

## Mining for climate solutions

2 June 2011

**John Drexhage** argues that the mining and metals sector has plenty to contribute to the transition to a low-carbon economy

In the February edition of *Environmental Finance*, [it was reported](#) that I had recently “crossed the aisle” to take up a new position as director of climate change at the International Council on Mining and Metals (ICMM) – a CEO-led body mandated to improve sustainability performance in the sector.

Indeed, this position steers my career in a new direction as I end a 10-year term as head of the climate change and energy programme at the International Institute for Sustainable Development (IISD). However, it is both misleading and unhelpful to frame the debate around climate change as one between opposing sides. My appointment to ICMM signals the willingness of the mining and metals industry to engage proactively and productively in this space. It is imperative that we don't get distracted from the work ahead.

ICMM's 20 member companies are major consumers and producers of energy, which means they have direct equity in the global policy debate around climate change. The industry together produces approximately 2% of energy-related global greenhouse gas emissions, roughly equivalent to the contribution of Canada. The industry also has much to offer in terms of market insight and technical expertise. It is within this context that ICMM is seeking to position itself as a positive force in the global transition to a low-carbon economy.

In November 2009, ICMM released a [Policy on climate change](#), which outlined its members' commitment to work together in a global effort to reduce carbon emissions. It signalled a clear recognition that this issue is not only of vital importance but that the mining and metals industry can contribute in a meaningful way.

The international climate change situation has continued to evolve. It is now clear that a legally binding global agreement – covering all major economies' emissions – is a distant prospect. A consistent and stable global regime, however, remains an important long-term goal and ICMM's current work is intended to contribute to that end.

For now, the world will see more of a 'patchwork regime' emerge, with all major economies and even states and provinces within countries not only continuing to develop individual targets and actions but likely to go so far as to develop individual regimes for reporting, monitoring and verification – particularly when it comes to accounting for international carbon offsets and land-use activities. The result is likely to be a complex regulatory environment for everyone, especially multinational groups with cross-border activities, such as mining and metals companies.



**John Drexhage: Building bridges, not crossing aisles**

***ICMM and its members are keen to participate in the policy design process, while opening the door to ways through which companies can make a substantive and positive contribution to the development of effective national programmes***

Since then, a CEO-led working group within ICMM has focused on identifying a set of principles for application in the design of national policies to address climate change. In our view, such a principles-based approach is critical in the absence of any strong, binding international regime. ICMM member companies, representing many of the world's largest mining and metals companies, have also recently agreed to a set of internal corporate commitments.

Finally, the CEOs agreed on three areas where ICMM's new climate change programme would focus:

- Input into the design and implementation of national climate policies, including those addressing competitiveness issues;
- Land use and adaptation; and
- Issues related to monitoring, reporting and verification.

Together, these principles, commitments and areas of focus will serve as the foundation for ICMM's work on climate change over the next few years.



**Digging for climate solutions? (Photo credit: Rio Tinto)**

In addition, while recognising that the consumer will ultimately bear the cost and benefits of actions to reduce greenhouse gas emissions, ICMM and its members acknowledge and accept that such policies and measures will mainly continue to focus on where those emissions are directly produced.

To the extent that governments commit themselves towards developing regulations on greenhouse gas emissions, ICMM's approach to the debate is aimed at contributing to a measured transition to a low-carbon economy.

It is an approach that helps both 'exposed' populations and industries in this transition, and encourages the development and use of low-carbon technology. In short, it is a pragmatic approach aimed at achieving intended results while minimising the potentially damaging and unintended consequences of climate change-related decision-making.

ICMM's principles for climate change policy design are intended to provide a useful framework and/or set of criteria in helping governments determine what national measures make the best sense from where they are sitting. In other words, the design of national policies will vary from country to country and even within countries. ICMM and its members are keen to participate in the policy design process, while opening the door to ways through which companies can make a substantive and positive contribution to the development of effective national programmes.

At the end of the day, effective climate policy can only be implemented in partnership: not only with governments, but just as critically with the full range of stakeholders, including the research, environmental, business, investment and indigenous communities. Only by working together and expunging the 'us versus them' frame of reference can there be any hope of success. Rather than crossing the aisle, I am seeking to make a small contribution towards building bridges between all the key actors in the often