

# The Corporate Ethics Monitor

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## Is Mining Sustainable?

By Stephen D'Esposito

Many question whether mining can be described as “sustainable.” After all, this is an industry whose core business depends on the depletion of raw natural resources. This is also an industry that consumes vast amounts of energy and produces massive quantities of waste. Of all the earth and ore disturbed for metals extraction, only a miniscule amount is actual ore. For example, in 1995 the gold industry moved and processed 72.5 million tons of rock to extract 7,235 tons of gold. The rest, 99%, was left as waste.

There are fundamental questions that need to be asked and answered about the need for gold products, especially considering the environmental impact of some types of mining operations. Demand for jewelry accounts for 85% of annual gold fabrication demand. It can take 5 to 6 tons of ore to make one gold wedding band, leaving 10,000 pounds of waste. How do we weigh the benefits of jewelry to consumers against the potential environmental and landscape impacts of new large-scale gold mines? How many new open-pit gold mines can be justified when there are such vast oversupplies of gold stocks held by governments? In cases when gold mining can lead to permanent water degradation, do the economic benefits of gold production today outweigh the environmental and economic benefits of clean water tomorrow?

The most difficult and contentious issue is likely to be where it is or is not acceptable to mine. For example, in some instances, an operation with state-of the-art environmental design should simply not be built because it is planned for a location that is not appropriate for mining. *Too often, mining companies want to discuss sustainability only in terms of how to mine, not whether to mine. For any sustainability policy to be complete it must address the issues of where and when it is or is not appropriate to mine.*

Although the mining industry has made a number of technical advances, technical solutions alone will not be enough to fully address the broader environmental issues that the industry faces. Solutions will require grappling with issues of personal, social, and environmental values, ethics, comparative economics, and more. *To date, too much of industry discussion and debate with regard to sustainability and responsible mining practices has focused on the technical issues of how to mine rather than the larger issues of whether, and where, to mine.*

Some in the industry are legitimately struggling with these issues of environmental protection and sustainability. However, the industry cannot have it both ways: advertising itself as “green” to improve its image, while fighting progressive legislative, regulatory, or site-specific environmental measures. This is the industry’s greatest weakness.

Too often industry trade associations pursue an anti-environmental agenda while, at the same time, mining company executives give speeches in support of environmental responsibility. A recent example, here in the United States, was the opposition of the National Mining Association, of which most major mining companies are members, to inclusion of the mining industry in the EPA's Toxics Release Inventory program—an initiative that requires industries to disclose their toxic releases to the public. The NMA, on behalf of its member companies, opposed mining industry inclusion in this program despite the fact that it already covers most other industries. In essence, member companies, through their association, took a position against the public's right-to know about toxic releases. It is difficult to square this position with one that promotes sustainable mining. Interestingly, however, the companies most actively promoting sustainability are all members of the NMA.

It is important to note that progress towards sustainable practices will require industry self-initiative and government action. Only governments can create incentives and disincentives for responsible action. For example, only governments can enact “good actor” -provisions for mining on public or state-controlled lands. They can require full public disclosure, remove subsidies for extraction, and mandate full reclamation and full-cost bonding for clean-up of mine sites.

In the coming months, mining companies will face a critical test of their sustainability commitments – whether or not to end the practice of dumping mine waste (tailings) directly into rivers. Although this practice is outlawed in most countries, it is utilized by mining companies in some developing countries. There is literally no acceptable justification for this practice. In the near term, companies will come under ever-greater pressure from international NGOs to end this practice. NGO's are looking at this issue as an indicator of whether mining companies are serious about turning words into action. Other such issues include commitments not to mine in protected areas, full information disclosure, and independent audits.

If concrete and measurable progress is not made on these and other issues, NGO's may quickly lose interest in continuing a dialogue on these issues.

Progress on sustainability is likely to be achieved through a six-step process:

1. A willingness to question underlying assumptions about how the industry operates and what kind of industry will survive in the future.
2. An understanding that subjective considerations, such as values and beliefs, are as critical as technical issues in decision-making.
3. Commitment to a set of overarching policies such as ending riverine tailings disposal, no mining in protected areas, and full public information disclosure.
4. Establishing specific goals that identify what mining companies will do, over an established time period, to advance their commitment to sustainability, both company-wide and at each mine.

5. A commitment to decision-making processes that enable all stakeholders to influence decisions, understanding that in some instances this may result in an outcome different than what the company wants.
6. Verification and a focus on results. Turning goals into results that can be verified by independent stakeholders.

Today most mining companies are struggling with the first two steps. A recently launched industry-sponsored project, the Global Mining Initiative, essentially a collective enterprise of many major mining companies, seeks to inspire both thought and action. However, it raises an interesting question about corporate change. While such a collective processes may provide a safe haven and may allow for cross-fertilization of ideas, it also may slow down progress and lead to a result that is the lowest common denominator. Would not company-specific actions that allow each company to take its own risks and seek its own rewards offer greater results?

There is no doubt that those companies choosing to pursue a path that leads toward sustainable practice in the mining industry will have a struggle on their hands. They will have to win the support of both employees and stockholders. They will be quickly criticized for not going far enough and subject to intense pressure to demonstrate results. Yet in the end, those who do not choose the path of sustainability will be under the most intense pressure as their operations and performance fall behind industry leaders in ways that are clearly recognizable to stakeholders in industry, governments and regulators, investors, environmental organizations, and community leaders.

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