

Russian Presidential Academy of National Economy and Public Administration

Name	Year	Major
Latypov Ayrat	2025	Economics
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Division: Graduate

Topic: Low-cost extraction of raw materials – a blessing or a curse. Ethical problems of raw material extraction and methods of solving them

Problem statement: How to reduce the negative socio-environmental impact of copper mining?

Audience: Board of Directors of Nornickel

Executive Summary

High-tech markets are rapidly becoming more important to the global economy, but their growth is fueled by raw materials, especially metals. The mining industry has a significant negative socio-environmental impact, and a large part of this impact is caused by copper mining, as copper is one of the most demanded metals on the market. Our team at F&P Consulting has developed a financially acceptable solution to reduce these impacts and improve the ethical image of copper mining.

Copper mining is very profitable, but it is associated with several ethical problems in environmental, social and governance areas. These problems include persistent environmental pollution, environmental accidents at mining sites, labor and human rights violations, unfair treatment of local populations, and instances of corruption. Small companies operating in third world countries take limited steps to mitigate the negative impacts of these problems, but they're usually not enough to offset the damage they do to the environment, workers and local communities. Larger companies with well-developed ESG policies are more likely to prevent or resolve such problems, but even their policies are flawed, meaning that ethical principles - such as justice, equality, transparency and fairness - are still more or less violated. Governments establish legal frameworks to address such problems, but laws are often flawed or circumvented - especially by corruption schemes.

That's why we propose a complex set of measures, generally based on the experience of Nornickel's current ESG policy and aimed at improving it, but also suitable for other copper mining companies that follow ESG framework in their operations. Such measures include spending more to prevent and compensate for environmental damage, encouraging senior company officials to effectively implement ESG principles in the company's operations, strengthening the role of independent ESG auditing companies in developing the company's business ethics, and establishing special internal departments to prevent corruption cases in countries with high corruption risks. Such measures require investment, but in the medium and long term they will pay off financially and significantly improve the company's ethical image: after implementation of these measures, the company's efforts will outweigh the damage done, while key ethical principles will be fully implemented.