

Third Code Progress Report



**MINERALS
COUNCIL**
OF AUSTRALIA



Australian Minerals Industry Code for Environmental Management

This third Code Progress Report has been prepared to fulfil the Minerals Council of Australia's commitment to annually provide a public report on progress made by signatories to the Australian Minerals Industry Code for Environmental Management .

The annual Code Progress Report plays an important part in demonstrating the Australian minerals industry's commitment to being open and transparent about its environmental performance. The industry strongly believes that effectively informing stakeholders will lead to greater awareness of the benefits delivered to the community by the minerals industry, its efforts to minimise the impact of minerals operations on the environment, and the role of the Code in achieving this.

The Australian minerals industry acknowledges that its environmental performance has not always kept pace with community expectations. In moving to address the gap between performance and expectations the industry understands its obligation to demonstrate its commitment to responsible environmental management and to continually improve its performance.

The Code for Environmental Management is a key tool in achieving those aims. It encourages companies to adopt a continually-improving standard of environmental performance and, through leadership, the pursuit of environmental excellence throughout the Australian minerals industry.

A key obligation of the Code is that all signatories must complete an annual self-assessment of their implementation of the Code Principles. The results of the 2000-01 Code Implementation Survey are included in this report to provide a baseline against which signatory implementation of the Code Principles can be measured over time. By measuring the trend in environmental performance amongst Code signatories the industry hopes to identify examples of environmental best practice as well as those areas that are most in need of improvement.

The industry acknowledges that the Code must keep pace with community expectations if it is to remain a relevant and credible framework for environmental improvement. Accordingly, this report details a number of key initiatives currently being pursued which will further strengthen the Code. In addition, the next formal review of the Code will occur no later than 2004.

In the spirit of continual improvement the Minerals Council welcomes feedback on this third Code Progress Report so that future reports may better address the information needs of stakeholders.

Thank you for your continued interest in the environmental performance of the Australian minerals industry.

Barry Cusack, President
Minerals Council of Australia

Dick Wells, Executive Director
Minerals Council of Australia

November 2001

Continual Improvement

The Australian Minerals Industry Code for Environmental Management was launched by the industry in December 1996. The Code was developed to demonstrate the industry's commitment to continual improvement in environmental management and to being open and transparent in its dealings with the community.

In 1999 the Code was reviewed to ensure that it remained relevant and focussed, and was in tune with community expectations of the industry. The result of this review is the 2000 Code, to which the majority of the original Code signatories have recommitted.

The 2000 Code has streamlined the text of the 1996 Code and reduced the number of principles to seven. The seven principles require signatories to:

- Accept environmental responsibility for all of their actions;
- Strengthen their relationships with the community;
- Integrate environmental management into the way they work;
- Minimise the environmental impacts of their activities;
- Encourage responsible production and the responsible use of their products;
- Continually improve their environmental performance; and
- Communicate that environmental performance to the community.

Each of these principles is supported by a set of elements and activities. These assist signatories in pursuing their overarching mission which is to achieve continual improvement in the environmental performance and accountability of the Australian minerals industry through implementation of the Code.

Commitment to the Code brings with it a number of obligations. Code signatories must:

- Apply the Code wherever they operate, both domestically and overseas, including application to the relevant activities of contractors engaged by the signatories;
- Commit to continual improvement by progressively implementing the Code's principles;
- Produce an annual public environment report, with the first report produced within two years of signing;
- Complete an annual Code Implementation Survey to assess signatory progress against implementation of Code principles; and
- Have the results of the Code Implementation Survey verified at least every three years by an accredited internal or external auditor.

As at 30 July 2001, the following companies had committed to the Australian Minerals Industry Code for Environmental Management.

Alcoa Australia Pty Ltd
AngloCoal Australia Pty Ltd
AngloGold Australasia Ltd
Aurora Gold Ltd
Batson Sand and Gravel Pty Ltd
Bendigo Mining NL
BHP Ltd
Clough Engineering Ltd
Cobar Management Pty Ltd
Consolidated Rutile Ltd
Delta Gold Ltd
Fluor Australia Pty Ltd
Glencore Coal Australia Pty Ltd
Goldfields Ltd
Hazelwood Power
Henry Walker Eltin Group Ltd
Homestake Gold of Australia Ltd
Iluka Resources Ltd
Leighton Contractors Pty Ltd
Loy Yang Power
Macmahon Holdings Ltd
MIM Holdings Ltd
Mining Project Investors Pty Ltd/
Stawell Gold Mines Pty Ltd
Nabalco Pty Ltd
Newcrest Mining Ltd
Normandy Mining Ltd
Pasmaenco Ltd
Peabody Resources Ltd
Pima Mining NL
Placer Dome Asia Pacific
Powercoal Pty Ltd
Rio Tinto
Roche Mining
Sons of Gwalia Ltd
Thiess Pty Ltd
Troy Resources NL
Wesfarmers Coal Ltd
Western Metals Ltd
WMC Resources Ltd
Yallourn Energy Pty Ltd

commitment

External Environmental Advisory Group (EEAG)

The EEAG was established by the industry in July 2000 to provide advice to the Minerals Council's Environment Committee about those issues of interest and concern to the community regarding the environmental and related social performance of the Australian minerals industry.

The EEAG is a forum through which the Australian minerals industry can actively engage people from other backgrounds who have views on the industry's environmental performance and related social issues. It provides one avenue for a broader perspective to be brought to the consideration of community expectations of our industry's performance.

The EEAG brings together a group of people from a range of backgrounds, sectors and agencies, willing to make a constructive contribution.

Current Membership of the EEAG

Professor Michael Archer (Chair): Director of the Australian Museum, Professor of Life Sciences at the University of New South Wales and a world renowned palaeontologist.

Ms Chris Burnup: Chief Executive Officer, Australian Minerals and Energy Environment Foundation.

Ms Tricia Caswell: Executive Director, Centre for Global Sustainability, RMIT University.

Dr Mick Dodson: Chairman, Australian Institute of Aboriginal and Torres Strait Islander Studies.

Hon Ros Kelly: Executive Director, Environmental Resources Management Australia, Former Commonwealth Environment Minister.

Mr Michael Rae: Program Leader, Resource Conservation, World Wide Fund for Nature (WWF).

Dr Fiona Solomon: Research Fellow, CSIRO Minerals.

Ms Anthea Tinney: Deputy Secretary, Environment Australia

Signatory Self-Assessment of Performance against Code Principles

A key obligation under the Code is for all signatories to complete an annual self-assessment of their implementation of the Code principles. The Code Implementation Survey (CIS) is the primary means of conducting this self-assessment.

The CIS provides a consistent and comparable evaluation of Code implementation that assists the industry to evaluate its progress over time in adopting the Code principles. Implementation criteria have been developed for each principle and element based upon the requirements of the Code.

The implementation criteria have been developed to enable them to apply to either a single mining operation or an organisation. Code Implementation Surveys may also be completed at the corporate level where systems can support such an approach.

The survey is designed to be completed yearly, with most companies choosing to undertake the survey at the same time each year to enable a direct comparison between scoring over time. Companies may choose to link their implementation survey to the reporting timeframe used for their public environment report or other corporate reporting requirements. The implementation survey is not intended to replicate or be a substitute for a signatory's own site-based assessment or review process.

The completed Code Implementation Survey is submitted by the signatory's chief executive officer to the Code Secretariat by the end of February each year¹. Only those pages summarising the results need to be submitted.

Signatories verify their Code Implementation Survey results at least every three years using an accredited internal or external auditor, and provide a verification statement outlining details of assessment methodology to the secretariat. It is expected that this triennial verification process will be incorporated into signatories' existing audit programs.

Copies of the Code Implementation Survey can be obtained from the Code Secretariat (Minerals Council of Australia, PO Box 363, Dickson ACT 2602).

¹ Due to the delay in releasing the Code Implementation Survey in 2000, signatories were not required to return their completed Code Implementation Survey to the Code Secretariat until the end of March 2001.

CIS Implementation Criteria and Scoring System

scoring

Each Code principle contains a number of elements which detail the areas in which signatories could undertake activities to implement the principles-based Code. A score is assigned to the implementation of each element and these are aggregated to produce the overall implementation score for each signatory.

Each criterion has been developed to represent six possible levels of implementation. The CIS user is required to select the score that most clearly represents the status of the operation. Only one criteria level, and its corresponding score, can be selected for each element.

Scoring is on a discrete non-linear scale from 0 to 5 with each score attributable to a discrete level of implementation. Partial scores are not permitted.

The scores represent the following general definition for each element:

- 0 No action has occurred.**
- 1 Action planned and documented.**
- 2 Systems/processes being developed.**
- 3 Systems/processes are implemented.**
- 4 Integration into management decisions and business functions.**
- 5 Excellence and leadership.**

Where a signatory considers that an element is not relevant to the operation being assessed, a score of not applicable (N/A) is applied, and the summary table calculations are adjusted to exclude this element.

Implementation is finally presented in the form of a percentage for each Code principle, allowing comparison across the industry.

Important points to note about the Code Implementation Survey

important points

- The Code is based on principles and provides complete flexibility for its signatories in deciding how best to implement the Code. As a result, the Code Implementation Survey is not as prescriptive as other audit tools. The results of the survey therefore contain a degree of subjectivity which can influence comparability between scores.
- The Code Implementation Survey measures beyond compliance activities and as such there is no pass or fail score attached to the survey.
- The aggregation process used for the preparation of the data for this report treats all companies as equals. This means that implementation figures represent the number of companies rather than the extent of their operations. That is, a signatory with one site will compare equally with a signatory with ten operations.
- Some principles and criteria may have less relevance to a particular signatory or operation. The survey allows for N/A responses, which are managed in the aggregation process to ensure that the aggregated result is representative. This does however mean that the number of signatories responding to each principle may vary.
- The Code Implementation Survey focuses on systems implementation and management, and as such does not provide specific information regarding a company's detailed environmental performance. This information is provided through the Code's obligation on signatories to produce annual public environment reports.
- All Code Implementation Survey data provided to the Code Secretariat has been taken in good faith as providing an accurate representation of a signatory's progress in implementing the Code. In order to validate that the data is an accurate representation of implementation, signatories are required to verify their Code Implementation Survey results at least every three years, and provide a verification statement to the Secretariat, including details of the assessment methodology.

Revision of the Code Implementation Survey

Following the completion of the first year of Code Implementation Survey (CIS) returns, the Code Policy Task Force sought written feedback from Code Coordinators regarding their experience with the CIS. As a result of these comments, the Code Policy Task Force undertook a review of the CIS and refined the tool for future use.

The review of the CIS focussed on four key areas:

- **Scoring** - Whether the scoring criteria for the CIS accurately reflected the intent of the Code;
- **Clarity** - The clarity of the text to ensure that the meaning of the criteria was being conveyed correctly;
- **Duplication of criteria** - which was the single biggest concern raised through Code Coordinator feedback; and
- **Comparability** - The comparability of effort required to move between the scores within each element of the Code.

In refining the survey the Code Policy Task Force aimed to produce a tool which derives scores that are both repeatable and are indicative of the actual effort being employed. As such, some of the changes to the CIS were aimed at ensuring that there is a logical progression between each criteria, with each score building upon the requirements of the previous score, thereby recognising real improvements in performance.

The nature of integrated assessment under the Code means that it can be difficult to develop an assessment protocol that does not duplicate in some areas. To minimise this duplication, the 2001-02 CIS amalgamated those elements with a similar focus, reducing the total number of elements from 29 to 24.

The language used in the CIS was also reviewed to ensure consistency of interpretation. An example of this is the use of the word 'all' which was replaced with the word 'significant' to allow flexibility in applying the survey to a highly diverse industry.

The CIS will continue to be annually revised as signatories highlight areas which are in need of alteration. Like the Code, and the environmental performance of Code signatories, the CIS will be subject to the challenge of continual improvement.

Copies of the revised Code Implementation Survey are available from the Code Secretariat.

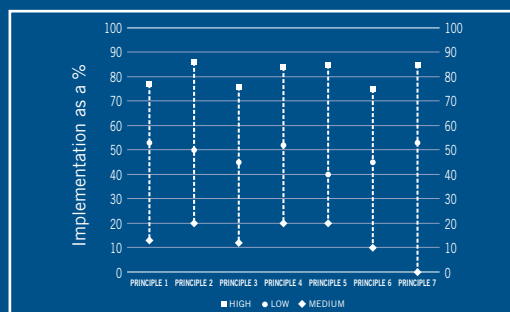
revision

Results of the 2000-2001 Implementation Survey

Findings

- On the basis of the median (middle score) alone, Principles 1, 4 and 7 have scored the highest on average (>50% implementation).
- Those Principles and elements which relate to systems-type aspects of an operation have scored well. This may be due to:
 - greater industry effort in these areas,
 - the elements of these Principles being more measurable than those of other principles; or
 - auditor familiarity in scoring system based approaches.
- The score in Principle 2 raises the question as to which 'community' has been examined. In discussions with Code Signatories it has become apparent that the trend in signatory response has been towards local communities, therefore this Principle may not reflect how well the community is being serviced at the 'whole of industry' level.
- An overwhelming majority of signatories scored >50% on Principle 4. This may reflect some similarity between the elements of this Principle and those of the standard ISO14001. The high scoring may also be due to the familiarity of auditors with the intent of this Principle.
- Principle 5 relates to product stewardship. The low scores on this Principle indicate that this may potentially be an area on which the industry needs to concentrate. In some respects product stewardship is still somewhat of an emerging issue for the Australian minerals industry.
- The range of scores on Principle 7 is worthy of note, including the zero score achieved on this Principle. The lower scores tended to be achieved by those signatories who are new to the Code and who do not yet have experience in areas such as public environment reporting. The other low scores are due to signatories who scored poorly in the element dealing with external verification.

Signatory Implementation of Code Principles



results

Public Environment Reporting

Signatories to the Code commit to openness, transparency and improved accountability through public environmental reporting and engagement with the community.

Transparency in the documentation of environmental and related social impacts is an important tool in gaining the confidence of local communities and other stakeholders. Public environment reporting under the Code enables companies to ensure that the public is aware of the measures being undertaken to improve environmental performance, and enables signatories to present information in ways which best suit their operations. A commitment to public environmental reporting can also result in increased internal awareness and focus on improving environmental performance.

As such, all signatories are required to produce an annual public environment report (PER) within two years of initial signature, and then annually. The reports demonstrate the company's commitment to, and implementation of, the Code and are also intended to describe a signatory's performance against Code principles.

Increasingly stakeholders are also demanding information on the social performance of organisations. In response to this many signatories have also chosen to report on the social impact of their environmental activities.

As at 18 June 2001 the following signatories to the Code had produced public environment reports:		1st report	No Rpts
Alcoa World Alumina Australia	www.alcoa.com.au	1999	2
AngloGold	c/o Mike LeRoy (08 9425 4639)	2000	1
Batson Sand and Gravel	www.batson.com.au	1999	1
Bendigo Mining NL	www.bmnl.com.au	2000	2
BHP Ltd	www.bhp.com	1997	4
Cobar Management Pty Ltd	ph: (02) 6836 2001	2000	1
Consolidated Rutile Ltd	www.consrutile.com.au	1998	3
Delta Gold	www.deltagold.com.au	2000	1
Goldfields Ltd	www.goldfields.com.au	1997	3 (1 as RGC)
Hazelwood Power	www.hazelwoodpower.com.au	1999	2
Henry Walker Eltin	www.hwe.com.au	1999	2
Homestake Gold	www.homestake.com	1994	7
Iluka Resoucrs	www.iluka.com	2001	1
Kalgoorlie Consolidated Gold Mines	www.kalgold.com.au	1999	2
Leighton Contractors	www.leightoncontractors.com.au	1999	2
Loy Yang Power	www.loyyangpower.com.au	1999	2
Macmahon	c/o Ian Counsell (08 9365 1150)	1999	2
MIM	www.mim.com.au	1998	3
MPI	www.stawellgold.com.au	2001	1
Nabalco	www.nabalco.aust.com	1999	2
Normandy Mining	www.normandy.com.au	1998	3
Pasminco	www.pasminco.com.au	1999	2
Peabody Resources Ltd	c/o Coal and Allied	1999	2
Placer Dome Asia Pacific:	www.placerdome.com	1998	2
Powercoal	ph:1800 730 919	1997	4
Rio Tinto	www.riotinto.com	1997	4
Shell Coal (now AngloCoal)	c/o Frank Ford (07 3834 1215)	1997	3
Sons of Gwalia	www.sog.com.au	2000	1
Thiess	www.thiess.com.au	1999	2
Wesfarmers Coal	www.wesfarmers.com	1998	3
WMC	www.wmc.com	1996	6
Yallourn Energy Pty Ltd	c/o Peter Leviston (03 5128 4188)	1996	4

next steps

Next Steps

What the community expects and demands from all sectors of society will increasingly drive change. There is a growing societal emphasis on responsible environmental care and stewardship. The uptake of new communication technologies has meant that these concerns can quickly find a global voice and can stimulate a coordinated and active response. We only need to contemplate the Romanian tailings incident in early 2000 to be reminded of how strongly the community can view these issues and the accompanying potential damage to our industry's reputation for environmental management.

This incident also revived calls by many of the industry's critics for the Code to be strengthened or replaced by legislation covering the environmental behaviour of Australian minerals companies operating overseas. The Corporate Code of Conduct Bill, introduced by the Australian Democrats during 2000 into Federal Parliament, is a prime example of such legislation.

The Australian minerals industry shares the concerns about the environment and other social issues that the Bill seeks to address. However, any legislation that proposes to regulate the overseas activities of Australian companies in these areas is not an effective way of bringing about real change and improvement.

Clearly the Code needs to evolve to keep pace with community expectations. It is the path the Australian minerals industry has embarked on collectively to continually set the bar higher in terms of the quality of its environmental performance.

During the remainder of 2001, the Code Policy Task Force will focus on a number of key initiatives to further strengthen the Code. These include:

- Code governance structures and the need to explore options to deal with poor performers and non-compliance;
- Verification of environmental performance;
- Encouraging leadership across the industry in pursuit of continual improvement in environmental management;
- Creating mechanisms to foster the exchange of information, experience and 'lessons learned';
- Facilitating the collection and dissemination of environmental performance data; and
- Ensuring excellence and innovation in environmental performance are recognised and rewarded.

Stakeholder Feedback

We are interested in your opinion of the Code and this report. We also welcome suggestions regarding areas of environmental and related social performance which the Code should cover, as well as additional actions that could contribute to continual improvement in signatory performance.

Let us know what you think by:

- Completing the enclosed feedback form and faxing it to the Minerals Council of Australia on (02) 6279 3699 or post to PO Box 363 Dickson ACT 2602.
- E-mail Melanie Stutsel, Environmental Code Manager, at ml.stutsel@minerals.org.au

Glossary

Code Coordinator: A representative from a Code signatory company who is the primary contact within that company for Code related matters. The Code Coordinator is also responsible for the implementation of the Code at the company level and for ensuring the fulfilment of signatory obligations under the Code.

Code Policy Task Force: A task force comprised of representatives from Minerals Council of Australia member companies and State Minerals Councils/Chambers. The task force oversees the administration of the Code and provides advice to the Council's Sustainable Development Committee regarding technical guidance for Code signatories and the strategic direction of the Code.

feedback



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Code Secretariat:

Minerals Council of Australia
PO Box 363, Dickson ACT 2602.
Ph: (02) 6279 3600
Fax: (02) 6279 3699
Email: ml.stutsel@minerals.org.au
Website: www.minerals.org.au
ACN: 008 455 141
ABN: 211 913 092 29

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Feedback



1. How would you rate your overall impression of this Third Code Progress Report?

- Very Poor Poor Satisfactory Good Very Good

2. Using the same rating system:

How well does it meet your information needs?

- Very Poor Poor Satisfactory Good Very Good

Is it clear and understandable?

- Very Poor Poor Satisfactory Good Very Good

Is it credible?

- Very Poor Poor Satisfactory Good Very Good

If not, please provide suggestions for improvement:

3. What information was of most value? Why?

4. What information was of least value? Why?

5. Do you have a better understanding of the Code and its objectives?

6. What additional information should be included in future Code Progress Reports?

- world map showing Code sites contact information for Code signatories
 photographs/pictures other - please give details:

7. Any other comments about the Code Progress Reports?

8. Which best describes you?

- | | | |
|---|--|--|
| <input type="radio"/> Mining industry employee | <input type="radio"/> Regulatory body | <input type="radio"/> Non Government Organisation employee |
| <input type="radio"/> Private enterprise employee | <input type="radio"/> Public enterprise employee | <input type="radio"/> Investment adviser |
| <input type="radio"/> Interested member of the public | <input type="radio"/> Student | <input type="radio"/> Other |

Please return this feedback form to:

Ms Melanie Stutsel
Environmental Code Manager
Minerals Council of Australia
PO Box 363, Dickson ACT 2602
Fax: 02 6279 3699
Email: ml.stutsel@minerals.org.au

