



ICMM

International Council
on Mining & Metals

“

MAKING PROGRESS THROUGH DIALOGUE

Annual Review 2010

”

Contents

3	About ICMM
4	President's foreword
6	Chairman's statement
	Who we are
8	Beginnings in dialogue
10	Members
	Our work
12	Program overview
14	2010 highlights
	Collaboration
18	Working with members
20	Working with others
	Assessing effectiveness
22	Understanding our network of relationships
24	Listening to stakeholders
26	Emerging issues
28	Financial statement

Cover: Anne-Marie Fleury has been with ICMM since 2004 and leads our environment work program. Previously she worked for INAP, BHP Billiton and the Mining, Minerals and Sustainable Development (MMSD) project.

Photo: Westgate

THE THEME FOR ICMM'S ANNUAL REVIEW IS DIALOGUE, THE FUNDAMENTAL CONSTANT THAT DRIVES OUR WORK

About ICMM

The International Council on Mining and Metals (ICMM) was established in 2001 to act as a catalyst for performance improvement in the mining and metals industry. Today, the organization brings together 18 mining and metals companies as well as 30 national and regional mining associations and global commodity associations to address the core sustainable development challenges faced by the industry.

About this review

Welcome to ICMM's Annual Review 2010. This review outlines the progress ICMM made in 2010 as well as providing some indication of the challenges that lie ahead in 2011. The year 2010 is year one of a three-year cycle introduced with the completion of the Strategy and Action Plan 2010–2012 that we presented in last year's review.

ICMM's progress and success is, in large part, due to the hard work, co-operation and collaboration of staff, members and external stakeholders, some of whom feature in the photography throughout this review. Full details of these photographs as well as others contained in the review are given on the inside back cover.

The review includes details of the progress of member companies in meeting their member commitments (pages 10–11). This builds on our initial summary presented last year.

Over the past year, there has been a strong focus on dialogue as illustrated in the Collaboration section of the review (pages 18–21). And, in response to the rising expectations that we should address more and more, we have upped our efforts aimed at assessing organizational effectiveness and focusing our limited resources (pages 22–29).

As in previous years, you can find financial information for the organization towards the back of the review (page 28).

For a more regular update on ICMM's work, subscribe to our online news service by emailing us at info@icmm.com or follow us [@icmm_com](https://twitter.com/icmm_com) on twitter.

We hope you enjoy the review.



President's foreword

Building effective relationships with the many interests important to mining and metals is a primary success factor for ICMM. Different interests embody different sets of values and such differences generate variations in hopes and expectations as well as alternative perspectives that can greatly enrich solution building. In order to build constructive relationships, these differences must be understood, respected and addressed. Success at doing this will bring healthy collaboration.

For our members, strong relationships (internally and with others) lead to a sense of trust, pride and integrity that will reinforce a company's "social licence" to operate. Weak relationships result in mistrust and grudging discontent – in the extreme, outright conflict. In any case, the "social licence" is undermined.

Differences in opinion between the mining/metals community and others often arise from conflicting notions of fairness. This is because the nature and distribution of the full costs, benefits, risks and opportunities of a mining/metals operation are generally ill-defined and ill-understood. The issue is complicated by changing conditions (price etc.), values, and regulatory systems in a never ending cycle. There are wide variations between cultures. This is the operating environment ICMM members face. It is not surprising, therefore, that whatever the reality, a perception often arises that the de facto distribution is unfair, mining interests are held responsible and mining's reputation suffers.

The very foundation of ICMM rests on listening, hearing and acting accordingly. Nine years ago, ICMM emerged from a global dialogue involving some tens of thousands of people with an interest in mining's contribution to sustainability. In 2009, we completed a major strategic review to ensure this mandate was being fulfilled, and now at the end of 2010 – the end of the first year of a three-year planning cycle introduced as a result of the strategic review – we look back at our progress again.

In August, we commissioned an opinion survey on mining and sustainable development, which

drew responses from 847 people across 81 countries from the private and public sectors, institutions, academia, non-governmental organizations and the media. The data constitute an important input to our sense of what is going on – our listening role.

In parallel and to strengthen our anticipatory/listening capacity, we formalized our approach to tracking and assessing emerging issues. This step represents a proactive commitment to ensure our work remains relevant to the evolving set of challenges facing the mining and metals industry.

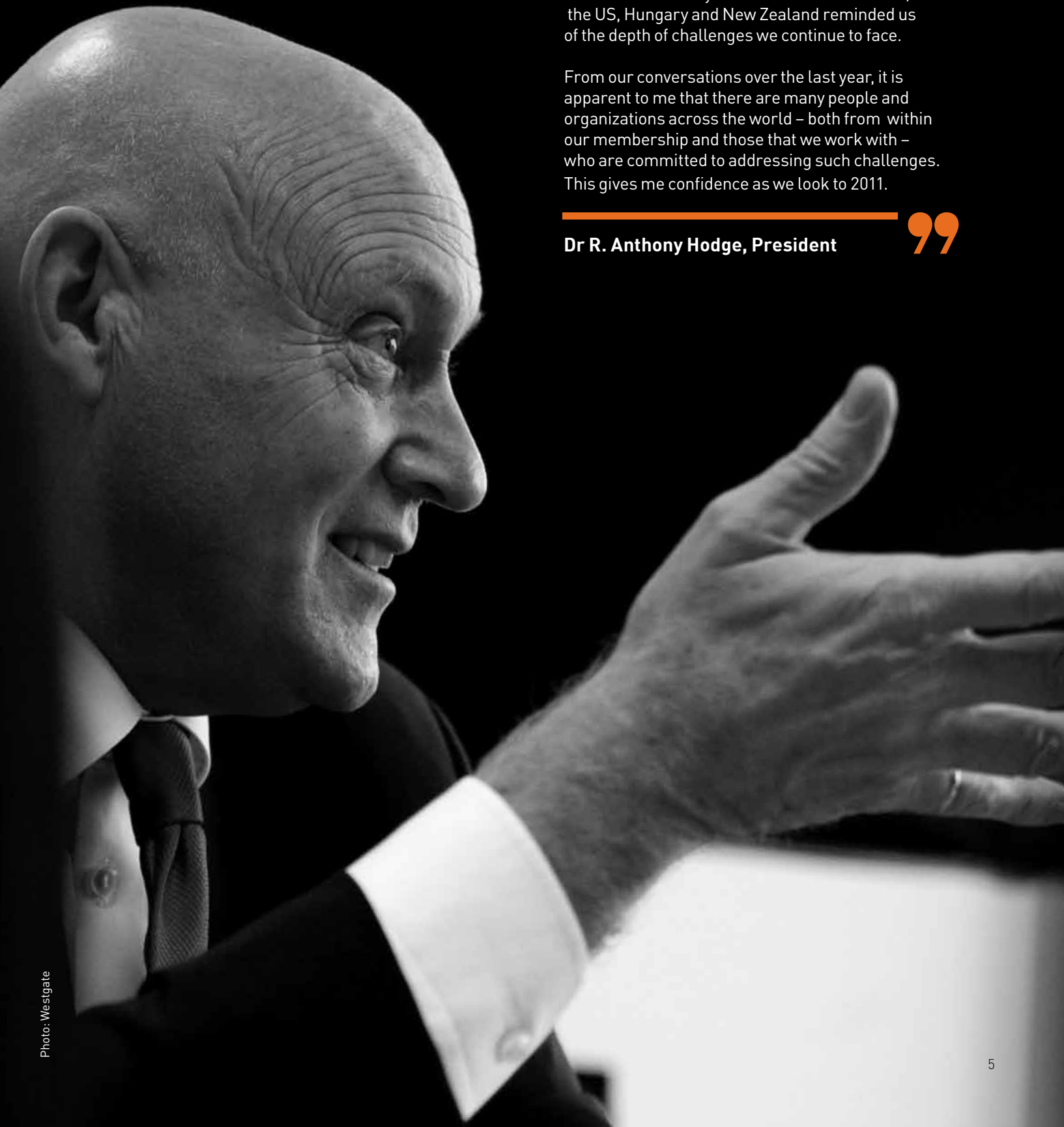
We also recognize the need to forge relationships with the right people in the right way. Thus in 2010, ICMM initiated a comprehensive exercise to map and prioritize our many relationships. Concrete engagement strategies for these relationships are now in development.

ICMM's Council of CEOs also took a historic step this past year. They committed the resources to fully engage publicly in the climate change debate. Dialogue will commence with a collaborative effort of ICMM members to forge a consensus on how best to participate in the global response. It will then move on to engagement with others to ensure that we play – and are seen to play – a constructive role in building the needed solution.

This review provides a summary of how in 2010, ICMM's role in encouraging positive change continued. We do this through dialogue and collaboration with others, acting together as a group of leading-edge companies. Ultimately, the test is what people think about what the mining and metals industry does, not what it says. And that is the way it should be.



Dr R. Anthony Hodge, President



“

In 2010, increasing demand and rising commodity prices led to renewed optimism within the mining and metals industry. But the accidents in Chile, the US, Hungary and New Zealand reminded us of the depth of challenges we continue to face.

From our conversations over the last year, it is apparent to me that there are many people and organizations across the world – both from within our membership and those that we work with – who are committed to addressing such challenges. This gives me confidence as we look to 2011.

Dr R. Anthony Hodge, President

”

Chairman's statement



Constructive dialogue and transparency are of fundamental importance to ICMM's progress as an organization. ICMM was established to address sustainable development challenges in the mining and metals industry. The belief that no one party can solve such challenges alone continues to be critical to ICMM's success today.

Collaboration is one of our core values, and it is through collaboration that ICMM can act as a change agent to enhance our contribution to sustainable development. For example, ICMM's proactive engagement with external stakeholders, including the Extractive Industries Transparency Initiative (EITI), the International Union for Conservation of Nature, the World Bank and others, has been both productive and mutually beneficial for everyone involved.

Equally important is the dialogue among ICMM's member companies and the industry as a whole. By sharing experiences and best practices, companies are able to learn what works and what does not work on the ground and use that knowledge to enhance the positive benefits for the communities in which we operate.

Another of ICMM's core values is accountability – to do what we say we will do and uphold our commitments. This belief in transparency is best illustrated by the progress made by companies in meeting their commitments as ICMM members (see chart on pages 10–11). Over the last 12 months, we have seen greater external recognition that member companies are implementing ICMM's 10 sustainable development principles, reporting an adherence to them and seeking independent assurance of those reports.

During 2010, ICMM has made substantive progress in a number of areas. The publication of the *Good Practice Guide: Indigenous Peoples and Mining* is one example. The guide is an important milestone that will benefit the entire industry by promoting meaningful engagement and dialogue between industry participants and indigenous communities.

Another important highlight is the continuing work of the Resource Endowment initiative, through which companies, governments, aid organizations and local communities work together to ensure that a nation's mineral wealth has a positive impact on economic development and poverty reduction. A number of countries have shown an interest in the examples and case studies that have emerged from our research. It is this collaborative approach that we seek to use in all of our projects.

While progress has been achieved in 2010, many challenges remain. ICMM

continued to work on benchmarking safety and occupational health performance in 2010 encouraging ICMM member companies and others to raise the bar on safety performance and minimize health risks. We need to push further in this important area. In 2011, we will develop ICMM's health and safety work program, to promote positive change in our own organizations and to lead the industry by example.

Climate change is another significant issue. We will continue external and internal discussions – that began in 2010 – on the leadership role of the mining and metals industry in seeking innovative solutions to address this issue. We will be demonstrating our commitment to making a positive contribution to the climate change debate through active engagement in the international arena on this issue.

As we move forward through this year and beyond, ICMM will remain instrumental in strengthening environmental and social practices, and fulfilling its goal to improve its members' contribution to sustainable development.

A handwritten signature in black ink, appearing to read 'R Adkerson'. The signature is fluid and cursive.

Richard Adkerson, Chairman

Council officers

Richard Adkerson
ICMM Chairman
President and Chief Executive Officer
Freeport-McMoRan Copper & Gold

Marius Kloppers
ICMM Deputy Chairman
Chief Executive Officer
BHP Billiton

Cynthia Carroll
ICMM Treasurer
Chief Executive Officer
Anglo American

Council members

Patrice Motsepe
Executive Chairman
African Rainbow Minerals

Aaron Regent
President and Chief Executive Officer
Barrick

Chuck Jeannes
President and Chief Executive Officer
Goldcorp

Anthony Hodge
President
ICMM

Ian Farmer
Chief Executive Officer
Lonmin

Mitchell Hooke
Chief Executive Officer
Minerals Council of Australia

Richard O'Brien
President and Chief Executive Officer
Newmont

Nobumasa Kemori
President
Sumitomo Metal Mining

Roger Agnelli
President and Chief Executive Officer
Vale

Mark Cutifani
Chief Executive Officer
AngloGold Ashanti

Guy Thiran
Secretary General
Eurometaux

Nick Holland
Chief Executive Officer
Gold Fields

Masanori Okada
President and Chief Executive Officer
JX Nippon Mining & Metals

Andrew Michelmore
Chief Executive Officer
Minerals and Metals Group

Hiroshi Yao
President
Mitsubishi Materials

Tom Albanese
Chief Executive Officer
Rio Tinto

Donald Lindsay
President and Chief Executive Officer
Teck

Mick Davis
Chief Executive Officer
Xstrata

ICMM's Council of CEOs meets face to face twice a year. In 2010, they had meetings in Miami (May) and London (October).

ICMM WAS FORMED IN 2001 WITH A MANDATE TO HELP IMPROVE SUSTAINABLE DEVELOPMENT PERFORMANCE

Beginnings in dialogue

ICMM's story begins in the late 1990s, at a time when the disconnect between mining and metals industry practices and societal expectations had become so great that a group of industry leaders realized that action was needed.

The 1970s, 1980s and 1990s had been difficult years for the mining and metals sector. The contemporary environmental movement had risen to prominence, opposition to mining practices had grown and commodity prices had stagnated. In parallel, the global communications system went through revolutionary change that in itself facilitated unprecedented dialogue at a global scale.

The need for mining companies to address environmental and social responsibility issues in a more proactive manner was clear. The result was the Global Mining Initiative (GMI), which was conceived by a small group of leading mining companies in 1999.

From this early initiative began an extensive period of consultation and research known as the Mining, Minerals and Sustainable Development (MMSD) project. Though funded by industry, the project was run independently by the International Institute for Environment and

Development and with the oversight of an independent assurance group.

MMSD was a considerable undertaking, and its emphasis on various forms of dialogue echoes the importance of multi-interest engagement to ICMM today.

The project involved a global team in London as well as four regional teams (in Australia, Latin America, North America and southern Africa) reaching many thousands of people. The global project alone involved 23 global workshops, 175 research projects and national consultations in over 20 countries with many more workshops and projects taking place in each of the regions across the world – all with the objective of providing some insight into how mining- and metals-related practices might better align with the principles behind the emerging concept of sustainable development.

As this unprecedented project proceeded, it became clear to the GMI leaders that a mechanism would be needed to facilitate implementation of the ideas emerging from the MMSD process. In 2001, they formed the International Council on Mining and Metals (ICMM) through the redesign of a predecessor organization, the

International Council on Metals and the Environment.

The conclusion of the GMI and MMSD was marked with the publication of the *Breaking New Ground* report and a global conference Resourcing the Future held in Toronto. It was at this conference, in 2002, that the founding member companies of ICMM signed the Toronto Declaration committing the organization to continue the work started by the MMSD project and continue to engage in constructive dialogue with key stakeholders.

ICMM was to act as a catalyst in the mining and metals industry with the aim of improving the sustainable development performance of member companies and raising standards in the sector as a whole. And in 2003, as a sign of their commitment to these objectives, the ICMM Council adopted 10 guiding principles that members would follow.

Since then, ICMM, its members and the many stakeholders with which it deals have worked hard in a spirit of collaboration and co-operation to bring about positive change. And we will continue to do so, through 2011 and beyond.



Vision

Leading companies working together and with others to strengthen the contribution of mining, minerals and metals to sustainable development.

Values

Care for the safety, health and well-being of workers, contractors, host communities and the users of the materials we produce

Respect for people and the environment, ensuring that we are sensitive and responsive to the values of host societies

Integrity as the basis for engagement with employees, communities, government and others

Accountability to do what we say we will do and uphold our commitments

Collaboration working with others in an open, transparent and inclusive way as we address the challenges

Goals

- 1 Improve sustainability performance**
To collaborate in defining, refining and implementing leading practices, thus facilitating continuous improvement of social, environmental and economic performance.
- 2 Enhance contribution to society**
To enhance the value-creation role and long-term net contribution of the mining, minerals and metals industry and its products to people (investors, host communities, customers, workers and contractors), the environment and economies.
- 3 Anticipate change**
To anticipate change and emerging issues so members can better understand evolving values, proactively address risks, avoid crises and serve in a leadership position in resolving issues of public concern.
- 4 Strengthen engagement capacity**
To strengthen capacity for building effective relationships with those important for ensuring the industry's licence to operate and grow while contributing to sustainable development.
- 5 Listen and communicate**
To identify and communicate the nature of the contribution of the mining, minerals and metals industry to sustainable development while identifying and communicating the concerns and perspectives of society to members and others.
- 6 Seek fair and consistent regulation**
To seek the development and implementation of fair and consistent policies and regulations for governing the individual and collective performance of companies involved in mining-, minerals- and metals-related activities around the world.
- 7 Represent**
To represent the collective views and interests of member companies as appropriate and act as a principal point of contact with the industry's key constituencies in the international arena.

Members

ICMM currently has 18 member companies and 30 member associations. Our member companies are many of the largest in the sector – based on 2009 data for the value of mineral production (Raw Materials Group, Sweden), eight of the largest 10 companies are ICMM members.

Together, our members employ some 800,000 of the estimated 2.5 million people working in the sector as a whole (excluding artisanal miners) with interests at over 750 sites in 59 countries across the globe. Exploration activities extend this reach significantly.

Our member associations are a mix of national and regional mining associations and global commodity associations. Through them we reach another 1,500 companies in the sector. They contribute specialist (regional or commodity-specific) expertise and knowledge to the development and implementation of ICMM's work. They act as partners in raising the profile of the

sustainable development agenda within the industry. The ICMM-hosted Associations Co-ordination Group serves as a forum for knowledge exchange on issues of common interest.

In last year's annual review, we conducted an assessment of the progress that each member company was making against their reporting and assurance commitments for the first time. We reported that in 2009, 17 of 19 member companies reported in line with the GRI G3 Guidelines, with 13 companies obtaining external assurance.

The table opposite (open page out) gives full details on the progress that each company is making against the performance commitments. For their 2010 reports, members were required to report in line with the GRI G3 Guidelines, the Mining and Metals Sector Supplement, declare an application level of A and obtain independent external assurance of subject matters 1–5 (see the *Assurance Procedure* publication for details).

We have seen our members make significant progress. Fifteen of 18 companies (we were sorry to lose Lihir Gold as a member in 2010 due to their takeover by a non-member company) obtained a G3 A+ application level compared to eight last year. In addition, 16 companies have sought external assurance in 2010, an increase of three companies.

The only company not to declare a G3 application level in 2010 is MMG who released their first ever sustainability report this year. However, it should be noted that the report does follow the G3 Guidelines.

In 2010, we introduced a new member admission process that fully reflects the rigour that each of our current members face in meeting their ICMM commitments. We will make the new process publicly available in 2011.

15 OF 18 MEMBER COMPANIES OBTAINED

A G3 A+ APPLICATION LEVEL IN 2010

(OPEN PAGE FOR DETAILS)

Company	Sustainable Development (SD) report for the financial year ending	Alignment between members' policy frameworks on SD issues and ICMM principles ¹		Process and outcome for identifying and prioritizing material SD risks and opportunities		Systems and approaches to manage material SD risks and opportunities		Performance for the identified SD risks and opportunities		Global Reporting Initiative
		1. Reported on	2. Assured	3. Reported on	4. Assured	5. Reported on	6. Assured	7. Reported on	8. Assured	9. G3 application level
		subject matter 1		subject matter 2		subject matter 3		subject matter 4		subject matter 5
African Rainbow Minerals² www.arm.co.za	30 June 2010	✓		✓	✓	✓	✓	✓	✓	B+
Anglo American www.angloamerican.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
AngloGold Ashanti www.anglogoldashanti.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Barrick www.barrick.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
BHP Billiton www.bhpbilliton.com	30 June 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
Freeport-McMoRan www.fcx.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Goldcorp² www.goldcorp.com	31 December 2009			✓		✓		✓		B
Gold Fields www.goldfields.co.za	30 June 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
JX Nippon Mining & Metals www.nmm.jx-group.co.jp/english/	31 March 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
Lonmin www.lonmin.com	30 September 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
Minerals and Metals Group^{2,3} www.mmg.com	31 December 2009			✓		✓		✓		
Mitsubishi Materials www.mmc.co.jp	31 March 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
Newmont www.newmont.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Rio Tinto www.riotinto.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Sumitomo Metal Mining www.smm.co.jp	31 March 2010	✓	✓	✓	✓	✓	✓	✓	✓	A+
Teck www.teck.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Vale www.vale.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+
Xstrata www.xstrata.com	31 December 2009	✓	✓	✓	✓	✓	✓	✓	✓	A+

NOTES:

Column 1: a ✓ in this column indicates that members have reported on the alignment of their policies with ICMM's 10 Principles (i.e. subject matter 1). In some cases this has included a tabular summary of the 10 Principles mapped against a company's policies.

Column 2: a ✓ in this column indicates that members have sought independent third party assurance on subject matter 1.

Column 3: a ✓ in this column indicates that members have reported on processes to identify and prioritize the SD risks and opportunities faced by the business during the reporting period and the outcome (i.e. its list of material issues, subject matter 2).

Column 4: a ✓ in this column indicates that members have sought independent third party assurance on subject matter 2.

Column 5: a ✓ in this column indicates that members have reported on the systems and approaches that the company is using to manage each (or a selection) of the material SD risks and opportunities (i.e. subject matter 3).

Column 6: a ✓ in this column indicates that members have sought independent third party assurance on subject matter 3.

Column 7: a ✓ in this column indicates that members have reported on their performance during the given reporting period for each (or a selection) of the identified material SD risks and opportunities (i.e. subject matter 4).

Column 8: a ✓ in this column indicates that members have sought independent third party assurance on subject matter 4.

Column 9: the letter in this column indicates a company's self-declared application level of the GRI G3 Guidelines (ranging from A to C, i.e. subject matter 5). The application levels indicate whether the reporting company is a beginner (C), intermediate (B) or advanced (A) reporter. To achieve a GRI application level of A, companies must report against the indicators in either the pilot Mining and Metals Sector Supplement (MMSS) or the final MMSS, produced by GRI to guide reporting in the mining and metals sector. The + in this column indicates that members have sought independent third party assurance on subject matter 5.

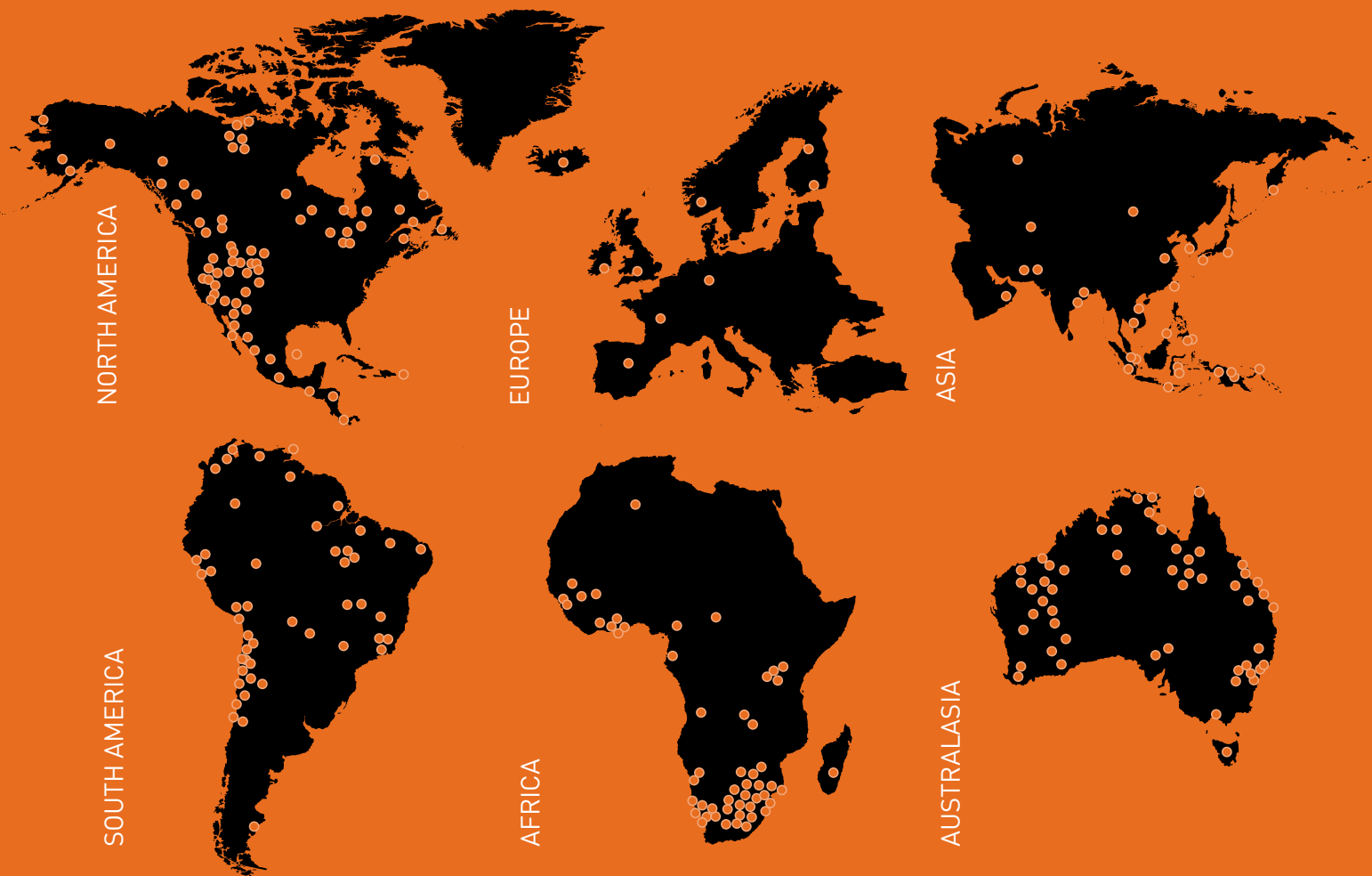
¹The full text of subject matter 1 states that members are expected to report and gain assurance on the alignment between members' policy frameworks on SD issues with ICMM's 10 Principles AND any mandatory requirements set out in ICMM position statements. Guidance for members on implementing the second part of this commitment was first published in January 2011 in Applying the ICMM Assurance Procedure: An Interpretive Guide (available at www.icmm.com/library). The expectation is that ICMM members will ensure policy alignment with existing position statements by the end of the reporting cycle that followed the publication of the guide, subject to materiality considerations. For any new position statements that ICMM members may adopt, the timelines for implementation will be clearly specified at the time of their adoption.

²African Rainbow Minerals, Goldcorp and Minerals and Metals Group (MMG) became ICMM members in the third quarter of 2009, so the full membership requirements do not currently apply.

³MMG's process for identifying material risks and opportunities was not reported.

Associations

Cámara Argentina de Empresarios Mineros (CAEM)	International Lead Association
Cámara Asomíneros Andí – Colombia	International Molybdenum Association (IMOA)
Cámara Minera de México	International Wrought Copper Council
Cámara Minera de Venezuela (CAMIVEN)	International Zinc Association
Chamber of Mines of South Africa	Japan Mining Industry Association
China International Mining Group	Minerals Council of Australia
Cobalt Development Institute	Mining Association of Canada
Consejo Minero de Chile A.G.	Mining Industry Associations of Southern Africa (MIASA)
Eurometaux	National Mining Association (NMA) – USA
Euromines	Nickel Institute
Federation of Indian Mineral Industries	Prospectors and Developers Association of Canada (PDAC)
Indonesian Mining Association	Sociedad Nacional de Minería (SONAMI) – Chile
Instituto Brasileiro de Mineração	Sociedad Nacional de Minería, Petróleo y Energía (SNMPE) – Peru
International Aluminium Institute	World Coal Association
International Copper Association (ICA)	World Gold Council



Member operations

This map is indicative of where our 18 member companies are currently active across the globe. The sites displayed range from pre-feasibility exploration sites through mines under construction to operating or temporarily closed mines, refineries and smelters. The data do not include all exploration and post-closure activities. (Source: Raw Materials Group)

EACH OF ICMM'S WORK PROGRAMS GETS INPUT FROM A SPECIALIST GROUP OF MEMBER REPRESENTATIVES

Program overview

ICMM's work is conducted through a number of work programs that focus on specific areas of interest to the mining and metals community.

Reporting and Assurance

Our members are committed to a set of performance standards consisting of three elements – 10 core principles supported by a commitment to public reporting and independent assurance. The work program helps to build a robust and effective system of reporting and assurance, allowing ICMM members to demonstrate that they are delivering on their sustainable development commitments.

Socio-economic Contribution: Resource Endowment

To ensure that countries benefit from their own resources, ICMM seeks to enhance the social and economic benefit derived from mineral endowments at a local, national and global level. We have worked towards this through our multi-phase research-focused Resource Endowment initiative and the action-oriented Mining: Partnerships for Development program.

Socio-economic Contribution: Community

Our community-oriented activities aim to strengthen the capacity of companies to ensure that communities participate in the potential social, economic and institutional benefits of mining. It covers the inter-related areas of community development, human rights, Indigenous Peoples and artisanal and small-scale mining.

Environment

Care for the environment is an integral aspect of a responsible mining and minerals industry. This means minimizing the impact of mining and metals on the environment, and maximize the positive contributions that operations bring to the landscapes in which they operate. Our goal is to help members improve their environmental performance, focusing on topics such as biodiversity, water management, mine closure and the increasingly significant area of climate change.

Health and Safety

Due to the inherent dangers of the industry, health and safety measures are imperative to ICMM's work. We are committed to improving lives – in the workplace and community – by setting standards in good practice. The work program aims to eliminate workplace fatalities, injuries and disease.

Materials Stewardship

ICMM's materials stewardship program looks at the behaviour and responsibilities of our member companies with respect to mining and metals production and the full life cycle of the materials that result. The program is structured around two key project areas: sustainable consumption and production, and chemicals management for minerals and metals.

Communications

ICMM's work would not be possible without effective two-way communication with our members, partners and other stakeholders. Our communications work program aims to enhance external recognition, build internal awareness and alignment, and support collaboration through consistent and effective dialogue. It facilitates the exchange of information and opinions, and helps translate ideas into actions.



Vale CEO Roger Agnelli in conversation with Sheikh AbdulMalik bin Abdullah bin Ali Al Khalili (Chair, BankMuscat and member of the Vale Columbia Center Advisory Board) and Mr AbdulRazak Ali Issa (Chief Executive, BankMuscat).

2010 highlights

Key: **P** Publication **I** ICMM meeting/workshop **E** External event **N** News



JANUARY

- E** World Economic Forum, Davos

FEBRUARY

- P** Working Together publication (in partnership with IFC and CASM)
- P** Mining: Partnerships for Development Position Statement (launched at Mining Indaba, Cape Town)
- P** Good Practice Guidance on Health Impact Assessment
- E** UN Principles for Responsible Investment/UN Global Compact workshop, Khartoum

MARCH

- I** Biannual members meetings, London
- P** 2009 Annual Review
- P** GRI Mining and Metals Sector Supplement
- E** Inaugural Mining, People and the Environment conference at PDAC convention, Toronto
- E** Ethical corporation conference on social and environmental risks in the extractive industries, London
- E** Asia Mining Congress, Singapore

APRIL

- P** Leadership Matters: Managing Fatal Risk Guidance
- I** Mining: Partnerships for Development regional workshop, Bogotá



Improve culture of safety

MAY

- ① Council meeting, Miami
- ③ Panel session at UNCSD meetings, New York (with Intergovernmental Forum and Oxfam America)
- ④ Good Practice Guidance for Mining and Biodiversity (French version)
- ③ Testimony to Canadian parliamentary committee on Bill C-300, Ottawa (via telephone link)

JUNE

- ④ Human rights publications (Chinese, French, Japanese, Portuguese and Spanish versions)
- ③ World Economic Forum roundtable meeting, Ulan Bator

JULY

- ④ First video in CEO interview series released
- ① Executive Working Group meeting, Vancouver
- ④ Maximizing Value: A Summary (Japanese version)
- ④ Good Practice newsletter with sustainable development theme
- ④ OECD supports metals-specific approach to chemicals management
- ④ Mapping In-Country Partnerships (Spanish version)

2010 highlights

Key: **P** Publication **I** ICMM meeting/workshop **E** External event **N** News



AUGUST

- N** ICMM submission on revised IFC Performance Standards for public comment
- E** Civicus World Assembly, Montreal
- N** Second video in CEO interview series released

SEPTEMBER

- I** Staff workshop on emerging issues
- I** Chemicals management workshop, Tokyo (in partnership with Japan Mining Industry Association)
- E** Argentina Mining conference, San Juan

OCTOBER

- I** Biannual members meetings, London
- I** Member workshop on water initiatives, London
- I** Human rights local grievances workshop, Lima (with nine member companies)
- P** Mining and Biodiversity: A Collection of Case Studies (published to coincide with Convention on Biological Diversity COP 10 meeting in Nagoya)
- N** Anthony Hodge interview on mine safety on BBC World Service
- I** Third Materials Stewardship Roundtable, Washington DC
- E** EITI Board meeting, Dar es Salaam
- N** A-Z Areas of Biodiversity Importance launched by UNEP-WCMC (ICMM is a supporting partner)



NOVEMBER

- 📄 Good Practice newsletter with Indigenous Peoples theme
- 📅 Mine closure workshop, Viña del Mar, Chile (in partnership with Post-Mining Alliance)
- 📅 Exposibram Amazônia, Belém
- 📅 Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, Geneva
- 📅 China Mining Congress, Tianjin
- 📄 Good Practice Guide: Indigenous Peoples and Mining
- 📅 Workshop with IUCN to discuss new opportunities for collaboration
- 📅 World Economic Forum Global Agenda Council meeting, Dubai

DECEMBER

- 📄 ICMM stakeholder survey results released
- 📅 Vale Columbia Center Advisory Board meeting, Oman
- 📅 President visits to member offices and sites, South Africa/Australia/Indonesia/Japan (Oct-Dec)
- 📅 Keystone Center responsible large-scale mining event, Anchorage
- 📅 Ethical Corporation Water and Business Conference, London

Working with members

To bring alignment across all parts of ICMM – both members and secretariat – a common understanding of issues and challenges is essential. To bring such alignment requires honest and sometimes tough debate.

Such dialogue occurs in many different ways and at different levels. A good example of how dialogue translates into productive outcomes is the new climate change working group headed by Xstrata chief executive, Mick Davis.

The importance of climate change was signalled by member CEOs during ICMM's strategic review process and at several meetings in 2009. At the Council meeting in May 2010, the CEOs took the historic decision to form their own working group in order to develop a strategic direction on this issue.

The working group began to construct a road map for moving the issue forward, and this was presented to Council in October. A decision was taken to put more resources to this work and in early 2011, ICMM appointed a new program director, John Drexhage, to lead the initiative. Moving forward we will continue to work and get input from

member companies, before returning to Council in 2011 with a more detailed set of proposals.

Another important development last year was the launch of the Hub, our member extranet. The Hub acts as a linking device for ICMM's network of 400 plus member representatives who serve on over 25 specialist member groups – including the Council of CEOs, task forces that have oversight of our work programs and working groups focusing on issues such as Indigenous Peoples and biodiversity.

As a tool created to promote information flow and knowledge exchange, the Hub helps members fulfil their commitments to ICMM. For example, all member meeting materials are posted on the Hub, as well as member contact details. The result is greater transparency, better dialogue between ICMM and its members and a more collaborative working process.

Elsewhere, ICMM made further progress on the zero harm initiative in 2010. We worked with our members to encourage a workplace culture that implements simple, consistent and non-negotiable health and safety standards. With this in mind, in April

2010 we published *Leadership Matters: Managing Fatal Risk Guidance*. The publication focuses on the actions and behaviours that managers of operations and site leadership teams can use to help eliminate the risk of fatalities.

In July 2010, on behalf of all of our members, we submitted a review of the International Finance Corporation's (IFC) revised Performance Standards and related policies. This included a number of suggested revisions, including, for example, that the importance of fostering collaborative engagement between governments, development agencies and civil society should be stressed more emphatically. ICMM's collective response was well received by IFC.

IN ORDER TO ACHIEVE ITS OBJECTIVES, ICMM MUST UNDERSTAND THE ISSUES AND CHALLENGES ITS MEMBERS FACE



Anglo American's Hugh Elliott speaking at an independent stakeholder dialogue process on the potential development of the Pebble mine in Alaska hosted by the Keystone Center at the University of Alaska Anchorage.



**ICMM CONTINUES TO BUILD STRONG
WORKING RELATIONSHIPS WITH A BROAD
SPECTRUM OF PEOPLE AND ORGANIZATIONS**

Working with others

As part of its goals to represent its members and strengthen engagement capacity, ICMM continues to build strong working relationships with a broad spectrum of people and organizations. These include Indigenous Peoples and their organizations, host communities and governments, organized labour, civil society organizations, the development assistance community, downstream users, teachers and researchers in the academic world.

Through these relationships we are able to make a difference in the mining and metals industry. Each year our activities reflect the diverse nature of the individuals and organizations that we engage with – alongside our members – and the many ways in which we work with them.

Last year was the International Year of Biodiversity, which ICMM marked by partnering with the UNEP World Conservation Monitoring Centre to help create an online information source on biodiversity conservation – www.biodiversityA-Z.org. The website was launched at the Convention on Biological Diversity (COP 10) in Nagoya, Japan, where we also released *Mining and Biodiversity: A Collection of Case Studies – 2010 Edition*, which brings together a series of case studies that reflect our members' progress since the beginning of the IUCN-ICMM dialogue in 2004.

In February 2010, several years of collaborative endeavour culminated in the launch of Mining: Partnerships

for Development at an event hosted by The Honourable Minister Alhaji Collins Dauda, Minister for Land and Natural Resources, Ghana, and Mark Cutifani, CEO of AngloGold Ashanti, at Mining Indaba in Cape Town, South Africa. It builds on ICMM's Resource Endowment initiative – undertaken in collaboration with UNCTAD and the World Bank Group – and is intended to enhance the contribution of mining to development through multi-stakeholder partnerships. ICMM has mapped existing partnerships around the six Mining: Partnerships for Development themes: mining and poverty reduction; mining and revenue management; mining and regional development planning; mining and local content; mining and social investment; and mining and disputes resolution. ICMM also partnered with the Colombian Ministry of Mines and Energy, the Colombian Chamber of Mines, the IFC and the IDB to promote mining partnerships at a workshop in Bogotá in April.

At the Mining, People and the Environment conference held in Toronto in March 2010, ICMM unveiled the updated GRI Mining and Metals Sector Supplement to bring it in line with GRI G3 reporting guidelines. It is the product of long-standing collaboration between ICMM and GRI and now includes issues such as indigenous rights, resettlement, closure planning and materials stewardship.

ICMM also held the third Materials Stewardship Roundtable in the last

quarter of 2010, where our members engaged with external stakeholders, including a major IT equipment manufacturer and a leading footwear supplier. Collectively, we considered the issue of supply chain management, and in particular, the challenge that downstream customers face. We looked at the intersection between ICMM's concept of materials stewardship and responsible supply chain management issues, such as ethical sourcing, and the challenges of introducing greater transparency from mine to market.

And in November, ICMM released its *Good Practice Guide: Indigenous Peoples and Mining* to help members and other mining companies navigate the complexities associated with mining near indigenous communities. It was the product of a consultative process that engaged member companies, involved the oversight of a five-person independent Indigenous Peoples advisory group and solicited views from over 60 indigenous representative organizations or individuals.

Understanding our network of relationships

In the 10 years since its inception, ICMM has created a broad network of relationships, who we have engaged with in many different ways in order to improve the performance of the mining and metals industry across a number of issues.

At the same time, the expectation that industry will continue to extend its engagement has grown. The challenge for ICMM is to ensure that we prioritize and bring focus to our engagement activities, recognizing that there is a limit to the resources at our disposal.

In 2010, we embarked on the development of a more formalized relationships strategy, prioritizing and evaluating the relationships that ICMM already has and hopes to build. Our aim is to leverage the power of the network more effectively to the benefit of our members and others, and to see where we need to direct and focus our relationship-building activities moving forward.

The first step was to map out our stakeholder networks and their multiple connections across each of

our program areas using the AA1000 stakeholder engagement standard to help guide the process. Organizations were split by type (such as industry, NGOs and investors) and engagement level category (see table opposite).

We reviewed the resulting stakeholder maps with our members in July and again, after further development, in October. We now have over 200 organizations identified on the maps, and in 2011 we will analyze the data to identify relationships that are missing or need strengthening and continue our work on prioritization.

In addition, we have identified between three and six priority relationships for each of our work programs, and we will be creating engagement plans for each of these relationships in 2011. The plans will contain more explicit details about what we hope to achieve through these relationships, and how we intend to evaluate their success.

The relationships strategy has several aims: it will increase the level of understanding and knowledge that our members have of who ICMM

engages with; it will enable us and our member companies to better align our interests when dealing with others; and it will allow ICMM and members to identify other organizations that we should be building relationships with.

In addition, transparency extends beyond mapping our complex network of relationships to revealing what ICMM is trying to achieve through these many connections. By doing this, we facilitate closer co-ordination with our members towards our shared goals.

ICMM IS DEVELOPING ITS RELATIONSHIP STRATEGY USING AA1000 STAKEHOLDER ENGAGEMENT STANDARDS



Peter Seligmann, CEO of Conservation International, spoke at the Mining Indaba CSR day organized by ICMM in early 2011. Conservation International works to protect ecosystem health for the benefit of humanity through partnership and dialogue with a range of organizations including ICMM.

AA1000 stakeholder engagement standards

Level of engagement	Aim of engagement	Nature of relationship
Monitor One-way engagement: stakeholder to organization	Monitor stakeholder's views	No relationship
Inform One-way engagement: inform stakeholders	Inform or educate stakeholders	We will keep you informed
Consult Limited two-way engagement: organization asks questions, stakeholder answers	Gain information and feedback to inform decision making	We will keep you informed, listen to your concerns, consider your views, and provide feedback on our decisions and actions
Involve Two-way or multi-way engagement: learning on all sides but stakeholders and organization act independently	Work with stakeholder to ensure their ideas and concerns are considered in decision making	We will work with you to ensure your concerns are understood and to develop ideas and proposals; we will provide feedback on decisions
Collaborate Two-way or multi-way engagement: joint learning, decision making and actions	Partner with stakeholders to develop joint decisions and action plans	We will work together to find and develop solutions to shared challenges

ICMM'S OPINION SURVEY IS ONE WAY THAT WE HEAR OTHERS' CONCERNS AND ASSESS OUR PERFORMANCE ON A RANGE OF ISSUES

Listening to stakeholders

To be effective, ICMM must conduct its work with the collaboration and co-operation of its stakeholders. We want these relationships to be founded on mutual trust and respect, built on an open and honest exchange of ideas. It is only through listening that we can understand and be influenced by the views of others.

An important step in this process is our stakeholder survey, which we commission at regular intervals – previous surveys were carried out in 2004 and 2007. Through the survey, we canvass stakeholder opinions on a range of issues, including the impact of our work.

As in the previous studies, the 2010 survey was conducted by GlobeScan on our behalf. There were 847 respondents across 81 countries drawn from the private sector, public sector, institutions, academia, non-governmental organizations and the media.

Many of the findings were encouraging. There was a broad consensus of opinion across all groups, both in terms of industry

priorities and ICMM's positive role in helping to facilitate improved performance in the mining and metals industry.

One strong message from the survey was the increased legitimacy and weight that ICMM carries with its stakeholders. A high proportion – 92% – of survey respondents believed that ICMM is helping to raise industry standards, and that our contribution to raising industry standards in terms of performance on environmental, social, and health and safety issues has increased significantly over the last five years.

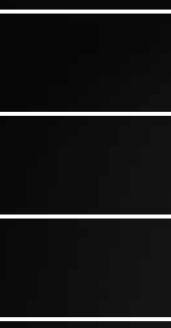
There is also a widely held view that ICMM member companies are managing the transition to sustainable development significantly better than non-member companies.

Additionally, the survey also canvassed opinions on the priorities for all stakeholders – including mining companies – in the mining and metals community, both recently and in the future. In recent years, sustainability and CSR issues, and then rising costs, were the two issues


perceived as most commonly affecting companies in the industry. Moving forward, environmental concerns, social and community concerns, governance and regulations, and water usage were top of the agenda.

Despite the growing awareness and support for ICMM and its work in helping to improve performance on sustainable development among its members, and in the wider mining and metals industry, ICMM cannot afford to be complacent. The survey also highlighted a number of areas of concern. These included a need to continue to focus greater efforts on governance and transparency issues, and on addressing social and community needs.

We will use the findings of the 2010 survey, building on the data we collected in the 2004 and 2007 studies, to enhance staff and member understanding of stakeholder concerns and perspectives. We will draw on this as we continue to refine our evolving work plan.



Gemma Lee joined ICMM in April 2009 and works on a range of projects across ICMM such as our relationships strategy. Prior to joining ICMM, Gemma completed an internship at ISEAL (International Social and Environmental Accreditation and Labelling) Alliance.



John Atherton has been with ICMM since 2002 and leads our materials stewardship work program. His knowledge of supply chain initiatives in downstream sectors is key to developing our understanding of emerging issues.

**ONE OF OUR GOALS IS TO ANTICIPATE
CHANGE SO MEMBERS CAN PROACTIVELY
ADDRESS EMERGING ISSUES**

Emerging issues

ICMM's vision is one of leading companies working together and with others to strengthen the contribution of mining, minerals and metals to sustainable development. In order to make progress towards this vision, we need to anticipate changing conditions around us.

This task is a primary responsibility for ICMM and it explicitly addresses our third (of seven) organizational goals – to “anticipate change”.

What are the societal expectations for the industry? What are the environmental and social challenges? In what ways are societal changes impacting the sector and vice versa?

In the past, ICMM has discussed emerging issues in an informal way. In the second half of 2010, however, we decided to formalize the process in attempt to capture multiple perspectives more thoroughly.

Through a series of workshops, member surveys and webinars in the last quarter of 2010, we used the expertise of staff and members to review a number of research reports, including a scenarios analysis carried out internally in 2009, our own stakeholder survey, industry trends analysis from Oxford Analytica, a SigWatch report on NGO activity

relating to mining and metals around the world and a qualitative analysis of mining and sustainable development stories in the international media by Mediatrack.

Based on this work, we identified a list of priority issues with an understanding of those that are currently addressed adequately and those where we need to deepen our engagement. In all there are 15 issues where members feel that ICMM should engage more, including water, climate change, community consent and material supply chains.

This reflects raised societal expectations that industry must do more, but we cannot focus on all these issues and the need to prioritize is critical. Moving into 2011, we will work with members to decide how best to respond to these issues as we develop our future work program.

Financial statement

A breakdown of 2010 operational income and expenditure and 2011 forecast income and expenditure is shown below. The figures are broken down in the way illustrated to provide a transparent overview on the source of our income, and how we spend that money to achieve the outcomes described throughout this review. Company fees are split proportionately between the 18 member companies with 25% based on sales revenue and 75% based on operating profit. Minimum and maximum fee levels are set to balance the range of fees applied and ensure that no one company contributes more than 12% of total revenues.

	2010 US\$m	2011 forecast* US\$m
Company member fees	7.52	8.30
Association member fees	0.14	0.12
Unspent income (prior year)	1.07	0.75
Interest received	0.00	0.01
Total revenue	8.73	9.18

Work program expenditure

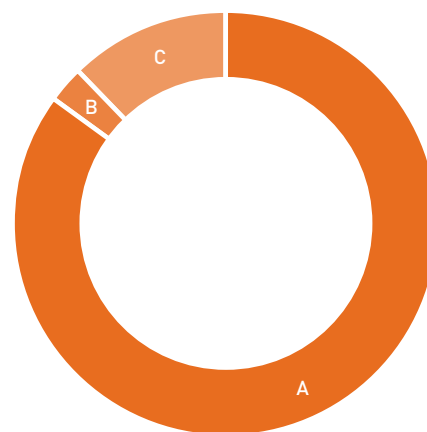
Reporting and Assurance	0.64	0.10
Socio-economic Contribution: Resource Endowment	0.31	0.45
Socio-economic Contribution: Community	0.31	0.34
Environment	0.45	0.58
Health and Safety	0.13	0.36
Materials Stewardship	0.57	0.41
Communications	0.52	0.38
President's Office	0.32	0.96
Salaries and benefits (work program expenditure)	2.46	2.78
Sub-total	5.71	6.36

Secretariat expenditure

Operating costs and overheads	1.52	1.92
Salaries and benefits (administration and support)	0.60	0.90
Sub-total	2.12	2.82
Total expenditure	7.83	9.18
Balance (carried forward to 2011 US\$0.75m; added to reserve US\$0.15m)	0.90	0.00

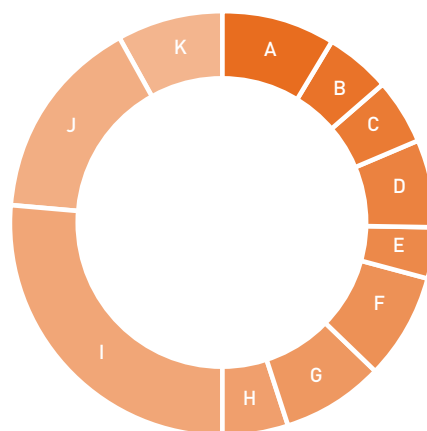
* 2011 forecast includes 2010 carry forward and 2011 budget

2010 income



- A Company member fees (86%)
- B Association member fees (2%)
- C Unspent 2009 (12%)

2010 expenditure



- A Reporting and assurance (8%)
- B Socio-economic Contribution: Resource Endowment (4%)
- C Socio-economic Contribution: Community (4%)
- D Environment (6%)
- E Health and Safety (2%)
- F Materials Stewardship (7%)
- G Communications (7%)
- H President's Office (4%)
- I Salaries and benefits (work program expenditure) (31%)
- J Operating costs and overheads (19%)
- K Salaries and benefits (administration and support) (8%)

ICMM Secretariat

Anthony Hodge, President

Sarah Stern, Executive Assistant

John Atherton, Director, Materials Stewardship

Aidan Davy, Director, Community/Reporting and Assurance

John Drexhage, Director, Climate Change

Anne-Marie Fleury, Director, Environment

Andrew Mackenzie, Director, Health and Safety

Kathryn McPhail, Director, Resource Endowment

Ben Peachey, Director, Communications

Duncan Robertson, Director, Administration and Operations

Helen Atkinson, Manager, Finance

Ben Davies, Manager, Materials Stewardship

Fernanda Diez, Senior Program Officer

Casilda Malagon, Senior Program Officer

Hanna Hindstrom, Program Officer

Mark Holmes, Program Officer

Gemma Lee, Program Officer

Claire White, Program Officer

Kayley Gafur, Administrative Support Officer

Rheanna Hazeldine, Administrative Support Officer

Notes:

i) ICMM operates its accounts in UK£ – figures have been converted using an exchange rate of US\$1.56 as of 31 December 2010.

ii) The 2010 figures are based on unaudited accounts – audited figures are reviewed by ICMM's Council in May of each year and can be obtained from ICMM on request.

iii) Association members pay a flat membership fee of \$US4,680.

iv) The discrepancy between prior year unspent income of US\$1.07m and the figure reported in the 2009 Annual Review (US\$1.1m) is due to the change in exchange rates from \$US1.6 in 2009 to \$US1.56 in 2010.

v) Expenditure on salaries and benefits has been distributed between work program and secretariat expenditure proportionately in line with the job responsibilities of each ICMM staff member.

vi) The year on year discrepancy in work program expenditure for Reporting and Assurance and the President's Office is due to the transfer of a budget line item from the former to the latter.



Credits

Design Westgatecomms.com
and The Communication Solution Ltd

Writing Steve Coomber

Printing Hardings Print Solutions

Produced by the Business Communication
Forum (www.thebcf.com)

This review is printed on Edixion Challenger
Offset manufactured by UPM Kymmene
from ECF (Elemental Chlorine-Free) pulp.
The pulp is sourced from sustainable
producers based mainly in Finland

Online copies of this review can be
downloaded from www.icmm.com

Photography descriptions

Page 3 *(left to right)* Participants at the Vale Columbia Center on Sustainable International Investment Advisory Board meeting held in Oman in December 2010 (Herbert Fernandes); Community engagement at Yanacocha, Peru (Newmont).

Page 9 PT Freeport Indonesia supports comprehensive programs to address HIV/AIDS in the communities surrounding its operations (Freeport-McMoRan).

Pages 14–15 *(clockwise from top left)* Looking for work opportunities, Democratic Republic of the Congo, 2008 (Karen Hayes, PACT Inc.); Young workers, Ghana, 2009 (Karen Hayes, PACT Inc.); ICMM staff member Casilda Malagon (Westgate); Fish farming project in Obuasi, Ghana (AngloGold Ashanti); Surveyor Nigel Atkinson and trainee surveyor Shannon Coppard review plans at Capcoal in Australia (Anglo American); ICMM staff member Claire White (Westgate); ICMM's video interview series with CEOs was launched in July 2010 and is available to view at www.icmm.com (ICMM); Peer educators at Rustenberg platinum mine, South Africa, providing HIV/AIDS awareness training (Anglo American); AngloGold Ashanti's physiotherapy centre in West Wits, South Africa (AngloGold Ashanti).

Pages 16–17 *(clockwise from top left)* Participants at the Vale Columbia Center on Sustainable International Investment Advisory Board meeting held in Oman in December 2010 (Herbert Fernandes); In South Africa, the eMalahleni water-reclamation plant assists in addressing the water demands of the fast-growing eMalahleni area (Anglo American); Taken from Goldcorp's Annual Report 2009 (Goldcorp); Lonmin has provided science equipment to seven schools in the Greater Lonmin Community (Lonmin); Anglo Peru has initiated a series of community-engagement workshops with the people living close to the site of the Michiquillay copper project in northern Peru (Anglo American); Dirk van Zyl speaking at an independent stakeholder dialogue process on the potential development of the Pebble mine in Alaska hosted by the Keystone Center at the University of Alaska Anchorage (Calvin Hall); Community members in Tanzania (Barrick); Participants at the Vale Columbia Center on Sustainable International Investment Advisory Board meeting held in Oman in December 2010 (Herbert Fernandes); Nelson Cumedede and Alfred Keepile at the Western Platinum salvage yard recycling waste metal (Lonmin); ICMM staff member Fernanda Diez. (Westgate).

Page 20 Dogon men sitting in the shade of the men's house or "toguna" wearing indigo dyed clothing, Tirelli, Mali (Arctic photo).

Page 29 In Pakistan, a BHP Billiton program provides a sustainable supply of drinking water for local communities (BHP Billiton).

Page 31 *(opposite)* The partnership with the Graham (Polly) Farmer Foundation is one of a number of BHP Billiton's educational enrichment programs to enhance relationships and influence the wellbeing of Indigenous People in the Pilbara region of Western Australia (BHP Billiton).



www.icmm.com

ICMM
35/38 Portman Square
London W1H 6LR
United Kingdom

Telephone: +44 (0) 20 7467 5070
Fax: +44 (0) 20 7467 5071
Email: info@icmm.com