



# THE DEVELOPMENT PARTNER INSTITUTE

FOR MINING

## A CALL TO ACTION



In partnership with



## “ Our industry lacks a neutral, multi-stakeholder space to explore a number of the broader issues facing mining.

We very much look forward to the DPI providing such a forum for constructive but challenging dialogue about mining and its role in society.”

### **Mark Cutifani**

Chief Executive, Anglo American

## “ The DPI’s shared purpose approach to mining is unique.

It calls for the host community’s values and aspirations to be at the forefront of new mine planning, operation and closure plans. For indigenous communities, a true shared purpose mine can be a development resource, helping the community meet its goals in partnership with the project.”

### **Mark Podlasly**

Trustee of the Tribal Sovereign Wealth Fund  
- Nlaka’pamux Legacy Trust



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PARTNER  
INSTITUTE



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## Dear Friends,

This is not your normal business overview, but then again... this is not your usual institute.

We share with you, in this document, an overview to ensure the future success of a valuable and much needed initiative which strives to address the challenges and opportunities faced by the world's mining sector. The initiative has been co-created by a multi-stakeholder group over the last five years – one that has gained significant attention with a broad group of industry stakeholders and participants. The key output to date, the Development Partner Approach (the Approach) as expressed in the Development Partner Framework (the Framework), focuses on transformational change in mining. Having proven the value of establishing a neutral multi-stakeholder forum for convening debates under the auspices of the Kellogg Innovation Network (KIN), we have established a permanent new home to continue and extend its work and potential impact.

In 2016, we launched the Development Partner Institute (DPI), an independent entity formed with the specific intention of continuing to extend, innovate and advocate the Approach, and to act as a neutral convening space for other key debates around mining.

As context, let us first consider the current state of the mining industry and the need to act now to secure our future. Mining produces the products that make the world work – if we don't farm it, we mine it. It drives an estimated 45% of the world's measured economic activity, and in our modern world, the products we mine are the building blocks of the lifestyles we maintain today. Without mining, we could not sustain our population growth, our standard of living, or our technological advances. As one of the world's most important industrial sectors, we in the mining industry have the power to contribute to society for generations, for the world's appetite for raw materials to build infrastructure, generate energy and create products is growing faster than the population.

Yet the mining industry has come to a crossroads.

Whilst enabling and advancing global society's current lifestyle, mining also often has a disproportionately high impact on local communities. When mishaps occur in a mining operation, these communities can experience devastating consequences. Such instances generate a cumulative, negative profile that overshadows the true purpose and benefit of the mining industry.

The industry must course-correct, and it must do so quickly. Miners must adopt a new way of thinking and a new approach to how they secure, nurture and progressively revitalize their social license to operate. To address this challenge, we – mining companies, mining communities, local authorities, indigenous peoples, businesses, academics, politicians, non-profits and investors – must collaborate to create broad-based prosperity in the areas we mine and to foster a livable and inherently sustainable planet.

Whilst we have seen a relative collapse of commodity prices since their highs of recent years, and regardless of whether the prices will recover in the short or long term, the imperative and the urgency to change remains the same.

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<sup>1</sup> Including payments to services and support industries and adding the impact of our products on society to the direct economic benefits of mining (Anglo American analysis, 2014)



CO-INSPIRE



CO-COLLABORATE



CO-INNOVATE



CO-EDUCATE

The Kellogg Innovation Network's KIN Catalyst: Mining Company of the Future provided a framework to achieve those goals. It built a bridge to move from the current, mostly conservative state of the mining industry to a more innovative and collaborative future engaging with local communities and other stakeholders.

That bridge is expressed in The Framework, a mindset of shared purpose that cultivates partnerships amongst the collective set of stakeholders including communities, businesses, employees, governments, local authorities, NGOs, development agencies and investors. The Framework describes the approach required for mining companies to secure, nurture and progressively revitalize their social license to operate.

In just five years, the Framework has achieved significant global recognition, catalyzed the industry, initiated faith-based dialogs with The Vatican and Church of England, and has been adopted by several miners, First Nations and suppliers. KIN has also been asked to take on other challenges, such as reshaping mining education to more fully reflect today's sustainability challenges.

Building on this progress, it was time for The Approach and associated Framework to leave the KIN nest - to transition out of the "catalyst" environment into a new, permanent home: the Development Partner Institute.

The Institute will work to promote the vision of miners becoming true development partners – a vision that has proved so vitally successful to date and shows great promise for the future.

We have an opportunity and a responsibility to be leaders and help set our industry on a transformational path that will deliver better outcomes for all stakeholders. We need bold leadership from within the industry. We need you to act now. If we don't take the lead in these conversations, others will continue to define the future for us and potentially lead us all down an unsustainable path.

We can no longer operate in isolation – the challenges we and our stakeholders face are too big to be solved by any one organization or sector. That is why we believe that the creation of a neutral, multi-stakeholder forum to discuss mining issues – one that complements existing industry and governmental structures – is so important.

This document outlines the DPI's purpose, proposed focus areas and structure. There is tremendous potential value to the industry to continue this transformative work that focuses on areas beyond current industry initiatives. We urge you to consider a new and revitalized approach and contribute to help bring the Institute to life.

The future is ours to create.



**Mark Cutifani**  
Chief Executive,  
Anglo American  
Advisory Council and Co-Founder,  
Development Partner Institute



**Peter Bryant**  
Senior Fellow,  
Kellogg Innovation Network  
Board Chair and Co-Founder,  
Development Partner Institute

# THE DEVELOPMENT PARTNER INSTITUTE AT-A-GLANCE

## ASPIRATION

To fundamentally change the extractive business model of the mining industry from insular and reactive, to an integrated and proactive development partner, delivering on economic, environmental and social shared purpose.

## MISSION



Advance and extend innovative thinking



Build bridges with groups that have a stake in mining



Engage the mining ecosystem

## PRINCIPLES



Independent but Connected



Startup Mentality



Neutral and Safe Platform



Courageous Collaboration



Open Innovation



Impartial and Trusted

## KEY FUNCTIONS



Convene



Research



Catalyze & Incubate



Educate



Advocate

## THE TEAM

### STAFF



Executive Director



Associate Director



Interns & Experts-In-Residence

### GOVERNANCE & STRATEGY



Board of Directors



Advisory Council

# THE IMPERATIVE, THE OPPORTUNITY AND THE JOURNEY TO DATE



# THE WORLD NEEDS MINING

Everything in life that is not grown must come from the ground.

HOWEVER...



Communities do not trust mining, and investor uncertainty is at an all-time high.



Government intervention, deepening pits, spiraling costs, lower ore grades and declining productivity have disappointed stakeholders.



Finding, starting and running a new mine is more difficult and expensive than ever before.

These challenges not only constrain sustainability within the mining sector, they also leave mining companies overly vulnerable from a business perspective and prevent the mining industry from delivering on society's increasing need for mined resources.

# THE WORLD NEEDS MINING TO CHANGE

The external environment has taken charge. As an industry, mining is failing to live up to its promise to resource the world and its future, and risks losing its social license to operate.



# THE IMPERATIVE AND THE OPPORTUNITY

The mining industry has made positive progress in developing its sustainable mining practices agenda.

For example, it is the only business sector whose peak industry association has a clear commitment to:



Free, Prior and Informed Consent for Indigenous Peoples

However, progress is too often considered too little, too weak and too slow.

New levels of demand for the products of mining has only compounded the problem.

Continued global demand for minerals is resulting in a growing impact on the environment and communities.



Water



Energy



Land Use



**IN A WORLD WHERE MINING REINVENTS ITS IDENTITY, EVERYTHING IS DIFFERENT.**

## IMAGINE...

Wholesale change of how miners think about themselves and their role in society, how they understand and engage with a diverse set of stakeholders and how they operate mines day to day is necessary if they want to survive, thrive and be a meaningful and profitable industry long term.

“Developing a healthy relationship with local communities is a more sensible and cost-effective way of operating than fighting each other. If you have a local community fighting you, you might add 20 percent to your costs — when you could have pursued a 1 percent solution.”

- Mark Cutifani  
IFC Sustain magazine,  
vol 2, Feb 2015

# JOURNEY TO DATE



## Founded in 2003

The Kellogg Innovation Network (KIN) at the Kellogg School of Management is a platform for ongoing collaboration among faculty, corporate innovation leaders, nonprofits and government. The KIN facilitates strategy and management dialogue to promote innovation-led economic, social and environmental prosperity.



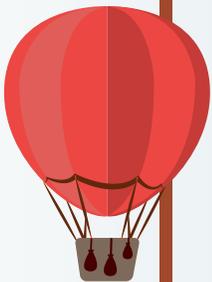
## First Meeting, 2011

Over lunch at an annual KIN meeting, Mark Cutifani and Peter Bryant germinated the seed that would become the KIN Catalyst Mining Company of the Future (KIN Catalyst); that ultimately led to The Framework.



## Brazil in 2012

KIN curated and facilitated a multi-stakeholder gathering to envision the Mining Company of the Future. It concluded with participants wanting the mining industry to unequivocally accept the need for a new operating model to ensure long-term profitability and success. The Development Partner Working Group was formed.





## Development Partner Working Group, December 2013

A working group convened several times in Chicago to discuss how to move mining towards a more effective model of sustainable development. The first iteration of The Framework was built over the next few months, presented to the working group in December 2012 and continued their work until late 2013.



## Edison Award, April 2013

In April 2013, the KIN Catalyst was awarded a silver medal in the category of "Collaborative Innovation" by the prestigious Edison Awards.



## Validation Discussion with Externals to Industry, 2012-13

To test and validate The Framework, sustainability leaders at major organizations were consulted. Each had to transform their operating models to maintain their licenses to operate amid increased societal and environmental performance expectations from governments, nonprofits and the public.



## Faith Dialogues, 2013-2015

At the Day of Reflection held in Sept 2013, Cardinal Peter Turkson, the President of the Pontifical Council of Justice and Peace, hosted more than 20 CEOs and Chairpersons for a Day of Reflection. This was followed by a similar session in October 2014 hosted by the Archbishop of Canterbury and the head of the Methodist Church. The second Day of Reflection was hosted at the Vatican in September 2015.



## DPF Unveiled, December 2014

The Ford Foundation held an event in New York, hosted by its President Darren Walker, to publicly unveil the Development Partner Framework. Over 100 leaders from business, NGO, government, investor, academic, indigenous, community organizations and media attended.



## DPI Established, December 2016

# THE DEVELOPMENT PARTNER FRAMEWORK

The Development Partner Framework is an output of the work described in The Journey to Date and fully outlined in the paper available at: [www.dpimining.org](http://www.dpimining.org)

## INTEGRATED DEVELOPMENT PARTNER

DELIVERING ON ECONOMIC, ENVIRONMENTAL AND SOCIAL SHARED VALUE.



FLOURISHING ECOSYSTEMS



SHARED PURPOSE



CO-COLLABORATE



CO-INNOVATE



COMPETITIVE COMPANIES, COMMUNITIES & COUNTRIES



CO-INSPIRE



CO-EDUCATE

Mining companies need to maintain their license to operate to ensure access to land, markets and capital.



### CO-INSPIRE

Where we want to be

### STRATEGIC PILLARS

What components we need to focus on

### ENABLERS

What will get us there

### BUSINESS IMPERATIVE

Why companies need to do this

### SHARED PURPOSE

A clear understanding and articulation of the long-term vision, goals and methods for a potential project and surrounding region are co-created, discussed and agreed to by all relevant stakeholders.

### FLOURISHING ECOSYSTEMS

A robust and resilient natural environment, supporting a healthy community and thriving business.

### COMPETITIVE COMPANIES, COMMUNITIES & COUNTRIES

The ability for companies, communities and countries to reach their full potential and realize their individual definition of prosperity.

# WHERE ARE WE NOW?



## Stakeholder Engagement

Conversations with organizations interested but never previously connected to the mining industry were initiated. This includes the first regional multi-stakeholder workshop, which was held in the Limpopo region of South Africa in April 2017.



Academics



Think Tanks



Industry Groups



NGO's



Mining Companies



First Nations



Suppliers



Development Agencies



## Commitments

Several companies, including Anglo American, Hatch, Alloydcorp and Schneider Electric have embedded The Framework as a key foundation for their own sustainability and community engagement strategy and approach. Several First Nations have also adopted The Framework as a reference point for negotiations with mining companies.



## Faith-based Dialogues

The KIN has inspired and the DPI is now supporting a new conversation and a new way of thinking about mining for broader social and community development, with the Vatican and the Church of England. For example, following the Day of Reflection at The Vatican a group of faith-based investors toured a series of mining locations around the world. This has in turn triggered regional engagements starting with a multi-faith Day of Reflection in Cape Town in October 2015.



## Education

The DPI is collaborating with the Society of Mining Professors and universities to reshape future curriculum to include key elements of The Approach.

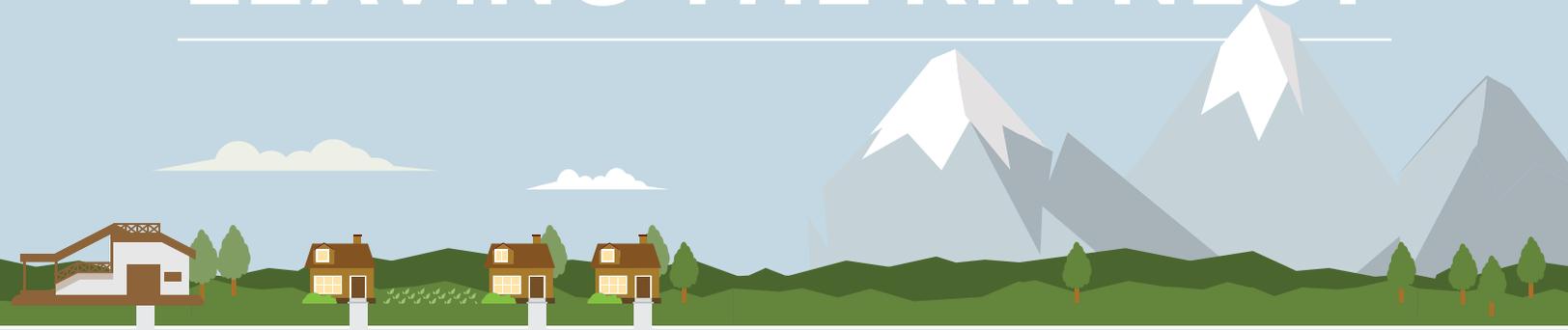


## Industry Groups

We have hosted and facilitated half-day plenary sessions on The Approach at Exposibram (Sept 2015), Mining Indaba (Feb 2016), World Mining Congress (Oct 2016) and PDAC (Feb 2017).

WHY THE INSTITUTE?

# LEAVING THE KIN NEST



The Kellogg Innovation Network (KIN) functions as a safe, independent and trusted place that incubates novel ideas and concepts outside of the industry sandbox through its Catalyst approach.

Once these concepts reach a level of maturity and have proven their viability, it is time for them to move out of the “catalyst” environment and find a new home from which they can be broadly extended and implemented to generate transformative innovation on a grander scale.

The Development Partner Approach and resulting Framework has gone through this journey. Nurtured by the KIN for its first few years and having shown the ability to significantly transform the business mindset, it has reached a stage where it requires a new and permanent home.

The Development Partner Institute (DPI), is an independent entity that offers a unique environment similar to KIN.

Although the mining industry has shown increased willingness to convene in multi-stakeholder forums, these dialogues tend to be issue specific. Since 2012, the KIN has provided a safe and independent platform where challenging and significant strategic issues related to mining.

As these efforts transition to the new Institute, these principles will guide its design and structure:



Embody the key values and success factors of the KIN



Stay independent but connected to the mining industry



Ensure momentum is maintained and a smooth transition occurs by partnering with the KIN



Build upon KIN’s successful model and approach for multi-stakeholder engagement

# THE ASPIRATION



## Inspiring Mining For Good

To fundamentally change the extractive business model of the mining industry from insular and reactive, to an integrated and proactive development partner, delivering on economic, environmental and social shared purpose.

### WE ENVISION A WORLD WHERE...

Communities welcome mining projects because of the prosperity and benefits they bring.

Mining communities become diverse economic centers with sustainable connected regions.

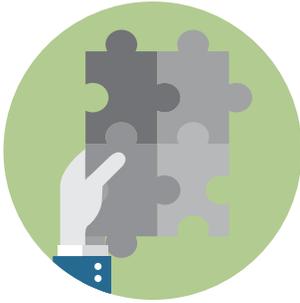
Government, development agencies, NGO, indigenous, religious and community leaders work constructively with miners in harmony.



# THE INSTITUTE

# THE MISSION

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Advance and extend transformative, innovative thinking around shifting to an integrated and proactive approach



Build bridges with groups that have a stake in mining by gaining trust, developing a common language, cultivating understanding and fostering new collaborations



Engage the mining ecosystem to shape a new approach and way of thinking

## PRINCIPLES

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### Independent but Connected

Transformative innovation



### Startup Mentality

Flexible, lean, and nimble  
Small footprint, global reach  
Big picture thinking



### Neutral and Safe Platform

Ability to convene those with antagonistic positions  
Influence and develop respect, listening, sharing and productive outcomes



### Courageous Collaboration

Creative coalitions



### Open Innovation

A multi-stakeholder cross-sector ecosystem



### Impartial and Trusted

No set position



## THE INSTITUTE KEY FUNCTIONS



### Convene

Convene industry and cross-sector business leaders in multiple ways outside traditional industry forums to continue to extend and apply transformational innovation, thinking and application of The Approach.



### Catalyze & Incubate

Engage influencers more broadly to further understanding of The Approach and encourage their active engagement with the industry; offer a safe space to create and grow ideas, potentially into start-up initiatives.



### Advocate

Promote to the industry, and other stakeholders, the adoption of the principles and successful practices of The Approach to enhance their own strategy and value creation.



### Research

Drive and share insights on key issues by engaging across multiple industries and sectors and investigating areas of strategic impact in a multi-stakeholder environment.



### Educate

Collaborate with educational institutions to develop executive education that enhances capabilities in current senior managers and a more holistic undergraduate and post-graduate curriculum for the future leaders.

## THE INSTITUTE

# THE JOURNEY (2012-15)

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A diverse group of experts and leaders co-create The Approach. We are thankful to these individuals and the organizations they represented at the time of their participation. We are also grateful for the financial support of these visionary organizations who generously invested in this initiative.

## INDIVIDUAL CONTRIBUTORS

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Kellogg Innovation Network

## FINANCIAL SUPPORTERS OF THE KIN CATALYST

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**Alloycorp**

**Anglo American**

**AngloGold Ashanti**

**Baker Hughes**

**Castrol**

**Caterpillar**

**Clareo**

**General Electric**

**Schneider Electric**

**Vale**

## THE INSTITUTE

# KEY CONTRIBUTORS

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We are grateful to the following organizations for investing in the establishment of the DPI with three-year funding commitments.

## FINANCIAL SUPPORTERS

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**AngloAmerican**

**HATCH**

**exxaro**

POWERING POSSIBILITY

  
**BARRICK**

  
**BLACK LOON**  
METALS INC.

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