustainable development principles, including peace, the protection of the environment and human rights. Participants at the IMMS, representing governments, mining companies and civil society, discussed at length why responsible sourcing is important for the sector, who will be involved in its application and how it can be assured.

Why Is Responsible Mineral Sourcing Important?

Participants recognized that, particularly in light of the recent events in Brazil, the mining sector—both locally and globally—continues to have a poor reputation in the eyes of much of the public. This is built on a legacy of environmental and social challenges associated with mining, as well as a distrust and lack of meaningful community participation in decision making. While many stakeholders in the sector have made great strides toward addressing these very real concerns, the negative actions of a few stakeholders, combined with continued negative portrayals of mining in the media, mean that much work still has to be done to repair relationships and demonstrate the sector is a vital contributor to economic, social and environmental development. Nevertheless, poverty remains a key challenge around many mine sites, and affected communities have grown tired of hearing arguments that mining will bring development. Despite the central role that minerals and metals play in the modern global economy, much opposition to mining remains, and the sector continues to struggle to attract talent. For many communities and politicians alike, a “not in my backyard” (NIMBY) approach to mining has emerged, and it threatens to evolve into a “build absolutely nothing anywhere near anyone” (BANANA) ethos. Going forward, there is a clear need for companies and governments to do things differently in order to build up support for—and trust in—the sector.

At the same time, the sector is witnessing rapidly increasing demand for the key mineral and metal inputs required for the transition to a low-carbon economy. The nickel, copper, bauxite, lithium, cobalt, iron and other minerals and metals required to manufacture solar panels, wind turbines, batteries and electric vehicles will largely come from the mining sector, in the absence of dramatically improved recycling processes. This demand will be driven by surging energy consumption around the world and a need for countries to diversify their energy sources and means of transportation to meet the targets of the Paris Agreement and the Sustainable Development Goals. The technologies associated with the low-carbon transition will simultaneously require more mineral inputs than traditional energy generation infrastructure. Participants noted that while countries are adopting policies on this transition with various levels of ambition—with China taking the lead—market forces are quickly moving in this direction irrespective of government mandates.

Within this context, there is a strong need to ensure that the supply chains for minerals and metals are sustainably and responsibly managed. Responsible sourcing can help tell the story of mining and ensure that it is a positive one. Doing so can help rebuild or establish trust among communities, governments and companies, to ensure that the social and environmental concerns around mining are acknowledged and addressed. It will also help ensure that the sourcing of the minerals and metals required for the energy transition does not exacerbate environmental challenges or community tensions, leading to conflict, a key concern for those resource-rich countries facing governance challenges. A commitment to responsible supply chains can help ensure that the mining industry continues to contribute to all 17 of the SDGs, by creating jobs, combatting poverty, spurring innovation and investing in infrastructure. In this way the sector will increasingly benefit the local communities that are key to its social licence to operate, and can continue to rebuild the sector’s image in the eyes of the public.

Who Is Involved in Responsible Sourcing?

Responsible sourcing requires the input of all stakeholders, and is built upon partnership among companies, communities, governments, academia and civil society. This broad level of collaboration and dialogue around responsible supply chains will help ensure that the different interests of stakeholder groups can converge into a common vision for the sector, one which can be integrated into national development planning.

Participants noted that responsibility for transparent and accountable minerals sourcing lies with all actors, and each one has a role to play. Governments can put in place mechanisms and standards for increased transparency and accountability, and can ensure that economic, environmental and social concerns are addressed by those operating within their jurisdictions. This will help ensure that the resources within their borders are effectively utilized. They can work with civil society, companies and Chambers of Mines to promote voluntary initiatives such as Toward Sustainable Mining built around promoting sustainability. Civil society can contribute to the development and promotion of these voluntary sustainability initiatives—it also has a role to play as a watchdog for the sector to ensure compliance. Businesses are equally responsible for striving for best practice and ensuring transparency in their operations, in all of the countries where they work. Companies can proactively adopt voluntary sustainability initiatives in the absence of adequate regulations and laws. Finally, participants stressed the importance of companies working with local communities to ensure that their own sourcing of the goods and services needed to support operations is done at the local level where possible and that it supports local economic development and job creation.

For communities living around mine sites, mining is a local business, with significant impacts on land and water, both now and in the future. A failure to manage operations in a responsible, transparent and participative way—to minimize the impacts of mining, and ensure that communities benefit from the mine—will lead to eroded trust and the loss of a company's social licence to operate. Communities should be seen as equals and partners, and should be involved in decision-making around responsible sourcing. They should also be included in participatory monitoring, to ensure that communities are confident that what a company is doing is transparent.

How Can Responsible Sourcing Be Assured?

Participants agreed that there is a need to do things differently moving forward, given mining's problematic public image and the rapid changes facing the industry as global economies transition toward a low-carbon future. The widespread adoption of responsible sourcing, whether through voluntary or regulatory processes (or both), presents a key opportunity for both rebuilding public trust and ensuring that the narrative on mining's contributions to society moving forward is a positive one.

Participants noted that there are a number of ways in which responsible sourcing can be supported and assured. Governments, working with civil society and development partners, can increase their own capacities for designing, supporting and enforcing mechanisms that ensure transparency in mineral supply chains. They should also ensure that mine governance mechanisms, such as environmental impact assessments (EIAs) and the permitting process, are designed and enforced in a way that integrates sustainability across the mine life cycle. They should review, monitor and learn from experiences of others around best practice in responsible sourcing, across both jurisdictions and commodities, to see how these can be adapted and applied in the national context. They can promote adherence to international best practice and voluntary standards, such as the UN Voluntary Principles, OECD Due Diligence Guidance, Toward Sustainable Mining initiative and the Initiative for Responsible Mining Assurance. They should reinvest in local communities the revenues they receive from the sector—in the form of taxes and royalties—to ensure that visible development benefits accrue to those communities most affected by the sector. They should insist on local procurement and development. Finally, many governments must work to regain their position as independent regulators and promoters of the sector, to help rebuild public trust in the governance of the sector. They must work to show the population that the government is striving to ensure that companies live up to their promises under the law.

Businesses operating in the sector should commit to increased transparency across their operations. Where regulations on responsible sourcing are absent, they should adopt voluntary standards that promote transparency, accountability, and the protection of human rights and the environment. This can include diverse businesses and even competitors working together on a shared goal for responsible sourcing, as with—for example—the Global Battery Alliance. They must continue to work on improving and ensuring public safety, particularly in light of the Brumadinho disaster. They should also commit to understanding the needs of the communities that surround mine sites, and work to address these needs in a way that contributes positively to their development. This will entail moving beyond a “do no harm” approach toward a “do more good” approach to local engagement and impact. Communities themselves must be actively involved in these decision-making processes, and efforts to increase transparency should be undertaken with these communities in mind.

All stakeholders can support efforts to strengthen mechanisms for the tracing of minerals and metals through the supply chain. Traceability was noted as an important factor in ensuring the credibility of responsible supply chains, and multiple participants stressed that technology—particularly Blockchain—holds great promise for improving traceability and making it more secure. Lessons should also be drawn from the successful application of traceability systems

relating to particular commodities (tin, tantalum and tungsten in the Great Lakes region, for example), to see how these might be replicated for other commodities. This push for increased transparency also applies to the financial side of the sector; tracing the flow of payments across the supply chain is a crucial part of increased transparency. Links should also be made to the circular economy; supporting increased transparency in the recycling and reuse of minerals and metals across the value chain. Governments and companies operating across the supply chain should promote the extended use of raw materials, and the integration of recycling and reuse principles into the design of products to save on raw materials.

Strategic communications also play an important role. Governments, companies and civil society should publicize successful efforts at increasing transparency and responsibility in the sourcing of minerals and metals, while continuing to underline the central role that both play in the economy in general and in efforts to eradicate poverty and mitigate the impacts of climate change more specifically. Educating the public, particularly young people, on the contribution of the mining sector to development will be required. These communications, crucially, cannot focus only on the benefits of mining—the risks inherent in the sector must be realistically reflected, alongside efforts to mitigate them.

In conclusion, participants agreed that a commitment to responsible sourcing will help the mining sector, and all of its stakeholders, improve the sector's contribution to sustainable development, and that it will be critical to the low-carbon energy transition. This commitment will help reshape the narrative around mining and rebuild public trust in the extraction and use of mineral and metal resources.

Annex 1: Delegate List

Argentina	Honourable Carolina Sánchez	Secretary, National Mining
Cameroon	Honourable Gabriel Dodo Ndoke	Minister, Mines, Industries and Technological Development
Canada	Honourable Amarjeet Sohi	Minister, Natural Resources
Chile	Honourable Baldo Prokuriča	Minister, Mines
Colombia	Honourable Maria Fernanda Suárez Londoño	Minister, Mines and Energy
Ecuador	Mr. Fernando Benalcazar	Vice Minister, Mines of Ecuador
Ethiopia	Honourable Assefa Kumsa	State Minister, Mines and Petroleum
Finland	Mr. Petri Peltonen	Under-Secretary of State, Ministry of Economic Affairs and Employment
Germany	Mr. Oliver Wittke	Parliamentary Secretary of State, BMWi
Ghana	Honourable Kwaku Asomah-Cheremeh	Minister, Lands and Natural Resources
Guyana	Honourable Raphael Trotman	Minister, Natural Resources
Ireland	Mr. Séan Canney	Minister, Natural Resources, Community Affairs and Digital Development
Kosovo	His Excellency Valdrin Lluka	Minister, Economic Development
Malaysia	Honourable Xavier Jayakumar	Minister, Water, Land and Natural Resources
Mexico	Honourable Francisco Quiroga	Undersecretary of Mining
Mongolia	Honourable Dolgorsürenjin Sumiyabazar	Minister, Mining and Heavy Industry
Morocco	Honourable Aziz Rebbah	Minister of Energy, Mines and Sustainable Development
Norway	Mr. Magnus Thue	State Secretary, Ministry of Trade, Industry and Fisheries
Panama	His Excellency Eduardo Palacio	Vice Minister, Commerce and Industry
Peru	Honourable Francisco Atilio Ísmodes Mezzano	Minister, Energy and Mines
Rwanda	Honourable Francis Gatare	CEO, Development Board and Member of Cabinet
Serbia	His Excellency Aleksandar Antić	Minister, Mining and Energy
Turkey	His Excellency Mithat Cansiz	Deputy Minister, Energy and Natural Resources
Uzbekistan	Honourable Bobir Farhadovich Islamov	Chairman, State Committee for Geology and Mineral Resources

Annex 2: Invited Guests

Agnico Eagle Mines Ltd.	Ammar Al-Joundi	President
BMO	Scott Brison (Event moderator)	Vice Chair
Bureau of Energy Resources	Francis Fannon	U.S. Assistant Secretary of State
DPI Mining	Peter Bryant	Board Chair
DPI Mining	Wendy Tyrrell	Executive Director
Eurasian Resources Group Sàrl	Benedikt Sobotka	Chief Executive Officer
ICMM	Tom Butler	Chief Executive Officer
ICMM	Kirsten Dodd	Manager, Communications
IGF	Greg Radford	Director
IGF	Alec Crawford	Senior Researcher
Pan American	Michael Steinmann	President and CEO
PDAC	Glenn Mullan	President
PDAC	Lisa McDonald	Executive Director (Interim)
Resolve	Stephen D'Esposito	President
World Economic Forum	Jörgen Sandström	Head of Mining and Metals Industry