

# **IUCN – Rio Tinto Facilitated Workshop Summary**

## **Rio Tinto Headquarters**

**London – 3 & 4 November, 2009**

### **Introduction**

IUCN and Rio Tinto have been engaged in formal relationship discussions for more than two full years. Following a very positive meeting between Rio Tinto's Chief Executive Officer and IUCN's Director General at the World Conservation Congress in Barcelona in 2008 and a preliminary set of exploratory site visits by an IUCN Business & Biodiversity Programme Officer in late 2008, both sides agreed that a more comprehensive and inclusive set of site visits should be undertaken by IUCN, coordinated by Rio Tinto. Thus, in 2009, four site visits were scheduled: Kennecott Copper Mine (Salt Lake City, Utah, USA); Dunkerque Aluminium Smelter (Dunkerque, France); Rio Tinto Coal Australia (Hunter Valley, Australia); and Richards Bay Minerals (Richards Bay, South Africa). A variety of IUCN staff, including councillors, the Deputy Director General, Thematic Group Directors, and Regional Directors were invited and attended these site visits across the globe. This document summarizes the final workshop which took place in London during early November, 2009. This facilitated workshop was intended to bring together as many of the site visit participants as practicable, discuss what was seen and heard during the visits, have a discussion, of both IUCN and Rio Tinto staff, of the potential for a formal relationship agreement, and, if there was general agreement, discuss a potential plan of work.

This summary is intended to serve as an overall glimpse at the major points of discussion that the workshop participants engaged in over the two days of this workshop. This will include: risks and opportunities of a formal relationship agreement; potential streams of work; details of potential projects; estimated timelines and budgets for potential projects; general advice for those who may manage such a formal relationship; and overall conclusions of the workshop.

### **Risks & Opportunities/Key Issues & Challenges**

#### **Opportunities/Key Issues**

- 1) How to manage land in the face of climate change
- 2) Climate change and restoration/adaptation
- 3) Clarify business case for biodiversity and climate change/establish boundaries
- 4) Getting the balance right – tactical versus strategic, global versus local
- 5) Learning how to bridge global views with local practical operations

- 6) Linking local conservation actions to wider priorities and impacts (e.g., supply chain, migratory species) - utilizing communications and stakeholder engagement
- 7) Communication from local to regional/global – understanding trade-offs, measuring trade-offs, and transparency
- 8) Selling the relationship to IUCN membership, skeptics, and middle managers
- 9) Reconciling different agendas of key stakeholders for each party
- 10) Managing the IUCN constituency perspective, in terms of partnering with the mining sector
- 11) 2010 Year of Biodiversity
- 12) Improve communication with stakeholders at all levels
- 13) Perception of exclusivity and how to engage Rio Tinto's competitors
- 14) Initiatives at a level where people live and work
- 15) Community engagement models
- 16) Reputational gain in case of success
- 17) Global reach of both organizations is enhanced
- 18) Enhances Rio Tinto's credibility regarding its environmental commitment
- 19) Discover how important environmental aspects are to corporate strategy
- 20) Learn how to influence cultures in the way we work ("greenthink")
- 21) Zones of accountability and negotiating different terms of responsibilities
- 22) Pulling out the value that the different cultures bring to the relationship
- 23) Building common language and understanding

### **Risks/Challenges**

- 1) Unreachable agreeable
- 2) Lack of IUCN capacity to deliver
- 3) Low priority given to biodiversity by some Rio Tinto operational managers
- 4) Rio Tinto gets involved with a joint venture in a World Heritage site
- 5) Conflict with casualties over mining
- 6) Getting stuck at a high, abstract level
- 7) Sites where Rio Tinto has little to no operational control
- 8) IUCN reputation damaged by the engagement
- 9) Gap between "rhetoric and reality" (policy and practice) in Rio Tinto and IUCN
- 10) Clear vision and objectives
- 11) Rio Tinto projects found to consistently not comply with Rio Tinto standards and procedures and ineffective efforts to address this
- 12) Too global
- 13) Different expectations at the local versus global level, both in Rio Tinto and IUCN
- 14) IUCN member organizations objections to partnership
- 15) Non compliance to opinion
- 16) The outcomes of the partnership will not be sufficient to justify the partnership in the eyes of IUCN members

- 17) Reputational risk in case of failure
- 18) Potential to be seen as “greenwash”
- 19) Difficult to find the basis for a partnership which adds sufficient value
- 20) Organizational structures and dynamics are different
- 21) Rio Tinto and IUCN have different missions

### **Potential Streams of Work**

- 1) Net Positive Impact – tactical and strategic; should include: work on how to drive through the mining sector; verification; and implementation. Then should be taken strategic and communicated as best practice (even outside of the mining sector).
- 2) Capitalising on Emerging Markets – should include: methodology – accounting, assessment, and ecosystem valuation; and strategic – positioning within government and national case studies to develop ecosystem services markets.
- 3) Standards and Best Practices – should include: industry-wide change on biodiversity; mainstreaming NPI within Rio Tinto, within the mining sector, and within society; restoration/rehabilitation models to be used in other areas/sectors; recycling or substitute, utilize IUCN’s greenside of climate change and local knowledge and Rio Tinto’s global standards and business thinking and approach; apply the same standards to Rio Tinto and their suppliers; and raise standards/best practices for the mining sector.
- 4) High-level leverage – should include: key events and processes to target change and integrate behaviour (e.g., Convention of Biological Diversity, Nagoya); and look at ecosystem services piece – to generate markets, influence governments, etc.
- 5) Strategic Steering Committee – should include work to: engage and get buy-in; test ideas; flesh-out ideas; concept development for the relationship and beyond; and look for step-change opportunities.

### **Details of Potential Projects**

- 1) Net Positive Impact – The initial discussion included the following points thought by participants to be important in any NPI work with Rio Tinto: technical measurements, cultural acceptance, and political hurdles are clear objectives; accounting and verification is vital; change in land ownership versus long-term NPI conservation; making NPI work and connecting it to the goals of each organization; and linking biodiversity, water, climate, and social approaches to an overall “NPI”. There followed a discussion of what meeting participants thought, within NPI, would be SMART (Specific, Measurable, Achievable, Realistic, and Time-limited) expectations for a formal relationship: a common understanding of NPI and a clear business case for NPI within Rio Tinto; action plans for NPI in place for Rio Tinto sites that have “high” or “very high” biodiversity

values by 2013; testing and confirming (a) NPI definition and metrics,(b) processes for determining social and economic impact/indicators, (c) ecosystem service-related indicators (water, climate, etc.), (d) cross-site comparability, and (e) adaptive management approach to NPI; determine how to have success recognized and verified, including who, site by site; other companies and governments adopt NPI by 2020; for Nagoya, NPI framework with results; a framework for benefit-sharing incorporated into NPI; recognize that biodiversity is not interchangeable nor tradable – consequently, biodiversity offsetting starts locally as close as possible to the loss – but also can up the ante, to greater biodiversity gain, through offsetting; and a further discussion is required on the extent to which offsetting can be off-site – need to focus on local and equivalence, go up not down, and consider off-site after local (e.g., migratory species sites). Finally, an exercise was undertaken to describe the current situation, the desired state to strive for, and next steps as follows: the current situation is that NPI is globally starting to gain increased interest as a concept, although it still lacks credibility, externally; NPI is fully endorsed within Rio Tinto, with a framework established and continuing to evolve, uptake and implementation is on the rise, verification and reporting is in an embryonic stage, and there is cautious optimism regarding NPI metrics; the state that is desired includes reaching consensus metrics/measures, the mining sector adopts NPI as a concept, NPI becomes credible, robust, and verifiable, there is awareness and acceptance of the NPI concept by the general public, and NPI is successfully designed, implemented, verified, and reported; the next steps, theoretically could involve the following – Rio Tinto will continue to drive the implementation of NPI continuously, with milestones being set by Rio Tinto group; Rio Tinto and IUCN develop draft NPI verification and reporting tools by 2010; IUCN and Rio Tinto implement a verification program starting in 2011; IUCN and Rio Tinto develop a strategy to engage the broader sector beginning in 2011; Rio Tinto and IUCN pilot the verification and reporting tools in Q3/Q4 of 2010; and IUCN and Rio Tinto engage with the broader mining sector in 2012 and beyond. It was estimated that this work would take approximately 250,000 Euros and three years to complete.

- 2) Capitalising on Emerging Markets – The workshop participants first engaged in a general discussion of economic issues, highlighting: the land stewardship opportunities presented by Rio Tinto’s land holdings, including protective measures and linkages to Protected Areas; the need to understand the economics of biodiversity in order to effectively input into the private sector; pricing, in terms of both internal and external costs; Payments for Ecosystem Services/offsets/community-based natural resource management; carbon credits for forest restoration as a part of NPI; and identify ecosystem services market opportunities at Rio Tinto sites. During the discussion of SMART expectations for a relationship, the following was noted: valuing biodiversity in the context of NPI, to be applied at selected high-biodiversity value Rio Tinto sites by 2013, including (a) develop/refine and apply methods that include stakeholder engagement and platforms for

negotiated outcomes, (b) capacity-building and links to external networks of environmental economists, and (c) best-practice guidelines for valuing biodiversity are accepted/adopted by the mining industry by 2020; realizing ecosystem values through market mechanisms in a region/country where Rio Tinto operates and the government is receptive (perhaps starting with carbon); REDD is used as an economic tool to offset Rio Tinto's carbon footprint and to conserve biodiversity; the economic value of ecosystem-based adaptation is demonstrated through NPI; examine how to build effective and equitable distribution mechanisms for REDD financing, relevant to a Rio Tinto site, by 2013; and assess how to change views of water and ecosystem services being "externalities" to being seen as integral to project decisions and life cycle. During the discussions of this topic, the group first added to the title, making it Capitalising on Emerging Markets for Ecosystem Services. In their description of the state of the current situation, the following was noted: few countries are ready for REDD; both Rio Tinto and IUCN are involved in the World Economic Forum's Carbon Finance Initiative; there is mutual interest, however limited field-based experience of land-based carbon deals; there is strong government interest in REDD+; there is limited practical knowledge of equity impacts of benefit-distribution in ecosystem services markets; and there is good IUCN experience of valuing ecosystem services, however limited application in the business world. The participants thought that the state to strive for included: Rio Tinto and IUCN collaboration informs policy and institutional reforms in at least one country; the Rio Tinto – IUCN collaboration stimulates wider private sector engagement in REDD readiness (and other ecosystem services finance/market initiatives); there is a better understanding (and realization) of low-cost (greenhouse gas) abatement options through land-use/REDD/offsets; there are field-tested models of equitable and efficient benefit-distribution mechanisms; and there is effective use of ecosystem services valuation tools for Rio Tinto/business decisions (building on TEEB). In defining next steps, the participants identified the following: the Rio Tinto Climate Change team joins the Tropical Forest Dialogue immediately; the Rio Tinto rehabilitation experts contribute case studies to the Forest Landscape Restoration learning network as soon as possible; a joint team of IUCN (from the Economics, Forests, and Water Programmes and regional representation) and Rio Tinto (from Water, Biodiversity, and Climate Change groups) perform a gap analysis and map, communicate, raise awareness, and build support of IUCN and Rio Tinto experience and opportunities for ecosystem services valuation and markets by April 2010; IUCN and Rio Tinto staff (exact personnel depends on the ecosystem service(s) to be used and the location) pilot project(s) at Rio Tinto sites (e.g., payment for ecosystem services for water, REDD, etc.), starting with a feasibility study by the end of 2010 and pilot projects initiated in 2011; IUCN Economics Programme, IUCN Commissions, and Rio Tinto field site personnel carry out case studies of ecosystem services valuation at Rio Tinto sites (i.e., not just of REDD, also rehabilitation, water, biodiversity, etc.), including capacity-building by both Rio Tinto and IUCN, all of

which is estimated to take 3-6 months for desk studies and 1-2 years for field studies. The workshop participants estimated that this work would cost approximately 1,600,000 Euros between 2010 and 2013.

- 3) Standards and Best Practices – The participants were asked to have a discussion about what would be SMART expectations from a relationship, within the subject area of standards and best practices, with the following ideas put forward: an agreed approach, including consultation, communication, and engagement; a code of ethics for the relationship; an independent peer review, analysis, and evaluation of gold and diamonds by 2013 (i.e., the Responsible Jewellery Council); Rio Tinto becomes the benchmark for environmental stewardship; there is a carbon footprint reduction which starts with corporate activities and moves to industry-wide through research and development; best practices and standards are developed, agreed to, and audited; IUCN adopts group-wide, performance-based standards and verification based on Rio Tinto experience by 2012, including Health & Safety, starting with the Secretariat and cascading down from there; develop a standard and certification process for NPI for the mining industry; feed into the International Finance Corporation Standard for Biodiversity; develop standards for Payment for Ecosystem Services and Reducing Emissions from Deforestation and Degradation; develop procurement standards; leverage value chains to drive implementation of existing standards and best practices; and establish a commodity certification standards “index”. This group did not produce a current state of knowledge, desired state of knowledge, next steps, nor budget estimation.
- 4) High-level leverage – The initial discussion included the following points thought by participants to be important in leveraging the combined power of IUCN and Rio Tinto: long-term commitments, from both parties, to finding solutions; facilitate interactions with governments and other stakeholders; both parties need to work with government in various fora (e.g., roundtable opportunities); work together to influence local and international policies; and the necessity of both sides working towards a “quantum shift” in approach (however, it was pondered how we would get to such a shift!). During the participants discussion of what would be considered SMART expectations for the two parties, in terms of high-level leverage, the following points were raised: on the national or state policy level – joint advocacy with national/state mining and other policy makers to ensure that biodiversity and climate change policy priorities/commitments are recognized and respected; multi-party negotiation process (IUCN, Rio Tinto, government, communities) is begun to discuss access and benefit sharing (including biodiversity, water, land use, social issues, livelihoods) which lead to policy changes/implementation that influences/frames other mining operations and then 1-2 countries (Africa/Asia) work through the process, learn, and share from their experiences; consider pilot projects as leaders (e.g., Madagascar); NPI relationship to national policy/law in key sectors (e.g., mining, agriculture, forests) are reviewed in 1-2 countries

by 2013 (and are linked to IUCN's Livelihoods & Landscape Initiative, Water & Nature Initiative, BBOP, the EU, etc.); national procurement policies and procedures for metals reflect life-cycle impacts for 1-2 governments; national procurement policies and procedures for metals reflect life-cycle impacts for 1-2 large Rio Tinto customers; and review IUCN experience with community-based land-use planning and management as input to long-term success of NPI; in terms of global policy leverage, the ideas included – post 2010 Convention on Biological Diversity commitments should include NPI; the relevance of ecosystem valuation, as it relates to markets and business, is included in the CBD; and have the environment systematically included as a value by governments (i.e., recognized and valued). The current situation in the high level leverage arena was described as follows: IUCN and Rio Tinto open different doors in governments; the desired state should be: IUCN and Rio Tinto combined influence should be used to lever new progress and agreements at the highest level and use their combined influence to influence ICMM in regards to biodiversity issues; it was suggested that this desired state could be achieved through a variety of venues including roundtables, global instruments, pilot projects (e.g., Madagascar), national procurement policies, NPI pilot projects prior to 2013, the Nagoya CBD meeting, the Intergovernmental Panel on Biodiversity and Ecosystem Services, and ecosystem service accounting. Lastly, the next steps included: Rio Tinto and IUCN should identify a likely country or state candidate as a pilot project by 2010; IUCN should identify, by the first quarter of 2010, opportunities for joint activity at the Nagoya CBD; and a joint Rio Tinto – IUCN working group should identify appropriate countries and establish a process to review the application of NPI by 2012. It was estimated that this stream of work could eventually cost approximately 780,000 Euros.

- 5) Strategic Visioning – The first thing this group of participants did was to change the name from Strategic Steering Committee to Strategic Visioning. The ideas that came out of this discussion included: value proposition; IUCN needs to keep its eye on the horizon, in other words, is the relationship making the kind of difference we want; needs to help steer the relationship in the right direction (i.e., envisioning a different (better/more sustainable) mining world; and, at the same time, Rio Tinto needs to continuously scan what are emerging risks and how to deal with those risks in order to maintain a competitive advantage. The participants described their understanding of this work stream as: a think tank or incubator; intended to generate “white/concept papers”; build work groups, which are short-lived, to develop “green papers” (i.e., more detailed proposals of the white papers); and there should be four ways for ideas to emerge from the relationship – from the Steering Committee, from within the think tank, from operations, and from the Council/Board of Directors. What the participants think this should become is: a long term structure in the relationship that (a) monitors and assess progress, (b) is appropriately resources (i.e., people, finances, etc.), (c) allocates resources for work groups, and (d) reviews and either promotes or terminates green

papers. The next steps for this work stream would be: have the relationship governance structure appoint the Strategic Visioning Team (i.e., a four person team, two from each party) which will allocate the budget and this should happen within one month of the formal signing of the relationship agreement; the Strategic Visioning Team convenes in order to set the working relationship, generate/call for ideas, and develop the Team ToR within three months of the agreement signing; the Team and others produce white papers in the first 3-4 months of the relationship; the Strategic Visioning Team reconvenes at four months to review the white papers and appoint working groups; the working groups meet between the fourth and seventh month, post-signing, to develop green papers; and the Strategic Visioning Team convenes to review the green papers, provide recommendations to the Relationship Steering Committee, and review priorities. This process would continue to loop throughout the relationship agreement period. The participants estimated that the Strategic Visioning Team would require 70,000 Euros per year while the Working Groups would require 300,000 Euros per year.

### **Closing Sessions**

As the workshop reached the conclusion of the second day, the facilitator asked participants to reflect on three subjects: powerful questions for the relationship in the future; what was liked about the workshop and participant suggestions for change; and advice for the relationship managers if this collaboration was formalized.

### **Powerful Questions for the Future**

- 1) Has NPI conserved biodiversity?
- 2) How has the business model for mining changed regarding sustainability?
- 3) What do we really want from the partnership and how do we measure change?
- 4) How can Rio Tinto reduce its carbon footprint by 5% per annum?
- 5) What are the costs versus benefits to Rio Tinto from sharing NPI (competitive advantage versus raising the bar)?
- 6) How to maximise the relationship from both parties perspective?
- 7) How to influence policy and practice of other stakeholders through a Rio Tinto – IUCN collaboration?
- 8) How has the relationship changed environmental behaviour?
- 9) What and how should be included in an internal and external communication strategy?
- 10) How to deal with radicals (in the field)?
- 11) How do we make this relationship a transformational one?
- 12) How do we make NPI (and other environmental management) more demand-driven by consumers of mineral products?
- 13) How can Rio Tinto, with its current mining and aluminium, etc. production, become a genuine leader in climate change mitigation and biodiversity conservation?



Following the posting of these “powerful questions”, participants were asked what common threads could be noticed and what it signalled for useful next steps in the relationship process; there was a clear recognition of large potential and high expectations of the relationship; a piece on a clearly articulated vision and what the relationship would deliver was needed; internal consultations within both organizations should be fed with this input; there should be learning by doing – the participants want a transformational relationship by making it really valuable, i.e., the greater the value, the higher the chance of the collaboration working; one never loses money spent on planning; and we need viral communication – we all need to help through our networks.

### **Workshop Likes and Suggestions for Changes**

#### **Likes**

- 1) Site visit reports.
- 2) Getting work done.
- 3) Understanding and hearing Rio Tinto side and constraints.
- 4) Impressed with Rio Tinto – got to see the heart of the organization and the concern to put back.
- 5) Liked the openness and sincerity in site visits and in London – this is critical for movement – allows a stronger connection to develop. Also does not allow for “bones in the closet”, which is a good model for the future within IUCN.
- 6) Sharing the site visit reports, good partnership atmosphere, the NPI concept, and the REDD approach.
- 7) Impressed with the openness, honesty, and comfort with everyone.
- 8) The site visits achieved buy-in from operations. The discussions in the meetings were exciting and energising. Good platform.
- 9) Site visits were useful – not just the site, also an opportunity to interact with operations and senior staff.
- 10) Impressed with the good structure and the good work that was done.
- 11) It was valuable to meet the Rio Tinto team and get to know them more. The site visits were interesting.
- 12) The two days capacity building exercise was really useful.
- 13) The process should be commended – the site visits and meeting moved the trust element up significantly – the risks discussion to bare internal thoughts showed the trust on both sides.
- 14) Openness and trust in conversation – neither side came to negotiate, rather to define things together.
- 15) Being involved – participating in a site visit.
- 16) The process was thorough and participatory, especially the site visits.

## **Suggestions for Change**

- 1) Complement the Rio Tinto site visits with IUCN examples to allow learning on both sides and enable a fuller picture.
- 2) Would like to hear more from Rio Tinto environment staff, experiences, etc. To get a bigger view of who Rio Tinto is.
- 3) Would like to hear more from Rio Tinto on other organizations – what is different about IUCN?
- 4) Could have been even more efficient with a half-day internal meeting first, in order to align internal ideas before the facilitated workshop.
- 5) Develop a clear set of ideas up front (next step).
- 6) Bring site visit operational staff into meetings to continue to build on the momentum.
- 7) Would have been nice to have more Rio Tinto staff involved in Day 2 of this meeting.
- 8) IUCN should have communicated, internally, more on the process.
- 9) Site visit in Australia missed an opportunity to meet the IUCN National Committee of Australia – would have been valuable to use the opportunity to talk to some of them.
- 10) Could visit more controversial site in Australia.
- 11) Consider how to use the huge skill and knowledge of IUCN membership.
- 12) A pre-meeting reflection would be helpful for participants (internal).
- 13) In future, would be good to communicate, capture in writing, and get outside the team circle to other parts of the organization to share information and the process.
- 14) Debriefings after would be helpful (after time to digest the information) and map out how to bring to more people in our constituencies.
- 15) An even better understanding of each organization.
- 16) A determination of the cost-benefit of the site visits, as it was quite cost intensive.

## **Advice for Relationship Managers**

- 1) Keep the focus! Don't believe we are already there.
- 2) Patience and perseverance.
- 3) Work on a region-by-region basis (Rio Tinto-IUCN pairs).
- 4) Keep a sense of humor and openness.
- 5) Get beyond headquarters/corporate center – make it demand-driven/bottom-up as well as top-down.
- 6) Entire (global) organizations are involved (not just London and/or Gland).
- 7) Give each other the benefit of the doubt.
- 8) Don't forget the two-way capacity – building opportunities – integrate into all the technical work.
- 9) Use your own best judgement.
- 10) Make sure every site manager is on-board and the culture is with the direction.
- 11) Communicate, communicate, communicate.

- 12) Prioritize internal communications and make sure the messages are clear.
- 13) Run away, do not walk!
- 14) Give a big, big pay raise!