



Review

Sustainability reporting among mining corporations: a constructive critique of the GRI approach

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ABSTRACT

The environmental crisis is giving rise to growing public demand for socially responsible and ecologically viable mining practices. Large mining corporations are responding by advancing the idea of a sustainable mining industry. These responses are accompanied by concerted efforts to advertise a company's relative progress in this direction through the publication of sustainability reports based on the Global Reporting Initiative (GRI) Framework. Many scholars contest the effectiveness of that framework, arguing that GRI-based reports can mislead decision-makers who are concerned with sustainability, or even camouflage unsustainable practices, particularly at the site level. Few scholars, however, have scratched below the surface of criticism in order to consider how to improve the effectiveness of that framework. This article takes a closer look at this problem by answering the following question: What needs to be changed in mining corporations' GRI-based frameworks for the purpose of promoting more meaningful and reliable sustainability performance information? This article followed a qualitative methodological approach based on literature reviews and 41 semi-structured interviews. The analysis was guided by an evaluation of the extent to which the predominant GRI-based approach to sustainability reporting meets a number of principles of sustainability assessment and reporting, known as the BellagioSTAMP principles. This paper outlines a number of specific changes that should be promoted in mining corporations' frameworks if their reports are to provide meaningful and accurate information about sustainability progress. Such changes include a more systematic consideration of site-level performance, scenario building, and legacy effects. Overall, this article corroborates the view that meaningful and reliable standardized disclosures of contributions to sustainability are unlikely to emerge any time soon. The geographical dispersion of mining facilities imposes substantial difficulties to the contextualization of sustainability evaluations.

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1. Introduction: the spread of GRI reporting among mining corporations

The global mining industry's adverse socio-environmental impacts are stimulating the emergence of anti-mining campaigns, movies, and civil society protests and reports throughout the world (Ali, 2003; Cameron, 2009; Earthworks, 2012; FOE, 2002; Greenpeace, 2010; Kocsis, 2004; McAllister and McElhinney, 2006; MiningWatch, 2004; PRI, 2010; Rotheroe, 2000; WWF, 2007). The resulting publicity inevitably damages the industry's reputation. Such reputational problems are often associated with large mining corporations, as these entities have become responsible for more

than 80% of the world's non-fuel mineral production (Ericsson, 2008).

Partly in reaction to criticism, large publicly-traded mining companies increasingly promote sustainability initiatives, such as the Global Mining Initiative (GMI). The GMI was first championed in 1998 by nine Chief Executive Officers (CEOs) from giant companies (Danielson, 2006). One of the main outcomes of the GMI was the establishment of the International Council on Mining and Metals (ICMM) in 2001. The ICMM is a global industry organization that represents many of the world's largest mining companies in sustainability-related issues. Its main objective is to serve as an agent for change on issues relating to mining and sustainability.

ICMM's programs are implemented by 22 of the world's largest mining companies and promoted by 34 mining and commodity associations (ICMM, 2012). The Sustainable Development Framework (SDF) is one of the Council's most relevant programs; it

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consists of a set of ten principles, sustainability reporting, and external third-party assurance. All member companies are expected to implement the SDF and thus publish independently-verified reports on their sustainability performance. At the core of the framework is a requirement to use the Global Reporting Initiative (GRI) framework (GRI, 2006b) and its Mining and Metals Sector Supplement (MMSS) (GRI, 2010). GRI is a multi-stakeholder non-profit Amsterdam-based organization providing global standards in sustainability reporting. Its reporting framework, first piloted in the late 1990s and now in its third version, known as GRI G3, has become the *de facto* standard across many industrial sectors, including mining (Skouloudis et al., 2009).

Driven by ICMM and a global corporate trend, mining corporations increasingly publish GRI-based sustainability reports. According to the *Global Mining Reporting Survey* (KPMG, 2006), 40 out of the world's 44 major global mining companies produce annual sustainability reports. According to the GRI database, in 2011, 102 mining companies published reports, 95% of which based on the GRI framework (GRI, 2012b). The output of annual GRI reports, however, is likely to be larger, since many companies do not list their reports on the GRI database.

The proliferation of sustainability reports in the mining sector has attracted the attention of growing numbers of analysts and scholars, whose analytical approach to this phenomenon has been predominately descriptive (Deloitte, 2007; Guenther et al., 2006; Jenkins, 2004; Jenkins and Yakovleva, 2006; Matthews et al., 2004; Mudd, 2007a, 2007b; Peck and Sinding, 2003; Perez and Sanchez, 2009; Robertson and Jack, 2006). Such studies are primarily confined to characterizing reported data, assessing quality, and identifying trends. Overall, research findings indicate that GRI-based sustainability reporting is on the rise and is likely to continue to gain salience in the sector, despite current methodological difficulties and information gaps.

Attempts to render sustainable development down into a few definitional words or sentences in the context of the mining industry frequently result in a reductionist approach that fails to capture complexity and scale. For example, sustainability has often been defined in the context of a mine site or community. Such definitions suggest that sustainable development might be achieved where a net social and biophysical benefit can be realized from the lifecycle of a mine and beyond (Veiga et al., 2001), where there are continuous socio-environmental improvements (Hilson and Murck, 2000) or where a company has gained a social license to operate in a community (Gifford and Kestler, 2008). The difficulties with such definitions is that they do not hold in a global context because they are either site specific, or they do not take into account cumulative effects, the lifecycle of mineral or mineral product, or trade-offs operating at different spatial and temporal scales.

The term “sustainability” or “responsibility” is frequently used to describe corporate non-financial reports. Several analysts, however, claim that such reports overlook fundamental tenets of sustainable development (Azapagic, 2004; Bebbington, 2001; Gray, 2010; Gray and Milne, 2005; Milne and Gray, 2007, p. 6; Moneva et al., 2006; Mudd, 2009). Accordingly, there is a growing call for enhanced approaches to reporting, in which companies use more holistic and integrative frameworks to assess contributions to sustainability (Henriques and Richardson, 2004). Few studies, however, explore ways to bring about this change. This article attempts to address this challenge, while answering the following question: What needs to be changed in mining corporations' GRI-based framework for the purpose of promoting more meaningful and reliable sustainability performance information? In order to achieve this goal, this piece first explains the GRI framework and the debate surrounding its limitations and flaws, followed by the

explanation of the methodology and the BellagioSTAMP principles. In the following section, key BellagioSTAMP principles are used to conduct a gap analysis of the GRI. Finally, the paper outlines a number of specific changes that should be considered in the strengthening of mining corporations' sustainability reporting practices.

2. The GRI approach to assessing and reporting sustainability

Unlike the sustainable development concept, whose genesis can be directly associated with the 1987 Brundtland Commission report (WCED, 1987), the term “sustainability reporting” was brought to life during years of evolution in the field of social and environmental accountability (UNEP and KPMG, 2006). The Global Reporting Initiative provides one of the most influential definitions of sustainability reporting: “Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development” (GRI, 2006b, p. 3). GRI's sustainability reporting framework is in its third version, known as GRI G3. This version is made up of three main elements providing guidance on “how to report” and “what to report” (Fig. 1), described as follows (GRI, 2006b):

- **Reporting guidelines:** The guidelines are the cornerstone of the GRI G3. They set quality and content principles, as well as managerial and performance indicators. The principles for defining content include materiality, stakeholder inclusiveness, sustainability context, and completeness. The indicators (about 130) cover several thematic categories, including organizational, managerial, economic, environmental, social, human rights, society, and product responsibility issues;
- **Sector supplements:** The supplements provide additional guidance and indicators for sector specific issues. One of the supplements is the aforementioned Mining and Metals Sector Supplement; and
- **Indicator protocols:** The protocols provide definitions and technical and methodological guidance on each of the performance indicators of the guidelines.

The appendix presents a summary table of the main indicators available in the Reporting Guidelines and the Mining and Metals

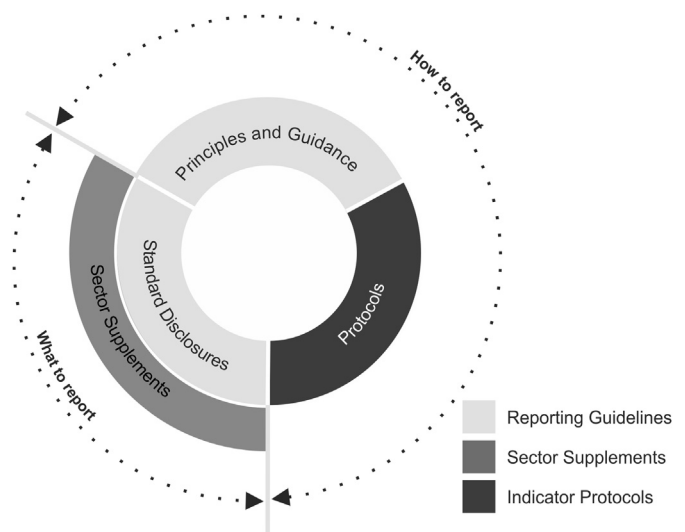


Fig. 1. GRI G3's main elements. Source: GRI (2006a, b).

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