

First Progress Report



Australian Minerals Industry

Code for Environmental Management

This report has been prepared to deliver on the Minerals Council of Australia's commitment to report publicly industry environmental performance improvements made by signatories to the Australian Minerals Industry Code for Environmental Management.

This is the first such report and aims to help stakeholders – including industry, governments, environmental organisations and the community – better understand the implications and benefits of the Code and improve two-way dialogue about the way forward.

We would like all interested parties to be aware of the Australian minerals industry's progress on its environmental management commitments, where more progress is needed and what our future focus should be. In other words, this report is designed to make it easier for others to evaluate the industry's environmental management performance against Code commitments. The report focuses on those areas we believe are important for indicating how implementation is progressing.

With its commitment to continual improvement, the Minerals Council welcomes comment on this first Code progress report so that future reports may better address stakeholder interests.

Signed:

Nick Stump, President
Minerals Council of Australia

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Minerals Council of Australia

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**MINERALS
COUNCIL**
OF AUSTRALIA
ACN 008 455 141

Results at a Glance

Forty three companies representing 85 per cent of the Australian mining and minerals processing industry have signed on to the Code since its launch in December 1996. Progress in implementing the Code has been promising. All companies that have been Code signatories for two years or more have now published public reports on their environmental performance.

Signatories: Beginning with 18 companies indicating their intent to sign, there are now 43 signatory companies which have committed to the Code, representing over 300 operations, some located overseas.

Management: Each signatory has appointed a company-wide Code Coordinator to drive implementation of Code commitments.

Implementation: A number of interim guidance notes have been made available. These include:

- auditing the environmental management system;
- auditing for the Code;
- environmental reporting; and
- auditor accreditation.

An inaugural Code Coordinators Workshop was held in June 1998, and was devoted to finalising these guidance notes, obtaining Code signatories' individual experiences with auditing/reporting of the Code and seeking feedback from those environmental staff charged with implementing the Code at their operation.

Reporting: Fifteen Code signatories have published public reports on environmental performance. Eighteen additional companies have committed to public performance reporting in 1999.

Review: The Code is being reviewed in 1999. Extensive consultation with stakeholders will be an integral part of the Code Review process. Once developed, signatories will be invited to re-commit to the revised Code.

Code Framework

The Australian minerals industry voluntarily conceived and launched the Code as a way to demonstrate its commitment to excellence in managing the environmental aspects of its operations. This was a first for the minerals industry worldwide.

There were two key reasons for developing the Code: as a response to strong concerns about the industry's environmental performance expressed by some stakeholders; and because improved environmental performance makes good business sense.

The Code is designed to facilitate each signatory's continual improvement of environmental performance for each phase of mineral development, from initial exploration to closure and final rehabilitation. It sets out key principles for environmental management that guide signatories to improve their performance progressively.

The Code does not prescribe specific environmental practices or set minimum conformance standards for becoming a signatory. Rather, the Code articulates nine Code Principles which define activities believed to be fundamental to achieving excellence in environmental management.

Signatories commit to achieve seven obligations which range from implementing Environmental Management Systems to reporting publicly on environmental performance annually.

Implementation of the Code is not an end in itself. Rather, the Code should be seen as a tool for achieving the twin objectives of improving environmental performance and communicating that improved performance to stakeholders.

Benefits of the Code

During the development and early implementation of the Code, the Minerals Council believed that a number of benefits would accrue over time to the minerals industry and to each signatory.

In the long term, the value of the Code's successful implementation will be to improve demonstrably our environmental performance, earning the public's trust, maintaining our "licence to operate", and contributing to shareholder value.

The short-term value of progressing the implementation of the Code is that:

- The minerals industry will have the opportunity to demonstrate a consistent approach to environmental management.

- Company annual environmental performance reports will help establish benchmarks of excellence, promote industry achievements and stimulate further community consultation.
- Code conformance and performance improvement information should increase stakeholder confidence and may lead to reduced regulatory inspection, lower fees and expedited environmental approvals in the future.
- Through continual improvement and publicly reporting results, signatories should expect a positive impact on community acceptance and productivity.

Delivering on Code Obligations

Since the launch of the Code in December 1996, signatories have been working hard to meet their obligations under the Code, including the development of environmental management systems, auditing procedures and public company environmental reports. Much of this work has necessitated cultural change within signatory companies, particularly in light of the prospect of detailed and previously confidential information about company operations being made public. In addition, much effort has been dedicated to establishing the framework for the Code's implementation including the development of four topic-specific guidance implementation documents. Most Code participants are in the early stages of implementation and more specific programs are expected in future reports.

We believe the Code and its signatories have made good progress in a relatively short time, particularly during a time of difficult market conditions for the minerals industry.

It is also clear that a great deal of work lies ahead. In particular, signatory companies are conscious of their obligations to have Code conformance evaluated at least every three years by qualified, externally-accredited internal auditors or by appointed external auditors and are exploring ways to meet this requirement. The Minerals Council is examining ways of more effectively reporting back to industry and other stakeholders about overall trends in the environmental performance of signatories against the nine Code principles. A self-assessment protocol is currently being trialed and evaluated by Code signatories and may provide a way forward for reporting environmental performance against the Code principles.

Public Environmental Reporting

All Code signatories are required to prepare publicly available annual environmental reports that demonstrate environmental performance progress against Code Principles.

Public reporting provides an indication of progress towards the twin goals of improving environmental performance and communicating that improved performance to stakeholders. Reporting of environmental performance has been shown to drive change within a company and improve stakeholder knowledge of performance accomplishments and shortfalls. Many Code signatories have, for the first time, embraced tools such as environmental management systems and external auditing procedures in the process of generating their first public environment reports.

To date, all Code signatories have met their reporting obligations and the outlook for the rest of 1999 indicates that signatories will continue to meet this obligation. This is a most promising and pleasing result and may come as a surprise to some, both within and outside the minerals industry, especially considering the first company annual Environmental Progress Report within the Australian minerals industry was published as recently as 1996.

Summary Performance¹ as at 30 April 1999

Company	Commitment Met	
	<i>First Report Published</i>	<i>No of Reports</i>
WMC Limited	1996	4
BHP Limited	1997	2
Rio Tinto*	1997	2
North Limited*	1997	2
RGC	1997	2
Consolidated Rutile Limited†	1997	2
Goldfields Limited†	1997	2
Yallourn Energy	1997	2
Placer Dome Asia Pacific	1998	1
Michelago	1998	1
MIM Holdings	1998	1
Normandy Mining	1998	1
Mt Lyell Mining	1998	1
Wesfarmers	1998	1
Powercoal	1998	1

* included in Environment, Health and Safety report

† in conjunction with RGC

¹ The signatory companies' first annual report must be published within 2 years after signing on to the Code. Therefore, companies will launch their first report at different times, depending on the date signed on to the Code. An interim guidance document on Environmental Reporting has been provided to Code signatories with suggestions on report outline, key discussion topics and for producing an effective report to stakeholder interests.

Next Steps

Since the launch of the Code in December 1996, the Minerals Council considers good progress has been made. Considerable time has been invested in developing implementation guidelines, creating a management structure and identifying signatory company needs. This has been a complex initiative and has taken time to develop. Much has been accomplished although the work is open-ended. But now the Minerals Council believes the Code is in a position to facilitate results.

During the remainder of 1999, the Code Policy Task Force will focus on a number of key initiatives to further strengthen the Code, namely:

- support for signatories' implementation of the Code;
- reviewing the Code;
- engaging stakeholders;
- promoting Code achievements; and
- expanding the Code signatories list.

Stakeholder Feedback

We are interested in your opinion of the Code and this Report. We also welcome suggestions for what the Code should cover and additional actions that could contribute to continual performance improvement.

Let us know what you think by:

- Completing the enclosed Feedback form and fax to the Minerals Council of Australia on 02 6279 3699 or post to PO Box 363 DICKSON ACT 2602;
- E-mail us at environment@minerals.org.au

Code management

Code Management Structure

Fundamental to implementation, and further development of the Code, is the structure for managing this initiative, vital to the industry's long-term success. A brief description of responsibilities for each element of the management structure follows. More than 60 persons are engaged in the implementation and development of the Code.

Code Signatory: The company executive responsible for assuring that the company meets its Code commitments and publicly reports its annual environmental performance.

Code Coordinator: The manager designated by each signatory executive to lead the company's implementation of the Code.

Code Policy Task Force: Responsible for directing the implementation and further development of the Code. Reports to the Minerals Council of Australia's Environment Committee and engages with, and communicates to, Code signatory companies.

Environment Committee: Executive leadership for the Code, as well as providing direction for the Code Policy Task Force. Represents the Code to the Council's Executive Committee.

Minerals Council Secretariat: Supports the Code Policy Task Force's efforts to implement and further develop the Code. Responsible for ongoing Code signatory communications and periodic progress reports to the public.

Through the Code Coordinators Network, companies also provide advice and best practice information, as required, on key Code elements to all Code signatories. A network of signatory companies is helping each other to successfully implement the Code.

As at 1 May, 1999, the following companies have committed to the Code for Environmental Management:

Commitment

Aberfoyle Limited	Leighton Contractors Pty Limited
Acacia Resources Limited	Loy Yang Power Management Pty Ltd
Alcoa of Australia Limited	Macmahon Holdings
Aurora Gold Ltd	Michelago Resources
Ballarat Goldfields NL	M.I.M. Holdings Limited
Batson Sand and Gravel	Mount Wellington Gold NL
Bendigo Mining NL	Mt Lyell Mining Company Limited
The Broken Hill Proprietary Company Limited	Nabalco Pty Limited
Consolidated Rutile Limited	New Holland Mining NL
Curragh Queensland Mining Limited	Normandy Mining Limited
Cyprus Australia Coal Company	North Limited
Fluor Daniel Pty Ltd	Oceanic Coal Australia Limited
Goldfields Limited	Pasminco Limited (Group)
Gordonstone Coal Management Pty Ltd	Peabody Resources Limited
Hazelwood Power – Mining Operations	Perseverance Corporation Limited
Henry Walker Group Limited	Placer Dome Asia Pacific Limited
Kalgoorlie Consolidated Gold Mines Pty Ltd	Powercoal Pty Ltd
	RGC Limited
	Rio Tinto Australia
	Ross Mining NL
	Shell Coal Pty Ltd
	Sons of Gwalia Ltd
	Thiess Contractors Pty Limited
	Wesfarmers Coal Limited
	WMC Limited
	Yallourn Energy Pty Ltd

A number of other companies have indicated their interest in the Code and are proceeding with internal processes to finalise their commitment.