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Third Party Certification as an Emerging Form of Regulation in the Minerals Industry

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Messages of the talk:

Third party certification is part of a new form of global regulation. The minerals industry is seeking third party certification as a means of assessing its performance against a range of sustainability indicators. It is possible – from a sociological perspective – to understand the emergence of third party certification as relating to:

- the growing presence of an 'audit culture'
- increasing demands for industry to report against SD criteria
- the problems of 'risk' and 'trust'

Third party certification seems to be the latest form of regulation in the minerals industry. The question is: will it deliver SD outcomes?



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Worldwide tendencies:

Global 'experiments' in participative or deliberative governance

Focus on the regions – especially for sustainable development

Blurring of boundaries between public and private

Reinvention of government through multi-level partnerships?



Panning for diamonds
In Sierra Leone



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Issues and questions for the mining industry

What is the meaning of ‘sustainability’ for the mining industry?

If sustainability is to be pursued, how might it be governed?

Regulation by the state

Self regulation

Third party certification schemes

This paper will focus on third party certification schemes as a new form of regulation of social/env performance in mining

Explaining the development of third party certification

The emergence of the ‘audit culture’

more than simply complying with standards
a culture of control
assists firms to manage risks
forces affiliated firms to alter behaviour

Explaining the development of third party certification

the audit becomes a tool for supporting claims
of corporate social responsibility

for mining industries - important in the building of trust

conforms to wider ideals of neo-liberal governance

Third party certification – an organisation is certified against an externally developed set of recognised standards (often described as ‘principles’, ‘criteria’ or ‘codes of practice’)

Third party assurance/verification – an organisation is assessed against what it says it is doing

Mining companies and voluntary initiatives

challenges

building public trust 'reputation'

obtaining a 'social license to operate'

assurances of independent auditing are crucial to both

third party auditing gives credibility to voluntary initiatives
by the mining companies

Third party certification in the minerals industry

The Kimberley Process Certification Scheme
(the Kimberley Process)

International Cyanide Management Code for the Manufacture,
Transport and Use of Cyanide in the Production of Gold
(Cyanide Code)

Third party certification in the minerals industry

Centre for Responsible Jewellery Practices' Code of Practice
(CRJP Code)

Green Lead

Third party certification in the minerals industry

Other schemes

ISO 14001

SA 8000

OHS 18001

Certification against these schemes by an accredited third party auditor is available, but is not compulsory

Third party assurance/verification

Broad-based Socio-Economic Empowerment Charter for the
South African Mining Industry

Towards Sustainable Mining

Extractive Industries Transparency Initiative

International Council for Mining and Metals Principles for
Sustainable Development

The Global Reporting Initiative

The Initiative for Responsible Mining Assurance

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Auditing of SD in Company Reports



Audit overload?

‘But then you’ve got the issue with overlaps and the last thing you need is so many of these different audits that all you spend...all businesses spend their time doing is looking at the results of audits and being audited and never actually doing anything! And there’s a real risk of that. So it needs to be kept in proportion.

(Mining Executive)

Sustainable development indicators and third party certification

Challenge: to set the performance indicators at the 'right' level

Must reflect stakeholder expectations

The future of third party certification

Credibility and trust

Overcoming criticisms

Opportunities for schemes to address ‘governance gaps’

Conclusion

There remain ‘governance gaps’ – esp. with regard to SD

Third party certification schemes are being offered up (in the absence of state-based regulation) as the way forward for global regulation of environmental and social issues

Third party schemes are viewed by the mining industry as a way of addressing public disquiet and distrust

Challenges include: ensuring there is objectivity and independence
ensuring credibility
achieving genuine SD

The state may increase its intervention if third party auditing fails to achieve target outcomes



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