

Business ethics and sustainability assignment

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Three different theoretical perspectives on CARs are explained including the different views and stances managers may take including the approach to be taken. The three perspectives are “ classical”, “ stakeholder” and “ corporate citizenship”. We have summarized the approach that Newsiest can consider as the most appropriate, which is the corporate citizenship perspective.

There are many initiatives that can be taken by businesses in managing or addressing sustainability issues and they are discussed in this paper.

Among them are energy efficiency & lower carbon footprint, water management, air emission reduction, chemical management, waste management, biodiversity conservation, land-use & adaptation, human rights and reporting & assurance. The recommended corporate citizenship approach by Newsiest will include biodiversity, land management and chemical management initiatives. Malaysia’s rainforest’s is known to be one of the most bio diverse systems in the world and therefore it is suggested that Newsiest adopts a biodiversity initiative to preserve and conserve the flora and fauna.

Since Newsiest Australia already practices site mitigation action plans that incorporate agreement, monitoring and reporting, the next proposed initiative is land management. The final proposed initiative is chemical management by having proper chemical management policies. We conclude this paper with a summary of the approach that should be taken by Newsiest responsibilities in Australia and in Malaysia with justifications and a summary of the key rationale of the choice.

2. Introduction Newsiest Mining Limited (Newsiest) is evaluating the prospects of expanding its gold mining operations into Malaysia.

The sustainability team had, on 20 April 2013, submitted to Senior Management, a country briefing paper Appendix 1) regarding sustainability issues in both countries. The paper highlighted key economic indicators, the political and regulatory framework, socio-cultural characteristics and key sustainability challenges; and concluded that legal initiatives and standards on sustainability issues in Malaysia are not as advanced as in Australia, although there is a rising public concern in this matter.

Based on those initial findings, the team recommended that the current practices, standards and technology used in the Australian operations be adopted in Malaysia should Newsiest decide to expand into that market. This report provides additional information and attempt to design a framework and make recommendations to address the sustainability challenges that Newsiest may face in Malaysia. 3.

Corporate Social Responsibility (CARS) CARS is concerned with how corporations make and use their profits, their philanthropic and compliance activities, management of the economic, social and environmental implications, and stakeholders' relationship (Harvard 2008; Appendix 2). It is the ethical and discretionary/philanthropic obligations/responsibilities placed on corporations by stakeholders and society that extend beyond their economic and legal responsibilities (Carroll and Shebang 2010). Corporations are increasingly under pressure to be socially responsible, notes to their shareholders but also to other stakeholders.

Businesses can benefit when they undertake CARS activities (Appendix 3). Like its definition, the theoretical aspects of CARS are just as complex,

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unclear and controversial. There are many CARS theories, and current approaches are focused on 'meeting objectives that produce long-term profits, using business power in a responsible way, integrating social demands, and contributing to a DOD society by doing what is ethically correct (Garcia and Melee 2004, p. 65). In this report, 3 theoretical CARS perspectives are presented (Appendix 4): * Classical - focus on meeting shareholders needs. Stakeholder theory - focus extended to address concerns of stakeholders. * Corporate citizenship ?? businesses have a social role to administer individual citizenship rights and recognizes their social, economic and environmental responsibilities. Newsiest is recommended to adopt the corporate citizenship perspective. Maintaining positive relationship with stakeholders is critical to Newscaster's Sino to be the 'miner of choice' and continuous operations. Underpinning stakeholders' relationship is 2 core values: working together and caring about people.

Newsiest invests long-term into the community, focusing on education, health and agriculture, to create a better environment for business in all countries where Newsiest operates, (Newsiest 2012). Furthermore, Malaysia is making progress in CARS, with government initiatives like the "The Silver Book" for government-linked companies and CARS framework for public-listed corporations that describe CARS actions beyond philanthropic or implicate activities (Norway 2012). There is rising CARS awareness among the community (Appendix 1). It is also important to consider the approach to be undertaken to implement Newscaster's policies and practices.

Appendix 5 summarizes 4 approaches: ethnocentric, polytechnic, recognition and geocentric (Henna and Permute 1979; Permute 1969). Newsiest is <https://assignbuster.com/business-ethics-and-sustainability-assignment/>

recommended to adopt the ethnocentric approach to ensure key personnel expatriated from the Australia implement standard policies and practices. 4. Global Sustainability Initiatives The Borderland Report 1 987 defines sustainability as those development that satisfies the needs of the current generation without compromising the chance for future generations to satisfy theirs' (Campbell & Malice 2009, p. Vi). Sustainable development is crucial in mining industry as each phase of the operation from mine survey to post-closure impacts the environment and CEO-system where the mine resides. The United Nations (UN) have found that increasing demand for minerals will drive increased exploration, exploitation of reserves and rate of depletion (IDEAS 2010). The I-IN also reported that an estimated 10% of mines and 20% of exploratory sites are within important inspiration areas and 30% are in areas with limited water.

The increasing need for water and energy as well as the additional pollution created are the main challenges facing sustainable development in mining (IDEAS 2010). The International Institute for Environment and Development (DIED) conducted a 10-year review of its previous study, the Mining, Minerals and Sustainable Development project, and found that government capacity and ability to harness mining for positive development remains limited (Buxton 2012). Thus the responsibility to drive sustainable development falls equally n voluntary initiatives by the mining industry.

The International Council on Mining & Metals (CACM) published its 10 principles of Sustainable Development Framework which has become an important guide for mining companies (CACM 2013). The principles are summarized as follows: The following are some initiatives that have become <https://assignbuster.com/business-ethics-and-sustainability-assignment/>

a trend in the global mining industry:- As mentioned above, many initiatives are considered in the mining industry; however, three major initiatives are recommended to Newsiest in this report; namely sustainable governance and reporting, biodiversity and land use adaptation, and chemical management. Recommended Initiatives 5. 1 Sustainability Governance, Reporting & Assurance Malaysian gold mining firms have avoided public sustainability reporting. Of the 5 major gold mines in Malaysia none have made a sustainability report publicly available and only 3 have even briefly mentioned their CARS initiatives on their website and annual report (Baser 2013; CAM 2013; Monument 2013). This is in stark contrast to a majority of Australian mining operations that have invested heavily in preparing annual sustainability reports (PA 2013).

In order to earn its social license to operate and to address public encores about cyanide exposure to the environment from gold tailings, Newsiest should adopt the Australian practice in terms of sustainability governance (FBI 2012; Atheist 2012). The sustainability team should be setup and integrated with its Australian counterparts. This ensures that a holistic and global emphasis is placed on Newscaster's sustainability policies. Global Reporting Initiative The Malaysian operation should be transparent and publicly declare its sustainability targets and annual performance so that it can be judged fairly by the community.

The report should adhere to the Global Reporting Initiative GO (GRIT GO) Sustainability Reporting Guidelines' Mining and Metals Sector Supplement and aim to achieve an A+ application level rating. This will require Newsiest to commission an external assurance agency or auditor to verify the <https://assignbuster.com/business-ethics-and-sustainability-assignment/>

company's report and measurements. As the GRIT GO standard is internationally recognized, this will further add weight to all of the company's sustainability initiatives. Four of the largest global gold mining companies have adopted the GRIT GO reporting and meet the A+ Application Level (GAG 2013; Barrack 2013; Colored 2013; Newton 2013). E Appendix 6 for information on GRIT. ISO 14001 Certification In addition to reporting, Newscaster's operations should seek to qualify for an ISO 14001, International Standard for Environmental Management Systems certification and this should be made into a strategic objective. The ISO14001 certification will ensure that all related processes and operations meet international standards of environmental management. Strong environmental governance, monitoring, measuring and reporting framework will provide the community with a strong sense confidence towards the company's mining operations thus reducing community opposition. . 2 Biodiversity and Land Management During the initial planning phase, Newsiest should pay particular attention to the biodiversity and land use of the Pang rainforest's area with an eye towards post-mine closure and return to pre-mining environment (CACM 2013). The Pang rainforest's is rich in biodiversity, where 314 species and 151 genera from 56 families within a hectare plot in the west central forest of Pang were identified (Ninja, Fakir-Hat and Latvia 2006). Sad et al (2011) reported that there is an estimated 491 species of birds in Atman Engage alone.

The team should ensure that no species of flora and fauna are inadvertently destroyed due to mining operations. Biodiversity Conservation The team is recommended to initiate a survey of the biodiversity of the mining area to

identify and catalogue the various species of trees that might be endangered and to begin a process of collecting seeds and samples of these species, as practiced in a number of mining operations (GAG AAA, 201 b, 201 c; Barrack 201 1 b). The team should then proceed to set-up nurseries in collaboration with the local community and an environmental expert group which would safely store, and cultivate seedlings.

During the mine closure phase, these seedlings can be used for re-vegetation or re- recreation Of the area to return it to its pre-mining environment. Low Impact Mining Operations Where underground mining is conducted, the company should map out and mark a pre-determined trail between bore holes and shafts. These trails should be routed in such a way as to avoid trees or habitats that are extremely sensitive. This also prevents miners and machineries from damaging other forest areas that are not integral to the mining operations.

Such steps are currently practiced by Angola Shanty in the Duns Forest Reserve, Australia and Central Forest Reserve, Columbia (GAG AAA, 201 ad).
5. Chemical camp; Tailings Management Current opposition to gold mining in Malaysia relates to allegations of cyanide exposure (FBI 201 2; Atheist 2012). Australia has also had similar issues at the Kilgore Super Pit, where a state governments 2004 findings confirmed that there have been years of cyanide leakage into the groundwater (EN'S 2004). Cyanide is used in the extraction of gold from the ore (COMIC Bibb).

Newsiest should initiate a comprehensive chemical management framework for its use Of cyanide use and left over gold tailings in Malaysia. Strategic

Approach to International Chemicals Management Framework Newsiest is recommended to adopt the United Nation's Strategic Approach to International Chemicals Management framework (ASSAM 2013). This framework aims to systematically identify and manage risks to the environment, promote a governance model for all stakeholders during the complete chemical use lifecycle, provide capacity building and technical assistance and sharing of knowledge and information.

This initiative involves the sourcing, logistics, storage, production, use and the management of the chemicals occupational health and environmental risks (CACM 2012). See Appendix 7 for information on ASSAM International Cyanide Management Code Certification Newsiest should also seek to get its Malaysian mine and tailing management facility audited and certified under the International Cyanide Management Code which promote the safe management of cyanide used in gold mining. Globally, 15 cyanide producers, 80 transporters and 36 mining companies have all signed up to the code including all of the largest gold mining companies (COMIC 201 AAA).

The code requires an auditing and re-certification process every 3 years. Best Practices for Design of the Tailings Storage Facilities The storage, entailment and disposal of gold tailings should also be a key focus. Tailings are the by-product of the extraction Of gold from the ore and it contains high amounts of cyanide used in the extraction process. Design of the Tailings Storage Facilities (TTS) should adhere to recommended best practices regards to design, siting, seepage control, disposal methods and water management (DIRT 2007).

See Appendix 8 for a summary of the key design considerations. The Coal Gold Mine (CAM) in Australia has been quite successful with its chemical management procedures and strategy such as assessing information, transport routing, and chemical handling of liquids and solids (Barrack 2011 a). See Appendix 9 for Cam's strategy. 6. Conclusion ; Recommendation We have summarizes the approach that Newsiest can consider as the most appropriate for both Australia ; Malaysia, which is the corporate citizenship perspective.

This is aligned to Newscaster's vision to be ' miner of choice' and continuous operations whilst observing progressive CARS initiatives from the government of both countries. The recommended corporate citizenship approach entails proper sustainability governance and initiatives such as biodiversity, land and chemical management. Since Newsiest Australia already practices site mitigation action plans that incorporate measurement, monitoring and reporting, the next proposed initiative is to replicate these steps in the Malaysian operation.

Reporting should adhere to the GRIT GO framework and operations to be ISO14001 certified. Conservation plan to preserve the flora and fauna. Studies should be done to identify and catalogue the various endangered tree species, with action plans to collect the seeds and replanting them in nurseries for eventual reforestation of the area post mine closure. Similar steps should be taken in the Australian operations. In fact competitors such as Angola Shanty are already spearheading this in the Duns Forest Reserve, Australia. Both Australian & Malaysian mines should also practice sound land use and management.

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This initiative not only ensures that the land that is not integral to the mining operation is not affected but also includes mapping out and marking predetermined trails between bore holes and shafts to avoid or minimize destruction of plants, trees or habitats. The final proposed initiative is chemical management to avoid negative news Of cyanide usage, like the recent cyanide issue in Arab Pang that drew unwarranted public attention.