Biodiversity performance review

Executive summary
The state of biodiversity over most of the globe is declining, despite increased activity by policy makers, civil society and the private sector (Secretariat of the Convention on Biological Diversity, 2014). This poses risks for society and business. In 2003, ICMM and its member companies adopted an industry-leading stance on biodiversity, committing to “contribute to conservation of biodiversity and integrated approaches to land use planning” and to “not explore or mine in World Heritage properties”.

Since that time, biodiversity has become a more material business issue for the mining and metals industry. Stakeholders expect companies, as responsible businesses, to manage biodiversity alongside other sustainability issues. Accounting firm KPMG recently highlighted a number of business risks (regulatory, market, financing and operational) and opportunities (increased access to capital, stronger license to operate and reduced operational costs) associated with declining biodiversity, for the mining and metals sector (KPMG et al 2012). In addition, the nature of biodiversity management has matured and continues to evolve.

This report sets out the results of a review of progress made in managing biodiversity among International Council of Mining and Metals (ICMM) members from 2003 to 2013. The report was jointly commissioned by ICMM and IUCN under their 2011 Memorandum of Understanding, which aims to influence and improve mining companies’ performance in the area of biodiversity conservation management. It was overseen by a joint IUCN/ICMM Project Steering Group and produced by consultants Globalbalance and The Biodiversity Consultancy. The report identifies good practice, the status of emerging issues and recommends areas for future action for ICMM members and the IUCN-ICMM dialogue.

**Approach**

Twenty ICMM member companies’ biodiversity management systems were evaluated against ten assessment criteria that were identified through interviews with a total of 22 contributors across NGOs, financial institutions and ICMM members (Figure 1). Biodiversity management system maturity was used as a proxy measure for performance on the ground in the absence of broadly agreed metrics for this purpose.

The review was based on internal and external corporate information and company interviews. Companies were scored at one of five levels of performance under each criterion, with level five being the most mature. Members’ current activities on three emerging issues were also explored: ecosystem services, biodiversity offsets and commitments to ‘no net loss or net positive impact’.

Limitations to this analysis include: an unavoidable element of subjectivity, reliance on company generated data, lack of access to historic data, comparability challenges arising from the varying size and nature of ICMM members and associated variation in magnitude of impact and risks linked to biodiversity, and a lack of quantitative metrics to demonstrate performance on the ground.

**Results**

ICMM members have shown a significant increase in the extent and sophistication of biodiversity management systems over the last ten years (Figure 1). Particular progress has been made on policy and strategy commitments, stakeholder engagement and including biodiversity in impact assessments. Demonstrating that these developments have resulted in improved performance at the site level remains challenging.

Continued efforts are essential to maintain a leadership position, specific areas where more action are required include: closure planning, site level performance metrics, assurance processes and biodiversity action plan implementation (Table 1). Many of the areas identified for future work are common to other industries and could be addressed through collaboration, for example through fora such as the Cross Sector Biodiversity Initiative.

“Particular progress has been made on policy and strategy commitments, stakeholder engagement and including biodiversity in impact assessments.”

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1 See www.icmm.com/members/member-companies. Antofagasta Minerals and Glencore were not members at the time of the review and were excluded from it. Vale was included in the analysis and has since left ICMM.

2 The benefits that people obtain from ecosystems. Examples include freshwater, timber, climate regulation, protection from natural hazards, erosion control and recreation (Grigg et al. 2011).

3 Measurable conservation outcomes of actions that compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken (Business and Biodiversity Offsets Programme, 2012).

4 Biodiversity management systems are defined as the activities in place to manage corporate impacts on biodiversity.
2003–2013 progress highlights

- A greater, risk-based, focus on managing corporate impacts on biodiversity, in addition to supporting the conservation of biodiversity not impacted by mining activities.
- More specific biodiversity commitments are in place for all members, which are driving progress.
- Members remain committed to the ICMM Mining and Protected Areas Position Statement, corporate biodiversity management systems have been strengthened to support member commitments.
- Most members have assessed biodiversity risks at a corporate level to some extent, although the scope and definition of risks and of high biodiversity value sites varies\(^5\) (see below).
- A substantial (42 per cent) increase in use of biodiversity action plans (BAPs), especially for high-risk sites, but definitions of risk and ability to demonstrate effective implementation vary (see below).
- Already widespread in 2003, supporting conservation actions\(^6\) have increased further still.
- Biodiversity is routinely considered within stakeholder engagement by 95 per cent of ICMM’s members, compared to just over a third in 2003.
- Members are working more collaboratively across industries to advance biodiversity management practices, 70 per cent of members have partnerships in place to address biodiversity issues, compared to six per cent in 2003.

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\(^5\) Areas not subject to legal protection but recognized for important biodiversity features by a number of governmental and non-governmental organizations.

\(^6\) Support for biodiversity conservation actions that do not link directly to corporate impact management.
“Few members have internal guidance on offset development and in some cases regulatory guidance is absent or limited. Given the growing emphasis placed on offsets as a mechanism to compensate for residual impacts, increasingly with a specific goal such as no net loss, this lack of guidance presents operational and reputational risks.”
More than half the member companies have some form of commitment or aspiration to achieve no net loss or a net gain of biodiversity.

<table>
<thead>
<tr>
<th>5. Resourcing</th>
<th>2003</th>
<th>2013</th>
<th>Trend</th>
</tr>
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<tbody>
<tr>
<td>Mean progress against criterion 5</td>
<td>3.0</td>
<td>3.7</td>
<td>↑</td>
</tr>
<tr>
<td>5.1 Percentage of companies with resources assigned at corporate level and for all sites identified as having biodiversity risks</td>
<td>20%</td>
<td>53%</td>
<td>↑</td>
</tr>
<tr>
<td>5.2 Percentage of companies with biodiversity management related key performance indicators for personnel with biodiversity management responsibility</td>
<td>6%</td>
<td>45%</td>
<td>↑</td>
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<tr>
<th>6. Closure planning, restoration and sale</th>
<th>2003</th>
<th>2013</th>
<th>Trend</th>
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<tbody>
<tr>
<td>Mean progress against criterion 6</td>
<td>2.5</td>
<td>3.5</td>
<td>↑</td>
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<tr>
<td>6.1 Percentage of companies that have addressed biodiversity in closure plans at over half their sites with biodiversity issues</td>
<td>47%</td>
<td>79%</td>
<td>↑</td>
</tr>
<tr>
<td>6.2 Percentage of companies with closure planning guidance in place or in draft</td>
<td>0%</td>
<td>63%</td>
<td>↑</td>
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<tr>
<td>6.3 Percentage of companies with requirements in place to ensure sustainability of mitigation actions</td>
<td>0%</td>
<td>32%</td>
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<th>7. Supporting conservation actions</th>
<th>2003</th>
<th>2013</th>
<th>Trend</th>
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<tbody>
<tr>
<td>Mean progress against criterion 7</td>
<td>3.4</td>
<td>4.3</td>
<td>↑</td>
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<tr>
<td>7.1 Percentage of companies with a range of activities underway to support biodiversity conservation over and above direct impact management</td>
<td>53%</td>
<td>85%</td>
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<tr>
<th>8. Stakeholder engagement</th>
<th>2003</th>
<th>2013</th>
<th>Trend</th>
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<tbody>
<tr>
<td>Mean progress against criterion 8</td>
<td>2.3</td>
<td>3.8</td>
<td>↑</td>
</tr>
<tr>
<td>8.1 Percentage of companies with biodiversity formally included within site and corporate level stakeholder engagement</td>
<td>35%</td>
<td>95%</td>
<td>↑</td>
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<tr>
<td>8.2 Percentage of companies with civil society/government partnerships in place to address biodiversity management issues</td>
<td>6%</td>
<td>65%</td>
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<tr>
<td>Mean progress against criterion 9</td>
<td>2.4</td>
<td>3.4</td>
<td>↑</td>
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<tr>
<td>9.1 Percentage of companies with monitoring underway for high risk sites</td>
<td>13%</td>
<td>44%</td>
<td>↑</td>
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<tr>
<td>9.2 Percentage of companies where monitoring of biodiversity performance measures demonstrates progress for all high-risk sites</td>
<td>0%</td>
<td>0%</td>
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<td>Mean progress against criterion 10</td>
<td>2.2</td>
<td>3.6</td>
<td>↑</td>
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<tr>
<td>10.1 Percentage of companies reporting on biodiversity to some extent (some Global Reporting Initiative [GRI] indicators, case studies and strategy disclosures)</td>
<td>28%</td>
<td>100%</td>
<td>↑</td>
</tr>
<tr>
<td>10.2 Percentage of companies reporting comprehensively [all key elements of biodiversity management outlined and progress in implementation clear, all relevant GRI indicators] on biodiversity issues</td>
<td>0%</td>
<td>25%</td>
<td>↑</td>
</tr>
<tr>
<td>10.3 Percentage of companies with externally reported biodiversity data subject to external assurance</td>
<td>0%</td>
<td>55%</td>
<td>↑</td>
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issues and areas for further development beyond 2014

• Scope and quality of biodiversity risk assessment and management varies among ICMM’s members [for example, direct impacts are addressed, but cumulative and indirect impacts may be overlooked]; this may lead to unidentified risks and overlooked opportunities.

• Greater consistency is needed in defining high-risk/high biodiversity value areas beyond the limits of formal protected area networks; although members identify proximity to areas of high biodiversity value, interpretation of what constitutes such an area [and which NGO or government defined priority areas to include] varies, potentially leading to unidentified risks.

• Internal guidance to ensure early and adequate consideration of the option not to develop areas of high biodiversity value beyond World Heritage Sites ('no-go') is lacking; this may lead to issues with securing a license to operate.

• Audit processes have yet to evolve to fully consider the extent and quality of biodiversity management, for example, the scope of issues addressed in impact assessments and degree of BAP implementation.

• Guidance on closure planning is often lacking, potentially resulting in the failure of closure activities or compromised stakeholder relations.

• Financial or legal provisions to ensure the sustainability of mitigation actions post-closure, such as restoration or offsetting, are often considered too late in the planning process, according to NGO reviewers of the report.

• More rapid progress on implementation of biodiversity management systems is now needed, but may be constrained by resource limitations [lack of personnel, expertise and budget constraints] amongst ICMM members and their advisors eg certifiers, impact assessors and verifiers, particularly on emerging issues.

• No company or industry sector can yet measure biodiversity management system implementation outcomes on-the-ground across their operations. This issue may expose members to risk given the increasing materiality of biodiversity for the industry and the potential for local stakeholders to perceive or identify poor performance.

• Existing management system based measures of biodiversity performance process are interpreted differently across the membership; this constrains members’ communication with stakeholders.

• Regulatory capacity sometimes lags behind ICMM member leadership on biodiversity management, in particular for biodiversity offset design and environmental impact assessment.

Emerging issues status assessment (2012–2013)

The business case and methodologies to address ecosystem services, biodiversity offsets and commitments to no net loss or net positive impact (NNL/NPI) on biodiversity have yet to be fully defined in any industry. These issues are also subject to growing regulation and stakeholder concern globally.

Among ICMM’s members the status of these issues can be summarized as:

• More than half the member companies have some form of commitment or aspiration to achieve no net loss or a net gain of biodiversity. However, a lack of implementation guidance, and lack of reporting or monitoring frameworks, risk undermining the credibility of these commitments.

• Nearly half the member companies reviewed are testing methods for identifying ecosystem services impacts and project or affected communities dependencies to see how they might complement existing sustainability management practices.

• Over three quarters (85 per cent) of members are developing offsets as a result of regulatory drivers, 30 per cent of members are also doing so on a voluntary basis. Few members have internal guidance on offset development and in some cases regulatory guidance is absent or limited. Given the growing emphasis placed on offsets as a mechanism to compensate for residual impacts, increasingly with a specific goal such as no net loss, this lack of guidance presents operational and reputational risks.

7 Sites identified that cause potential reputational, operational and financial risk as a result of their biodiversity profile.

“To satisfy stakeholders, in the future members will need a small number of clear, simple measures that can be applied to different geographic locations, habitat types and scales of operation to demonstrate biodiversity outcomes at the site level.”
Recommendations

The advances in biodiversity management by ICMM members are commendable; however, they need to be increased further to meet emerging regulatory and financing requirements. The recommendations below outline priority actions for ICMM and IUCN. They were developed by the consultants in consultation with the Project Steering Group, members of the ICMM Biodiversity Working Group, and a small group of external reviewers of the report. This review is an important contribution from ICMM and IUCN to the evolution of biodiversity management within the mining and metals industry. Broader consultation on the recommendations at, for example, the World Parks Congress in November 2014 is important.

1 Improve the ability of ICMM and its members to measure biodiversity management outcomes

- To satisfy stakeholders, in the future members will need a small number of clear, simple measures that can be applied to different geographic locations, habitat types and scales of operation to demonstrate biodiversity outcomes at the site level.
- Guidance and a framework for selecting these metrics should be developed with leadership from IUCN and the broader conservation community.
- Review of current approaches to site-level monitoring and use of Global Reporting Initiative (GRI) indicators, in conjunction with stakeholders, to identify appropriate and practical outcome measures and to increase consistency in interpretation of existing measures is a key step in this. A further review of progress is recommended in five years, using a streamlined set of measures derived from the above.

2 Develop and communicate ICMM’s position on emerging issues

- ICMM and its members are seen as industry leaders on biodiversity; to maintain this position, ICMM needs to establish with IUCN and its members, the business case for addressing emerging issues (biodiversity offsets, ecosystem services and NNL/NPI commitments) and, develop and communicate leadership positions on them.

3 Update parts of ICMM’s Mining and Biodiversity Good Practice Guidance

- ICMM’s Mining and Biodiversity Good Practice Guidance was world-leading when first developed in 2006. It now needs review to determine what additional guidance is needed for members, their advisors and professional associations to address the emerging issues outlined above, as well as to support continued improvement on the challenging areas of performance highlighted in Table 1 (ie impact assessment, closure planning, BAP monitoring).
- To ensure a robust and consistent approach to risk identification and management, agreement is needed amongst ICMM members and the conservation community on the following: a common definition of high biodiversity value areas; minimum requirements for biodiversity risk and impact assessments; how members with differing exposure to biodiversity risks can implement ICMM’s Principle 7. This would best be done in consultation with stakeholders, in particular governments and the conservation community.

4 Contribute to enhancing the capacity of regulators to support industry to conserve biodiversity

- ICMM members have an opportunity to raise the industry bar in biodiversity management, and reinforce their leadership position. This can be achieved by collaborating with IUCN and other conservation groups to build capacity of regulators in key countries to align with global best practice, for example, through sharing approaches on impact assessments and biodiversity offsets.

5 Continue to work with partners to build member capacity on challenges and emerging issues

- Partnerships with biodiversity conservation organizations, such as IUCN and its members, and engagement with existing collaborations such as the Cross Sector Biodiversity Initiative, have been instrumental in developing member management approaches and capacity on biodiversity issues.
- Ensuring that these partnerships now focus on addressing the challenges and emerging issues identified in this report (through producing, for example, better articulation of the business case for managing biodiversity, guidance documents, webinars or pilot joint field projects) will help ICMM to maintain a leadership position and ensure the IUCN-ICMM dialogue remains relevant and credible.

For further detail, please see the full report on ICMM’s website www.icmm.com
The International Council on Mining and Metals (ICMM) was established in 2001 to improve sustainable development performance in the mining and metals industry. Today, it brings together many of the world’s largest mining and metals companies as well as national and regional mining associations and global commodity associations. Our vision is one of leading companies working together and with others to strengthen the contribution of mining, minerals and metals to sustainable development.

References


Citation


The full report is available on ICMM’s website www.icmm.com/publications

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Front cover image courtesy of Anglo American © Biodiversity monitoring at Der Brochen – Judah Mojalela at an environmental audit at Der Brochen Mine.

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