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CORPORATE SOCIAL RESPONSIBILITY

CSR

CHECKLIST

for Canadian Mining Companies
Working Abroad

Canada

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Recycled paper

CONTENTS

1 PREFACE

The objective of the CSR Checklist is to provide Canadian mining companies developing mining projects abroad with a tool that can assist them to plan for and mitigate potential environmental, social and ethical challenges they may encounter. The checklist is designed to raise awareness of basic community relations approaches and to prepare companies to successfully engage communities and address social risk.

The checklist was developed by Natural Resources Canada based on initial work by Triple R Alliance and in cooperation with the Department of Foreign Affairs, Trade and Development, the Prospectors & Developers Association of Canada, The Mining Association of Canada, Plan Canada, rePlan and UNICEF Canada.

2 INTRODUCTION

Within the mining industry, especially with many smaller corporations, companies still question whether they should think about the social aspects of their operation. Some make the argument that they do not have the expertise, the money or the time to develop the right community approach. Some assume that systematic engagement with local communities only increases expectations or leads to demands for costly projects. Corporate social responsibility (CSR), which can be defined as the voluntary activities undertaken by a company, over and above legal requirements, to operate in an economically, socially and environmentally sustainable manner, is an industry response to managing social risk.

This checklist has been developed in response to these concerns and provides practical, straightforward suggestions.

A good way to start is by addressing a few common misconceptions:

- *Communities don't like mining activities:* The reality is that, for the most part, communities initially welcome the opportunities that mining can bring. Communities will have high expectations that can be difficult for a company to deal with.

- *Maintaining good local relations during the early stage of development requires specialized expertise:* In reality, it is about getting the easy things right, such as paying bills on time and asking permission before entering people's land. It is about treating other people the same way you would want to be treated if someone was proposing to build a mine in your home town. This may sound simplistic, yet it is exactly the rule that mining managers who have been able to maintain good relations say they have applied.

- *Engaging with the community will raise expectations:* In fact, local expectations are managed through engagement. Not engaging means that the company has no control over the message and leaves an information vacuum that could easily be filled by other agendas or misunderstandings.

- *Providing money for community projects is the way to build and maintain support:* Actually, community engagement is far more critical to maintaining community support than doing community projects. Engagement has added benefits as a feedback tool to gauge local perceptions and as a warning system allowing early action to address minor issues before they become unmanageable.

- *Mining impacts on communities are neutral:* It is unrealistic to think that the societal impacts of any mining activities can be neutral; some people inevitably gain more than others from the company presence. This means that, from a social risk perspective, companies need to be aware of how their day-to-day activities affect local dynamics in ways that could impact on themselves.

- *Government policies and high unemployment are the problem:* Although the national context will have an impact on a mining project, it has been found that most company-community conflict is about policies or behaviours that are related to the company itself.

Getting it right is no longer a mystery. Good community relations is NOT about spending money; it is first and foremost about treating people with respect, about being seen as taking a transparent and fair approach to the distribution of benefits and about taking responsibility for project impacts.

What this means is that the consequences of the inevitable interactions between a company and communities are for the most part predictable and that a company has far more control over community-related risk than is generally understood.

3 GETTING STARTED

What is the business case? How do the social elements fit into a project management framework? How does social risk management work? What are the social aspects that need to be taken into consideration for a mining project?

Social risk management can be defined as the search for answers such as 1) what can happen, 2) how likely is it that something will happen, and, 3) what are the consequences if it does happen? The basic idea is to identify, recognize, anticipate, forestall, reduce and minimize the risk to communities and social structures from the exploration or mining project.

1.1 MANAGING SOCIAL ASPECTS

Companies use many ways to express "the business case" for managing the social aspects of the business. Ultimately, it comes down to something very pragmatic – maintaining access to key inputs such as permits, land and finance at an acceptable cost. Accomplishing this requires the support of all players – the company, the government and the local community.

1.2 PROJECT LIFE CYCLE

The project life cycle illustrated in Figure 1 outlines the basic framework for project management.

Mining projects take many years to bring into production and until that occurs, there are expenditures but no profits. There is always pressure from owners, investors, lenders and communities. Players can change – projects are often sold many times, and project team members come and go.

Figure 1

Project Life Cycle
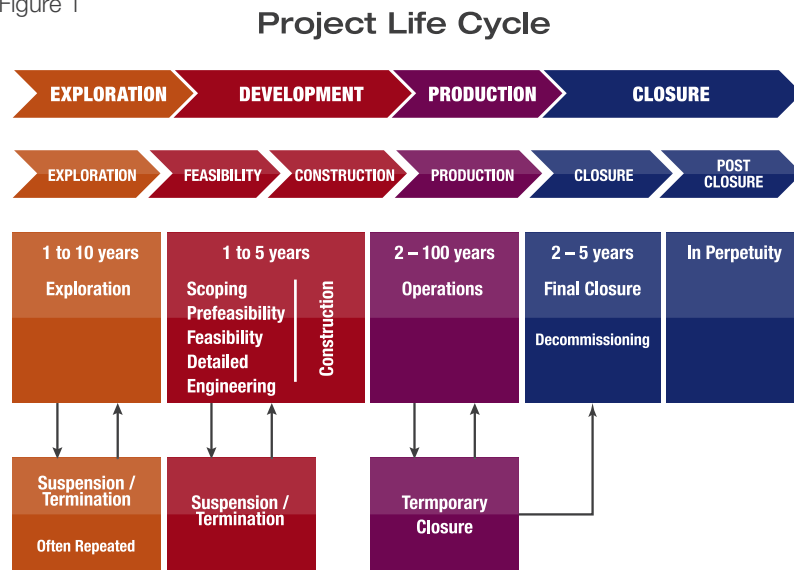
Another reality of project management is that uncertainty and unpredictability are always in the mix. Whether a company is defining the ore body or acquiring land, there is always the need for a balancing act between certainty, time and cost.

As a result, when the development team is assessing the technical aspects, it is equally important for the team to apply a similar level of rigour to the various community aspects of the project.

There are nine key issues that companies inevitably will have to consider. Figure 2 highlights the emphasis of each community issue throughout the project phases. Not every issue will carry the same weight on every project. In much the same way as different projects exhibit different sensitivities to grade, recovery and cost, so each community issue will carry more or less risk depending on the specific project characteristics and the stage of development you are in. It is important to remember that communities will likely not understand a project cycle, nor will they describe their needs and interests the same way as a company would understand them. It is important for a company to be aware of this difference in "language" when communicating with communities.

Figure 2

Community Issues
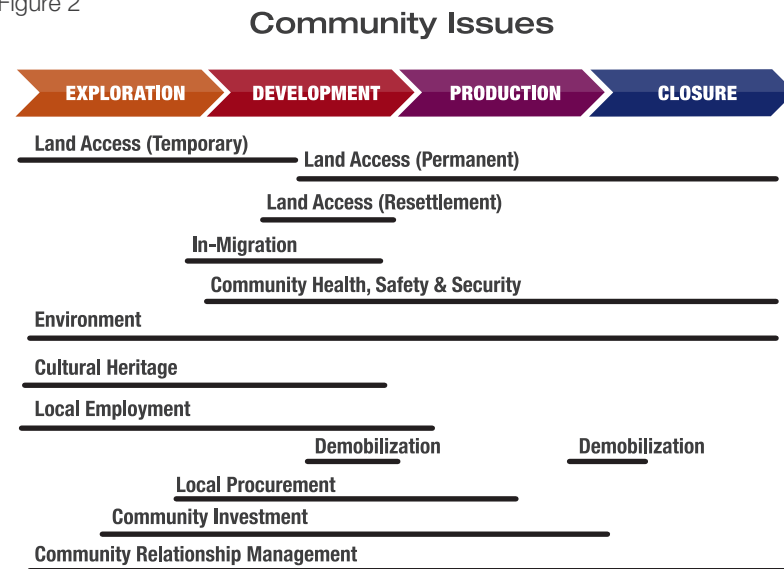
1.3 INTEGRATING SOCIAL RISK MANAGEMENT INTO THE PROJECT

Doing a risk assessment and updating the risk register is (or should be) a standard practice when moving from one project phase to the next, and bringing in a social viewpoint is an easy next step. Ideally, this should be done as part of the overall project risk assessment but it can also be a stand-alone social risk assessment.

When considering social risk, it is necessary to view it from two sides.

On the one hand, a **SOCIAL RISK** to the **COMMUNITY** occurs when action by the company has the potential to cause harm or injury to groups or individuals.

On the other hand, a **SOCIAL RISK** to the **COMPANY** occurs when an individual, group, community or organization takes up a social issue and applies pressure to the company in order to bring about a change in company practices or policies.

From this, the rationale for management of social risk becomes quite simple:

> Social risk to the company arises when negative company impacts on the community are not well managed, so it is in the company's self-interest to minimize negative community impacts and to manage them well when they are unavoidable. It therefore makes sense for the company to adopt policies and practices that avoid, minimize and mitigate negative impacts and to create, maximize and enhance the socio-economic benefits that flow from project development.
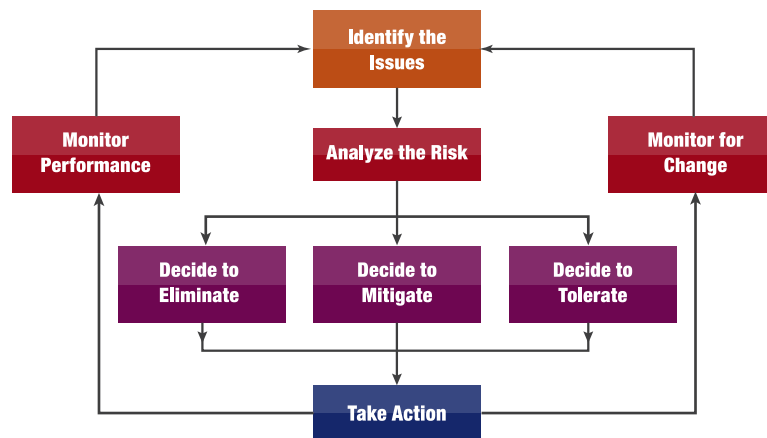
The next section provides a diagnostic tool to quickly assess potential social risk exposure against the nine key aspects of social performance. The diagnostic will identify the areas on which the company should focus its attention. This is followed by plans of action for each area that can be implemented in part or in full.

Risk Management System

8

4 INITIAL ASSESSMENT

A company must conduct studies to determine the social issues that might arise. Ideally, the first issues identification is done as part of the preparation ahead of the project, whether this is before sending an exploration team on the ground or before making a decision to develop a deposit and bring it into production. This is important because failure to identify and deal with social issues can result in negative impacts that can constrain project development.

Companies have access to information that could be helpful in understanding the socio-economic conditions of the area they are planning to work in or are working in. Much information can be extracted from a few global socio-economic indicators: the local laws, company aspirations, the nature of the ore deposit, some satellite imagery, the experiences of the exploration team in the field and a site visit can certainly be enough to get basic information on the issues that must be dealt with.

Socio-economic setting: It is probable that someone in the organization will have gathered some degree of understanding of the country's level of socio-economic development. The Internet can be a source of information. A quick web search will provide information on:

- A broad indication of socio-economic indicators
- Law and order in the country and communities
- The prevalence of corruption
- The presence of civil society groups advocating on behalf of impacted communities
- The legacy mining companies may have left, if any

Legal, regulatory and customary obligations:

- What are you legally required to do?
- What Canadian laws do you need to comply with?
- What are the host country national laws and local customs related to land access and acquisition; community consultation (especially when it concerns indigenous peoples); local content; cultural heritage; and local, regional and national development?
- What agreements have been signed and with whom, and what commitments have been made?

The site team can start this research but any gaps in knowledge will need to be closed as soon as possible.

Company reputation and goals: A company's aspirations will dictate how it conducts business.

- What is the company saying about these broad goals – the vision, values, mission statement – and how is it putting the words into practice?

Is the company expecting to borrow money or issue shares to build the project? If so, consideration should be given to adopting the International Finance Corporation (IFC) Performance Standard 5 as the land acquisition guide, since a large and increasing number of lenders and investors are using this as the de facto requirement. If a company does not consider this up front, it can find itself having to backfill to bridge the gaps, which will take time and is likely to delay project financing and a construction start.

Footprints and social impact: The characteristics of the ore deposit have a significant influence on the social impacts the project will have.

- Precious metals, particularly near surface and high grade, may attract artisanal miners.

- Base metals and bulk commodities such as bauxite, iron ore and coal will have large local and offsite footprints to accommodate the mine, concentrator, refinery and port. The great scale of these projects could act as magnets for job seekers and entrepreneurs, putting pressure on local government services – particularly health and education and spatial planning – and are likely to increase the local cost of living.

- Road and rail infrastructure are known vectors that add to the burden on local communities by opening up the area to in-migration. On the other hand, they connect an area to the wider world and make distant markets for locally produced goods more accessible.

- Near-surface deposits are more likely to be open cut and will result in a (large) void that will remain open at closure as well as waste dumps that will require the current land users to be moved and whose area will need to be returned to productive use at some future time.

- Tailings storage requires significant area, adding to the impact on land users, and any seepage, leakage or discharge have the potential to impact ground water and surface water quality.

- Chemicals used in processing will create real and perceived health and safety hazards for the local communities.

Geography and societies: Satellite imagery presents a wide range of information.

- The distance between the deposit and the local communities can indicate how significant a community health and safety issue such as dust, noise, vibration and visual impact are likely to be and the need for buffer zones or even relocation.

- If there are people living on or near the deposit, the likelihood of resettlement will be high.

- The type of housing construction can indicate the economic development of communities.

- The type of agricultural activities can also indicate the economic situation of a community – small holdings of annual crops versus land under tree crops often grown for cash – as well as the complexity of land ownership and user rights and the scale of compensation required.

- Forests are often community assets as sources of firewood, bush food and medicine and often hold cultural or religious significance.

- The presence or absence of nearby towns or cities will indicate the potential of the area as a source of job-ready employees, the likely pull factor for migrants seeking opportunities and the presence or absence of government services.

- The existing accessibility of the site by road or rail can indicate not only the presence of infrastructure, but also the mobility potential of the population and the access of the population to more distant markets.

Land access customs: The site team has information about land access.

- Current practices for accessing land – is permission always sought before entry, is compensation paid, how was the current compensation rate was determined, how are payments are handled and assured, and how are complaints are handled.

- Likewise with employment and services – how many locals are employed, what type of work do they do and how are employees chosen? Are processes easy to understand, and do they seem fair and reasonable?

- If donations and sponsorships have been made, what is being supported?

- Are free services being provided – water from the camp bore, power from the generator? These may be easy ways to win support early on, but they can build precedence and expectations, and, in a worst case scenario, may be seen as entitlements.

- What promises have been made, have they been delivered on, and are they written down? Failure to deliver on promises, explicit and implicit, is the number one trust breaker for communities. Have there been any notable incidents or disagreements – something that has caused work to stop or for the team to feel less safe?

- Lastly, what changes in the communities have occurred? More houses, new shops, bars and restaurants, and higher rents are all signs that in-migration is happening, and can happen, even at early stages.

If the site team does not readily know, or if they cannot easily explain, what, why and how they operate or if the actions of the team appear inappropriate, it probably means that not enough attention has been paid to the relationship with the community.

Site visits: A site visit might happen during the project scoping study or it may not be until the pre-feasibility or feasibility study. The information from the initial assessment should be cross-checked, and the following should be considered:

- Schedule introductory meetings with key government departments of the host country – planning, health, education and police are a good place to start, as is the head of local government. Identify the best people to meet before contacting them, because the right people on paper might not be the right people in practice, and dealing with the wrong people could offend or start you off on the wrong foot. Provide some information about the project (it doesn't need to be too specific) and how the project will benefit the country, and ask the officials what they know about the company. The more levels of government the company can engage with – national, regional and local – the better, but if time is short, focus at the local level for the first visit and expand the circle during subsequent visits. Always prepare information dealing with what the officials are likely to ask about, and ask questions in return. Track what you hear.

- Connect with non-governmental organizations (NGOs) working in the country and particularly any that are working locally. They generally have a good idea of local community dynamics and can serve as a reference and contact point for what the site team is finding out. They could also be potential partners for social investment activities so it is worth starting early to understand where your interests may overlap. This is a first step for building trust and establishing relationships, both of which can help companies to understand evolving situations.

- Take a few hours to visit the local communities. Walk around and talk with a cross-section of people such as elders, business

owners, women and youth (but be sensitive to the local customs you have previously researched). Engage with them. Listen to them. Be relaxed and willing to sit down and talk. Build in flexibility, taking the time needed to engage, and consider returning for a second visit, since in many cultures, people will not instantly open up to strangers. In your conversations, ask specifically, "What are the impacts on your life of the company's being here? What are the pluses, the positive impacts for you? What are the downsides, the negative impacts that concern you? And, what do you suggest the company could do to make sure that we sustain the positives and begin to address some of these negatives?" Doing this sends the message that the company wants to hear and learn from local ideas, respects the holders of those ideas and is willing to be held accountable for company impacts. Also, local people will express some very important concerns and some surprisingly positive and innovative ideas. Local people have ideas and solutions that may not be imagined from inside the company office.

- Visit other operations to see how they address various community aspects, what has worked for them, what hasn't and how they are assessing this.

- Look and listen for signs that indicate the quality of the project's relationship with the local people.

Visit the local embassy. Embassy officials can present a general overview of the regulatory, social, political and economic issues that need to be considered, and assist in identifying sources for more detailed information. Remember, companies from different countries can be viewed differently from local companies for historical reasons, and embassy officials will have information on this. Letting embassy officials know of the company involvement in an area early can result in prompt assistance later on.
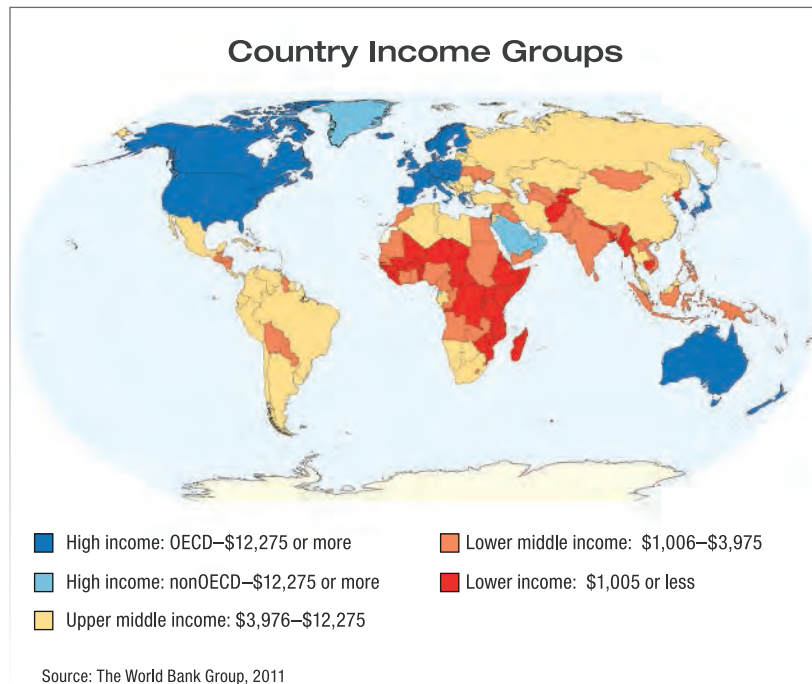
5 ISSUES SCORECARD

What are some of the areas that require additional attention?

The nine key social performance areas were introduced earlier. The quick diagnostic tool that follows asks five questions for each of these key areas and lists possible sources of information that should allow you to answer the question.

Use the socio-economic scorecard by marking on each of the four scales the position that corresponds to the situation of the host country. For the nine issues: answer YES, NO or DON'T KNOW (?) against each question. **The answers will indicate the areas that deserve additional company attention**.

SOCIO-ECONOMIC SETTING: GETTING THE INFORMATION

Country Income Groups

■ High income: OECD–$12,275 or more

■ High income: nonOECD–$12,275 or more

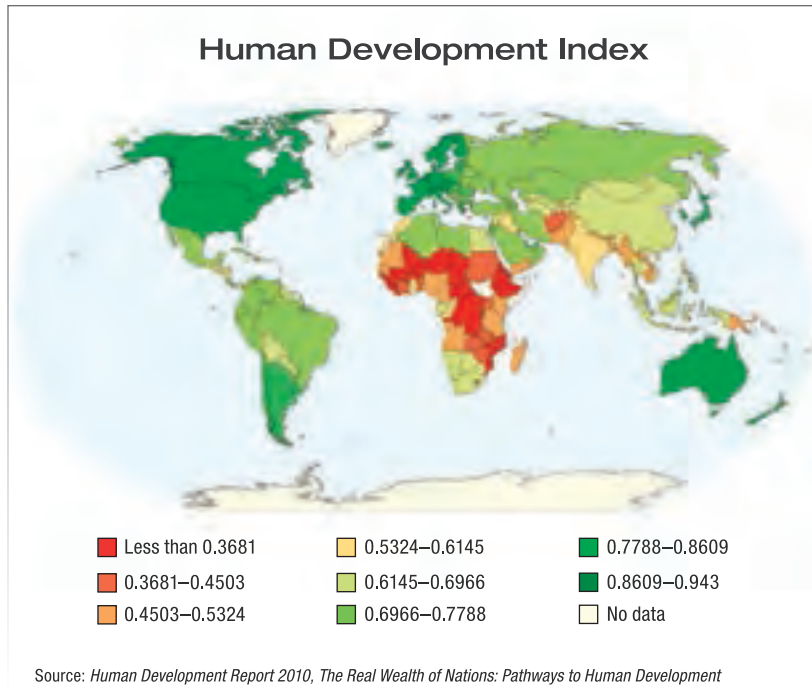■ Upper middle income: $3,976–$12,275

■ Lower middle income: $1,006–$3,975

■ Lower income: $1,005 or less

Source: The World Bank Group, 2011

Least Developed Countries

Haiti, Mauritania, Cape Verde, Senegal, Gambia, Guinea-Bissau, Guinea, Sierra Leone, Liberia, Burkina Faso, Togo, Benin, Sao Tome and Principe, Equatorial Guinea, Central African Republic, Angola, Mali, Niger, Chad, Sudan, Lesotho, Democratic Republic of the Congo, Malawi, Mozambique, Zambia, Yemen, Eritrea, Djibouti, Ethiopia, Somalia, Uganda, Rwanda, Burundi, Comoros, Madagascar, Tanzania, Afghanistan, Nepal, Bhutan, Laos, Maldives, Myanmar, Cambodia, Timor-Leste, Kiribati, Tuvalu, Solomon Islands, Samoa, Vanuatu

Source: Least Developed Countries (LDCs), United Nations Conference on Trade and Development

One way to understand the host country situation is to compare the per capita income of the host country with that of Canada. The bigger the gap, the higher the national and local expectations for the project to contribute to national development, whether this is through revenues to government, local jobs, business development or social investment.
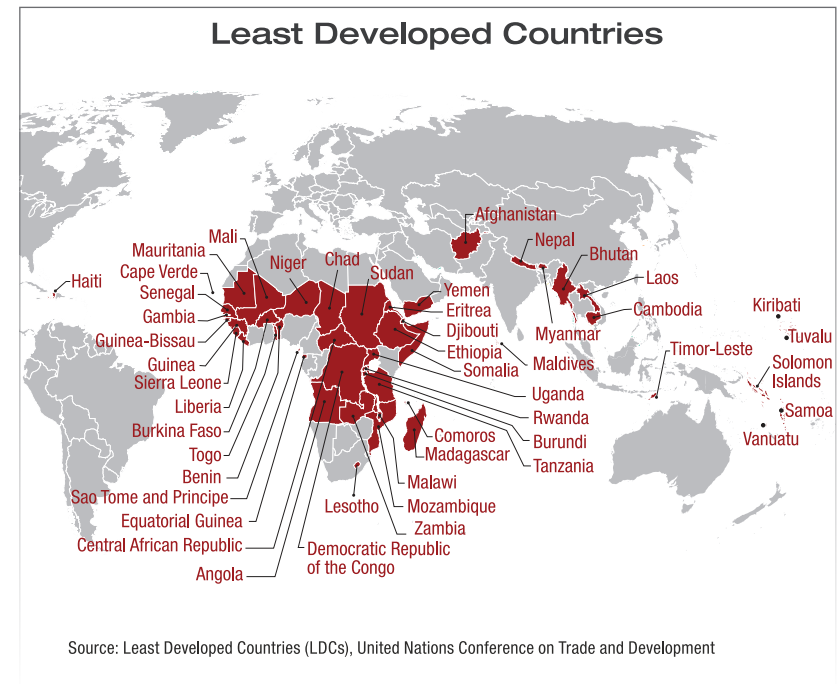
Within the low income countries is a subgroup the United Nations (UN) has classified as the least developed countries (LDCs). LDCs face poor indicators for low income levels but also for health and education levels and for other social indicators. In addition, these countries are frequently very vulnerable to droughts, floods, conflict and violence.

Human Development Index

■ Less than 0.3681	□ 0.5324–0.6145	■ 0.7788–0.8609
■ 0.3681–0.4503	□ 0.6145–0.6966	■ 0.8609–0.943
■ 0.4503–0.5324	■ 0.6966–0.7788	□ No data

Source: *Human Development Report 2010, The Real Wealth of Nations: Pathways to Human Development*

Corruption Perceptions Index 2012

SCORE

Highly Corrupt — 0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100 — Very Clean

Source: *Corruption Perceptions Index 2012*, Transparency International

The United Nations Development Programme Human Development Index considers health and education levels in addition to income. Among the community activities that a company can consider investing in are ones in areas that contribute to a pool of healthy, job-ready local employees and areas where community development activities produce the biggest return on investment.
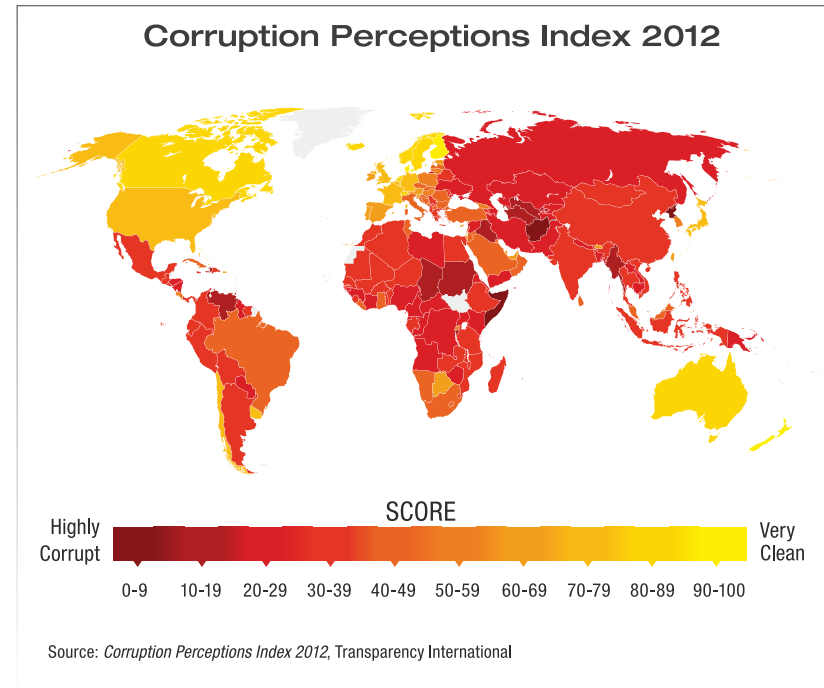
Working in highly corrupt places means that a company needs to actively and proactively promote business principles internally and to contractors, suppliers and partners – including state entities. A company can also seek support from local and international NGOs working on anti-corruption initiatives and can consider supporting the Extractive Industry Transparency Initiative at national and international levels.

LAND ACCESS: ACQUISITION AND RESETTLEMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	Is the land around the deposit mainly cultivated or used for agriculture land?			
	Are there any houses located within 1 kilometre (km) of the centre of the deposit?			
	Are indigenous people living in the project area?			
	Are land ownership or usage rights communally held?			
	Are there national laws governing land acquisition, compensation and resettlement?			

IN-MIGRATION

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	Is it likely that there will be the need for a large construction workforce relative to the existing local population?			
	Will the project require construction of new or upgraded transport routes and infrastructure?			
	Will the project be the major employer in the area?			
	Is the project remote from larger cities that could absorb an influx of people?			
	From a cultural perspective, are people naturally transient or mobile?			

Socio-economic setting

Legal, regulatory and customary obligations

Company reputation and goals

Footprints and social impact

Geography and societies

Land access customs

Site visits

COMMUNITY HEALTH: SAFETY AND SECURITY

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	During the exploration phase, have local people expressed health, safety or security concerns?			
	Is there a strong presence of human rights NGOs in the country?			
	Is the country in the lower end of the scale of the Human Development Index?			
	Is it reasonably likely that the main transportation routes for materials will pass through populated areas?			
	Is malaria and/or HIV/AIDS present in the project area?			

ENVIRONMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	During the exploration phase, have local people expressed environmental concerns?			
	Is there a strong presence of environmental NGOs in the country?			
	Are there regulatory requirements related to environmental impact management?			
	Is it reasonably likely that community access to water resources will be affected by the project development?			
	Does the area contain internationally or nationally recognized biodiversity value?			

Socio-economic setting

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CULTURAL HERITAGE

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
[gavel]	Does the country have legal requirements with regard to the preservation of cultural heritage?			
[people]	During exploration, have local people expressed a strong attachment to issues of cultural significance?			
[people] [eye]	Do indigenous people currently live in the area or have historical links to the area?			
[map] [people] [eye]	Does the area contain internationally or nationally recognized archeological or cultural value?			
[target]	Is there a reasonable likelihood that the project will need to seek external funding?			

LOCAL EMPLOYMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
[gavel] [target]	Are there legal requirements – laws or investment agreements – governing preferential employment for local people?			
[people] [eye]	Have demands for employment already come up during the exploration phase?			
[people] [eye]	Does the current site workforce (company and contractors) consist predominantly of outsiders?			
[globe]	Is hiring from the local populations challenged by low literacy and education levels?			
[map] [people] [eye]	If the project is developed, will it be the only major employer operating in the area?			

Legend:
- [globe] Socio-economic setting
- [gavel] Legal, regulatory and customary obligations
- [target] Company reputation and goals
- [footprints] Footprints and social impact
- [map] Geography and societies
- [people] Land access customs
- [eye] Site visits

LOCAL PROCUREMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	Are there legal requirements – laws or investment agreements – governing local content?			
	Have demands for contracts already come up during the exploration phase?			
	Are the capacity and/or quality of local contractors and suppliers used to support exploration low?			
	Is there a reasonable likelihood that the project life will exceed five years?			
	If the project is developed, will it be the only major industry operating in the area?			

SOCIAL INVESTMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	Are there legal requirements – laws or investment agreements – governing social investment?			
	During exploration, has there been a tendency for local people to focus on obtaining cash donations for community events or projects that are short-term in nature?			
	Are aid and development NGOs active in the area?			
	Have promises – explicit or implied – been made that the project will bring benefits?			
	Are basic government services – schools, clinics, refuse disposal, roads – lacking?			

Socio-economic setting

Legal, regulatory and customary obligations

Company reputation and goals

Footprints and social impact

Geography and societies

Land access customs

Site visits

COMMUNITY RELATIONSHIP MANAGEMENT

POSSIBLE INFORMATION SOURCE	CHARACTERISTIC	Y	N	?
	Is the project located in a densely populated area?			
	Are there indigenous people living in the project area?			
	Is there a history of opposition toward oil or mining companies in the country?			
	Has there been any community action (including conflict between community or ethnic groups) during exploration that has prevented the company from working?			
	Is there a reasonable likelihood that the project will need to borrow money to fund construction?			

Socio-economic setting

Legal, regulatory and customary obligations

Company reputation and goals

Footprints and social impact

Geography and societies

Land access customs

Site visits

INTERPRETING THE RESULTS

1. If the project is located in one of the 50 LDCs, you will need to address all nine issues.

2. If you answered YES to the presence of indigenous people in any one aspect, you will need to address all nine issues.

3. If you answered YES to the possibility that the project will need to borrow money from banks, it would be prudent for you to address all nine issues.

4. A YES or DON'T KNOW response to a question regarding legal requirements means that issue needs to be given serious consideration.

5. If you answered YES or DON'T KNOW to any of the questions, you need to give serious consideration to the issue.

Chapter 6 discusses each of the nine key areas in more detail.

6 TAKING ACTION

The issues have been identified; the assessment and the diagnostic tool have been used to determine the most important issues, so what actions need to be taken for each of the nine social aspects identified earlier?

For each of the nine social aspects, this section discusses:

1. **Why this is important:** provides an explanation of the need to pay attention to the issue

2. **What needs to be achieved:** identifies three key results that will reduce the risk or increase the benefit associated with each aspect

3. **How to go about it:** identifies a small number of specific actions that can be taken to help achieve each result

4. **What if / What else:** outlines additional context, possible next steps or ideas to be taken into consideration in the assessment and design phases

Based on this information, it is possible to develop a plan for each social aspect. Taken together in full or in part, the nine plans will provide a solid basis for successfully managing the social side of the project. Project design and project execution decisions make a significant contribution to delivering a good outcome in most aspects.

7 LAND ACCESS, ACQUISITION, COMPENSATION AND RESETTLEMENT

WHY THIS IS IMPORTANT

Competition for land is usually a key issue facing companies and communities. Compensation for damage and the displacement and resettlement of communities is a challenging experience for all concerned, generally more expensive than anyone anticipates, and often leads to conflict over the right to land and its use. For the communities themselves, land acquisition and resettlement can be emotional and traumatic, and for the company it can affect the success or failure of a project. Inadequate attention to the impacts of land access and acquisition can lead to disaffected communities and civil society groups lobbying governments and stymying approvals or taking direct action and delaying construction. On the other hand, if land acquisition and resettlement are well managed it can provide impacted people with better housing and additional livelihood opportunities.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Understand the local context for land acquisition	Obtain information on: 1. Land tenure and ownership. 2. Land usage. 3. Any areas of conflict over land and resources. 4. Local land tenure dispute resolution procedures. 5. Impact of the proposed project on the availability of arable land to the community, linked to population and livelihoods. 6. Established land survey, valuation and compensation procedures. 7. The unit to which compensation should be paid (household, family, individual, clan, community). 8. Who the legitimate landowner representatives are.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Establish rules for accessing land for temporary use that are used by everyone on site	It may be that exploration has been doing a good job and has established good practices, in which case, the next step will be as simple as updating and broadening to cover the range of field-based project assessment-related activities such as baseline environmental data collection, in-fill resource drilling or bulk sampling. Alternatively, the company may be starting with a blank sheet, in which case rules will need to be established about: • notification: Ensure that land owners are aware of plans and give permission to enter their land before starting work. • compensation: (see the details in the What if / What else section). • communication: Ensure communication to the broader community happens on actions to be taken before work begins. Drilling activities, baseline sampling programs and household surveys are all open to interpretation and uninformed rumors need to be avoided.
Develop an execution plan for permanent land acquisition	1. Link all land acquisition and resettlement activities to the construction schedule, and ensure adequate resources are provided. Surveying, making agreements and payments, and moving all take time and have the potential to become critical path activities that hold up construction activities. 2. Don't undertake mine planning in a social vacuum. Make sure all exploration and mine planning maps and drawings include settlement areas (by name), show existing infrastructure and areas of cultural interest, and identify administrative, political and traditional boundaries.

WHAT IF / WHAT ELSE

A common mistake: Many companies persist in acquiring land in developing countries as though they were undertaking a similar transaction in their country of origin, that is, through the payment of cash compensation to legally recognized landowners, users or affected third parties.

Common assumptions include:

• If land is state land, or has been cleared of people by the government prior to handover to the company, the company has no resettlement obligations.

• Only people or parties with legally recognized rights to land need to be compensated.

• Cash compensation is usually adequate to cover resettlement impacts.

- If problems occur, additional compensation payments will usually resolve them.

- Disclosure of information about how land and assets will be valued will lead to escalating demands from affected people.

- Provided the company complies with national laws, it has met international standards.

These assumptions are contrary to accepted international standards governing resettlement and could leave the company open to human rights charges and other costs.

Transparency: It is crucial that everyone understands compensation payment procedures: how payments are calculated; who the recipients are; why these recipients were chosen; and where and when payments are made. The compensation process must be completely transparent to all affected parties and must adhere to official land valuation and compensation procedures but the amount of specific payments will often be confidential. The procedures must include meticulous record keeping.

In the case of land compensation, the company should record the following (and where possible, have the data linked into a geographic information system (GIS) system):

- Name and address of the landowner.

- Purpose and nature of the land acquisition (temporary or permanent).

- Nature of the land (cultivated land or cash crops, subsistence gardens, forest, orchard, barren, government, waste land, river, streams, dry pond, grazing land, creek bed, improved non-agricultural land).

- Type, age and condition of the current crop.

- Type and condition of houses and other buildings and their contents.

- Photos taken prior to access and after access.

- Consent of the landowner (granted willingly or after some negotiation or needed the community leader's intervention; background notes on any negotiation).

- Compensation paid.

- Proof of payment (signature of the witness, signature of the landowner, photo of the landowner receiving the payment and a copy of the payment receipt given to the landowner).

- The landowner's level of satisfaction with the process.

Resettlement: If the initial review identified that it is likely that people will be economically and/or physically displaced, start the process of developing a Resettlement Action Plan sooner rather than later.

	STEPS	PURPOSE
Ongoing information to and consultation with affected people	Identify areas to be affected	To identify affected land, people and structures.
	Census and surveys	To identify landowners and their assets; to assess people's health and livelihood strategies, and to identify potential impacts. Also to create awareness and notify affected people.
	Calculate loss	To collect information and determine how the value of land, crops, buildings, and other assets will be affected.
	Prepare Resettlement Action Plan	To develop compensation and resettlement plans to provide compensation options for people to choose from.
	Physical relocation	To help relocate people, deliver payments, provide assistance and continue consultation.
	Restore economic livelihood	To help people to independently earn a living.
	Ongoing monitoring of livelihoods	To monitor resettlement until people's livelihoods have been restored.

Buffer zones: Buffer zones included in the footprint design can provide some spatial separation between the project and existing and migrant populations. These buffer zones could take the form of exclusion zones into which entry is forbidden or zones with designated (and restricted) occupation and land use rights. Use of buffer zones may pre-empt the development of fenceline settlements on the project's doorstep. And, together with appropriate workforce recruitment policies, may encourage migrants to settle in established villages and towns.

Access control: To protect the company from speculative land acquisition, all required land could be secured up front, even if the land acquisition could be scheduled over several years. During the intervening period, the company could choose to allow ongoing use of the land through the development of annual land-use lease agreements. The long-term benefits are likely to outweigh the short-term costs.

Plan ahead: Undertake condemnation studies within the exploration licence areas as soon as possible to distinguish areas of potential geological interest, and then work with local planning authorities to consider ways to redirect settlement or population growth away from those areas.

Impact on vulnerable groups

It is important to consider vulnerable groups when acquiring, using and resettling land. They are rarely consulted, and their needs often go unmet. For example:

- Determine how land acquisition impacts gender relations, especially when the women are farming the land and the men receive the compensation money.

- Consider the location of work facilities and site roads to reduce health problems from dust and pollution and the potential risks of children being injured in road accidents.

- Based on household surveys, projected land take and expected compensation rates, it is relatively easy to predict which households will be the most vulnerable because of land acquisition and resettlement. Consider establishing a vulnerability prevention program to increase people's coping mechanisms.

- Consider the location of essential services such as health and education during any resettlement program.

8 IN-MIGRATION

WHY THIS IS IMPORTANT

In-migration (also referred to as Influx) is the movement of people into an area in anticipation of, or in response to, economic opportunities associated with the development and/or operation of a new project. It is an inevitable consequence of project development. Although in-migration may benefit trade, employment, infrastructure and services in a project area, overwhelming experience for the mining sector is that in-migration negatively affects the host communities. It specifically affects environmental, social and health issues and leads to increased project costs and increased operational and reputational risk if not well managed. Every project has the ability to contribute to a reduction in in-migration and to the prevention and/or mitigation of its impacts. It can therefore be considered as "enlightened self-interest" for a project to address project-induced in-migration.

Managing In-migration

EXPLORATION   FEASIBILITY   CONSTRUCTION   OPERATION   CLOSURE

Mitigating Impacts
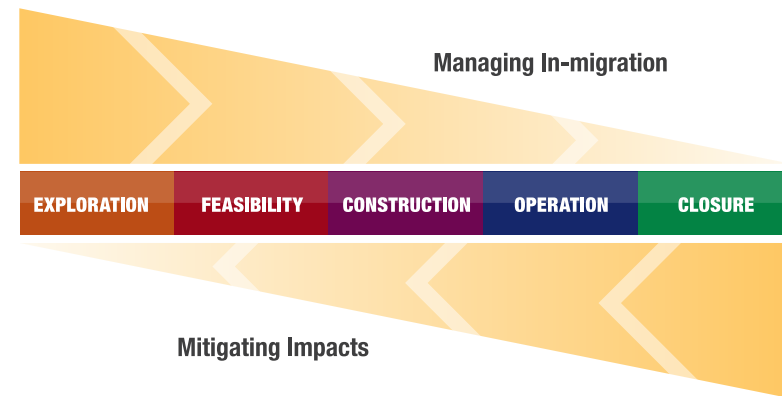
In-migration peaks during the construction and early operations phase of projects so potential impacts need to be identified and plans put in place proactively before the first migrants arrive rather than reactively where resources have to be directed toward mitigating the impacts for the life of the operation.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Understand the project-specific drivers of in-migration	1. Incorporate an in-migration assessment into the screening phase of the environmental and social impact assessment (ESIA), with a specific requirement to include a prediction of in-migration pathways and hotspots and a prediction of the rate and magnitude of in-migration.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Consider the in-migration consequences when planning for construction and operations	In addition to the in-migration-related actions in the What if / What else sections in the other social aspects, there a number of other actions that should be taken: 1. Evaluate how planned transport routes might facilitate access and concentrate in-migrant populations both along the route and within the broader project area of influence. 2. The decisions about whether to operate one or multiple offices, where and how to house workers, and whether to locate and operate a logistical base on the project site, in the nearest town with adequate infrastructure or in the nearest centre that can function as a service centre for the project, should be made considering their influence (pull factor) on in-migration. 3. Analyze the interventions that may be needed, and identify where the involvement of local and regional government in design, construction, and/or management of the interventions is needed to make these sustainable. 4. Make someone accountable for ensuring in-migration issues are fully integrated into the project.
Limit the number of jobseekers coming to the project area as much as possible	The approach that has proven to be effective in encouraging non-skilled jobseekers to stay home is a combination of: 1. Defining clearly, and in consultation with key stakeholders in the project area, who are "local" and who are "outsiders." 2. Publicly committing to hiring 100 percent "local" people for non-skilled labour positions. 3. Radio announcements in main population centres: "If you are not local, and you do not have specific skills, stay home." 4. Contractual enforcement of the local hiring rules with contractors and subcontractors. 5. Strict enforcement of a no-hiring-at-the-gate policy.

Adding to the ESIA: Effective monitoring of the project's physical, social and health footprint requires reliable information on in-migration, including a baseline and periodic updates. It is very important to implement a population census of the project area to establish a verifiable "pre-project" baseline. The baseline information can be further supplemented through the use of remote sensing. Aerial imagery can be particularly useful during the pre-feasibility and feasibility stages, when it is not possible or practical to do in-depth ground-based studies. Regularly updated imagery can easily establish the geographical extent of any influx and land use changes that may be occurring in and around the project area.

Design, construction and management requirements: Companies often expect governments to take responsibility for dealing with influx and do not get influx management onto the radar until it is too late and the company is compelled to take action. Government may lack the capacity (or will) to pro-actively plan for in-migration unless they are encouraged to do so. This is why collaborative planning with the government needs to be done early, before significant influx happens.

Where government capacity and resources are limited, the company may want to consider partnering with NGOs to provide technical assistance and capacity building to local and regional governments in areas such as governance and revenue management, infrastructure planning and delivery, and improved delivery of health and education services.

Influx-related provisions (such as an increased presence of government services) could even be part of negotiations around the investment agreement.

Worker housing: Decisions regarding the provision of worker housing have the potential to affect: (i) the local demand for housing; (ii) the pressure placed on existing infrastructure, services and utilities; (iii) the development of local economies to support the workforce; and (iv) the development of local-level jealousies regarding standards of housing, utilities and services, as well as post-project disposal of housing.

The voice of experience:

> ❝ In-migration sneaks up on you. You start with 5 houses, then 20, then 50, and all of a sudden you have a community on your doorstep. ❞

....

> ❝ Relatively speaking, planning is not expensive and laying out plans in advance of influx is one of the more effective strategies that can be adopted. ❞

....

> ❝ As long as people see the mine as a way to a better future, they will keep coming. ❞

Spatial planning: To avoid spontaneous and unplanned urban growth, the project could work with local government to develop and implement master urban and spatial plans for existing and new settlements within the project area of influence. Something else to consider is that any offsite project infrastructure and the increased availability of services and utilities may lead to social pressure being placed on the project either to share resources or meet the cost of providing resources to the public.

Impact on vulnerable groups: The influx of a large, temporary, migrant male workforce with disposable income during the development of a mine can increase the risks to children of abuse, violence and exploitation. This could include child labour during construction or sexual exploitation by workers and others. It is essential to have a zero tolerance approach to both of these issues from the start and to build relationships with local authorities and organizations responsible for child protection to which suspected cases can be referred. Project-induced inflation will affect those not directly benefiting from company activities, which include civil servants, disproportionally hard. Some companies provide support packages (e.g. provide housing) to such heavily impacted groups.

9 COMMUNITY HEALTH, SAFETY AND SECURITY

WHY THIS IS IMPORTANT

While public authorities have a role in promoting the health, safety and security of the public, the company has a responsibility to avoid or minimize the risks and negative impacts to community health, safety and security that may arise from project-related activities. Physical structures and project-related activities will directly, indirectly and cumulatively change community exposures to environment-based health risks, such as communicable diseases, equipment accidents and exposure to hazardous materials or conditions. Also, communities often lack an understanding of the controls the company plans to put in place, leading to concerns which, if not addressed, can damage relationships with communities or government organizations and result in additional costs. These damaged relationships can result in confrontations with security forces, which, in turn, can push a company to increase security and thus start a vicious circle of security needs. This is frequently a source for concern in the protection of human rights.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Minimize any addition to the existing burden on the population	• Identify and evaluate the project-related risks and impacts to the health and safety of the local community. • Use the design phase to avoid causing negative health and safety impacts on the community, wherever practical, and minimize and establish mitigation measures that are appropriate for their nature and scale where it is not possible to avoid them. • Modify, substitute or eliminate the use of hazardous materials, wherever possible. • If in-house expertise is not available, use specialized support or an independent review process to identify gaps or other issues the project team might overlook. • If the construction execution plan includes use of third-country national workers, careful pre-employment screening for communicable diseases needs to be mandatory. • To assure sustainability, the company should implement any mitigation measures through collaboration with existing local governments, NGOs and local relevant agencies. • If local government agencies do not have the capacity to respond effectively, the company has a responsibility to play an active role in preparing for and responding to health impacts associated with the project.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Dispel the myths	• It is never too early to start – for as long as there is an information vacuum, misinformation and myth will rule. • Share information about potential impacts and plans for managing the associated risks with local and national health agencies. With adequate information, agencies are less likely to be critical and more likely to be neutral, or possibly, a valuable advocate. • Within the local community, in cooperation with local health agencies and organizations, the company can play an active role to prevent the transmission of communicable diseases through communication and educational programs designed to raise awareness. • An internal workforce health promotion and education effort can significantly impact behaviours and practices – both of the workers themselves, and in turn, local communities – by turning the project workforce into "peer educators" to local communities.
Keep protection and symbols of protection to a minimum	• For any security arrangement, with either public or private security providers, conduct a risk analysis to ensure that the security approach is proportional to the threat level and takes into account human rights impacts, arrange for human rights training, review and investigate incidents, put in place remediation mechanisms, and have a system to improve and adjust security processes based on lessons learned from incidents. • Where possible, work closely with private security providers as the company has control over their actions. • Make sure that public service providers (police, military) have regular meetings with company officials. Establishing a relationship makes it easier to call for restraint in crisis situations. • Check regularly with informal leaders about the behaviour of security forces.

WHAT IF / WHAT ELSE

If you do need additional security presence to safeguard personnel and property: Follow the guidance that the Voluntary Principles on Security and Human Rights[1] provide and assess risks posed by the security arrangements to those within and outside the project site.

• Any arrangements should be guided by the principles of proportionality in relation to hiring, rules of conduct, training, equipping and monitoring of such workers and by applicable law.

• Make reasonable inquiries to ensure that those providing security are not implicated in past abuses; train them adequately in the use of force

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[1] voluntaryprinciples.org/

(and where applicable, firearms) and appropriate conduct toward workers and local communities and require them to act within the applicable law.

- Ensure community people have access to an effective grievance mechanism to express concerns about the security arrangements and acts of security personnel. Make sure this mechanism is easily accessible to women, children and others most vulnerable to security force behaviour.

- Work with partners on the provision of human rights training to security providers. Some companies have been successful explaining the need for such training by appealing to "honour," "international standard" or other angles that resonated with security providers.

Going beyond the workforce: Since activities undertaken outside company walls often account for a significant percentage of employee infections, many businesses find it useful and necessary to extend their education and awareness efforts beyond the workplace. This includes working with suppliers and contractors as well as the local communities in areas of operations.

Particularly vulnerable groups, such as women and youth, can be targeted through local schools, employees' wives and local women's organizations whereas high risk groups such as temporary construction workers, migrant labourers and truck drivers may require specifically adapted awareness messages.

The rate of infection for the workforce can be assumed to be similar to the rate for the local population.

Business will feel the impact of HIV/AIDS most clearly through their workforce, with direct consequences for a company's bottom line.

Peer education is one of the most widely used strategies for raising awareness on HIV/AIDS.

Addressing health and well-being impacts: The hierarchies of mitigation and enhancement shown below could be used as a management framework and also used to inform the social investment plan.

Mitigation Hierarchy

Avoid	Design the project so that a feature that may cause a potential negative health impact is designed out.
Reduce	**At the project site (Source):** This involves adding something to the basic design to abate the impact. Pollution controls fall into this category, often called "end of pipe." **In the community (Receptor):** Some impacts cannot be avoided or reduced at the project site. In this case, measures can be implemented in the community.
Remedy	Some impacts involve unavoidable damage to a resource that needs repair or requires remedial treatment.
Compensate	Where other mitigation approaches are not possible or fully effective, compensation for loss, damage and general intrusion might be appropriate.

Benefits / Opportunities Hierarchy

Build in benefits for all	Design the project so that features of the physical, social and economic environment that enhance or lead to a positive health impact for affected communities are included from start.
Affirmative action for equity	Put in place measures to ensure that disadvantaged groups reap the benefits of the project.
Make healthy choices easy choices	This involves adding something to the basic design or operational polices to encourage and reward health-promoting behaviour.
Proactive education and formation	Utilize opportunities to provide information and education to enable people to make informed health choices.

10 ENVIRONMENTAL IMPACTS

WHY THIS IS IMPORTANT

Direct impacts on the natural environment may result in adverse risks and impacts to local communities. For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves and upland forests that mitigate the effects of natural hazards such as flooding, landslides and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity and availability of fresh water may result in health-related risks and impacts. When it is not feasible to avoid impacts, it is necessary to incorporate engineering and management controls to reduce or minimize the possibility and magnitude of undesired consequences, for example, with the application of pollution controls to reduce the levels of emitted contaminants.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Identify environmental risks and impacts	• The risks and impacts identification process should be based on recent environmental and social baseline data at the appropriate level of detail. • If the project will create potentially significant adverse impacts or where technically complex issues are involved, external experts can assist in the risks and impacts identification process. • Baseline studies should comprise some combination of literature review, stakeholder engagement and consultation, and in-field surveys. If your project has the potential for significant impacts, the baseline should include in-field surveys over multiple seasons and be conducted by competent professionals and external experts. In-field surveys and assessments should be recent, and data should be acquired for the actual site of the project's facilities, including related and associated facilities, and the project's area of influence. • Current practice concerning environmental risks and health impacts is generally based on acceptable exposure levels and tolerance thresholds of adults. However, children are more susceptible to mining emissions and pollutants, which should be reflected in the company approach, for example, by consulting experts who can assess impact on children.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Educate	• It is never too early to start. • Share information about potential impacts and plans for managing the associated risks with local communities and national agencies. School-based programs targeting the physical environment – weather, water, noise and dust can be effective and are relatively easy to get up and running. • Remember – environmental management is more than a technical issue. It also requires a sound understanding of the social and cultural processes through which communities experience, perceive and respond to risks and impacts. Community perceptions are often conditioned less by technical or quantitative assessments and more by the ways in which community members experience change in their environments.
Community involvement in monitoring impacts	• See the What if / What else section for ideas for involving community members in baseline data collection and ongoing monitoring.

WHAT IF / WHAT ELSE

Water management: Groundwater and surface water represent essential sources of drinking and irrigation water in developing countries, particularly in rural areas where the piped water supply may be limited or unavailable and there is little or no treatment before consumption.

Project activities involving waste water discharges, water extraction, diversion or impoundment should aim to prevent adverse impacts to the quality and availability of groundwater and surface water resources, and where this is not possible, alternative sources must be provided.

Other ways projects impact water resources include:

• Exposure of soil surfaces to rain and wind during site clearing, earth moving and excavation activities and the resultant mobilization and transport of soil particles may, in turn, result in sedimentation of surface drainage networks, impacting the quality of natural water systems and ultimately the users of these waters.

• New water bodies, such as surface water environmental-control dams or new reservoirs, may become magnets for local community members and increase the risks of injury, including accidental drowning.

• In addition, water storage facilities require careful environmental engineering (for example, shoreline slopes and vegetation control) to prevent development of vector breeding sites.

• During construction and operations phases, tires, drums and other containers may become significant breeding sites for mosquitoes, with subsequent increased risk of dengue fever outbreaks.

• Resettlement and relocation communities may be in closer proximity to water bodies, which will significantly increase the vector-borne disease risk.

The Mitigation Hierarchy

Positive Biodiversity Impact

Net Positive Impact

Residual Impact

Pi	Predicted impact
Av	Avoidance
Mt	Mitigation
Rs	Restoration
Ofs	Offsets
ACA	Additional Conservation Actions

Negative Biodiversity Impact

Source: adapted from Rio Tinto and Western Australia EPA

Addressing biodiversity: Protecting and conserving biodiversity and sustainably managing living natural resources is very much on the radar of NGOs, lenders and local communities alike. An increasingly common approach to managing biodiversity impact is through application of biodiversity offsets, using a mitigation hierarchy similar to those used for other project risks – from avoid through mitigate to restore to benefit – in this case, the offset. How big an issue biodiversity management will be for your project should become apparent early in your ESIA studies.

Often local people have a better understanding about their own environment than Western "experts." Where possible, involve local communities in biodiversity efforts and build on local knowledge.

Participatory monitoring: One way to help satisfy concerns and promote transparency is to involve local people in monitoring the implementation of mitigation measures or other environmental and social programs. Participation, and the flow of information generated through the process, can also encourage local people to take a greater degree of responsibility for their environment and welfare in relation to the project and to feel empowered that they can do something practical to address issues that affect their lives. Participatory monitoring also tends to strengthen relationships between the project and local communities.

If local capacity is lacking, consider capacity-building and training programs to enable individuals or local organizations to acquire the technical skills necessary to participate in effective monitoring. Companies that have done so say it is in their own best interests to ensure that any groups monitoring their

project have a sound technical understanding of the process, as it leads to more accurate and credible monitoring results and enables informed dialogue.

Participatory monitoring goes beyond the company consulting with local people on environmental monitoring data. It requires the physical presence of affected individuals at the time that monitoring takes place and involves methods and indicators meaningful to those concerned. In some countries, the participation of local people in monitoring environmental and social impacts and mitigation can be a regulatory requirement. It is also good practice. In relation to any type of stakeholder involvement in project monitoring, care should be taken in the choice of representatives, and the selection process should be transparent.

Participatory monitoring might include, for example:

- Involvement in scientific sampling methods and analysis – some local groups will be quite able to understand such techniques without professional training, whereas others may need some capacity building.

- Observations by affected parties, triangulated to strengthen validation.

- Group discussions on the success of mitigation or benefit measures and/or on how to manage new issues that have arisen.

- The adaptation of widely used participatory techniques for the purpose of assessing changes in the physical and socio-economic environment over time.

Many companies who have tried this approach have found the learning curve and development of technical abilities to be much more rapid than had been predicted.

Impact on vulnerable groups: Current practice concerning environmental risks and impacts of mining companies on communities is generally based on acceptable exposure levels and tolerance thresholds of adults. However, children are much more susceptible to mining emissions and pollutants, and this needs to be reflected in companies' approaches. The commonly known hazards are arsenic, lead and mercury, which can damage children's brain and digestive development and result in paralysis, miscarriages and death. There are numerous others though, such as carbon disulphide and fluoride, which increase reproductive problems, newborn deaths, and infant behaviour difficulties; and manganese and cobalt, which children absorb three times more of than adults, result in breathing difficulties.

Companies will need to work with experts and partners on issues like these and others, such as water quality and quantity, and consult World Health Organization guidelines to ensure that activities do not negatively impact children's health.

11 CULTURAL HERITAGE

WHY THIS IS IMPORTANT

Effective cultural heritage management is critical for land access and operations and, if not well managed, can delay or even prevent project development. It is integral to the relationship with the local communities – if the company is seen to value what local people value, the community is more likely to be supportive.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Understand the legal and other requirements related to cultural heritage	The following groups are good places to start: • Ministries of archaeology, culture or similar national or heritage institutions. • National and local museums, cultural institutes, and universities. • Local communities and religious groups for whom the cultural heritage is traditionally sacred. • Historical or traditional users and owners of cultural heritage. Inside the company, the person responsible for maintaining the exploration licences should be able to provide a list of permit conditions (if any).
Identify culturally significant places inside the project footprint so they can be protected, moved or compensated for	• Since cultural heritage is not always documented, consultation with local people is essential for identifying it, understanding its significance, assessing potential impacts, and exploring mitigation options. • Local staff are usually an easily available source of information. • Reduce the likelihood of inadvertently damaging something important by including locations on all project plans and ensuring information is shared with all consultants and contractors. Add another level of protection by barricading and signposting, if possible. • Have a procedure for handling chance finds before starting ground-disturbing work required during the assessment phase.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Allow ongoing community connection to and use of culturally significant places that are protected within the project footprint	• Offer continued access to local communities, subject to overriding health, safety and security concerns. • Where health, safety or security is a consideration, alternatives to open access need to be identified through community consultation. Possibilities could include alternative access routes, specifying dates and times when access will be provided, providing health and safety equipment and training for specified users of the site, or other measures that balance access with health, safety or security measures. • Document the access agreements so that people coming onto the project later know what the rules are.

WHAT IF / WHAT ELSE

Developing a cultural heritage management plan: The content of the plan will depend on the existence of heritage values in the area. It may be 2 or 200 pages long, depending on the level of cultural heritage complexity. In some areas and jurisdictions, legislated or formal guidelines may influence or determine the content.

Including the cultural heritage assessment in the ESIA scope will reduce contract administration and should avoid duplication. Using a local expert for the heritage work demonstrates respect for local knowledge.
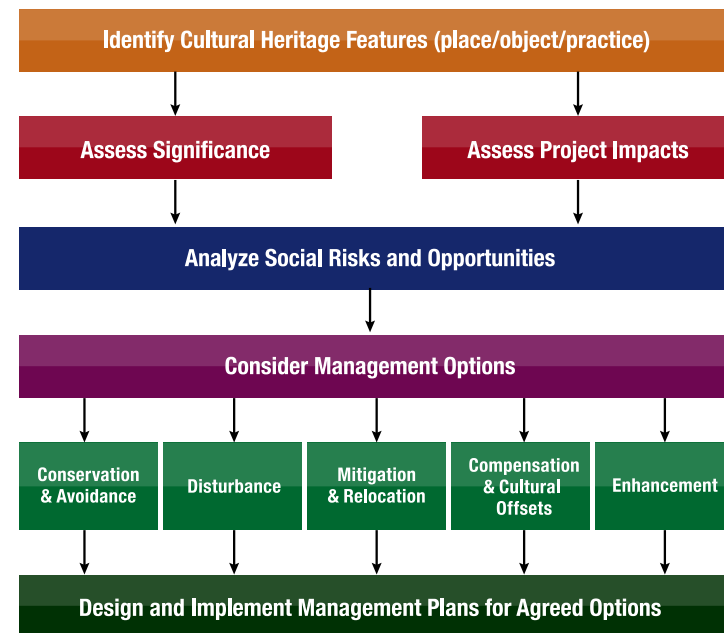
Chance finds procedure: This should set out what needs to be done when cultural heritage objects are unexpectedly uncovered during field-based activities. In particular, the procedure should specify steps to be taken if human remains are found as these may be of high cultural sensitivity and need to be treated with particular care. Steps should include:

1. Immediately stopping work in the vicinity of the find.

2. Notification of the accountable site manager.

3. Notification of the police, if human remains have been found.

4. Notification of cultural heritage authorities, if required.

5. Use of relevant local community members and heritage experts to assess the significance and report it, if required by law.

6. Determining the right way to manage the find in consultation with the relevant community groups and interested parties.

7. Resumption of work, if permitted and agreed.

Case study: "We had to construct a road through an area full of sacred objects. With the help of local leaders, we identified and mapped trees, rocks and other objects important to the community. We designed the road to avoid damaging these sacred places. Then we had this big tree. There was no way to design the road without cutting down that tree. So we went to the village to discuss the issue. When we presented our map they were amazed to see we had identified all sacred objects. Then we politely asked the community if there was any way to move the spirit living in that one tree to another tree. Noticing our genuine concerns to minimize our impact on local culture, the community asked us to give them a few days. The next week they performed a ritual to move the spirit and came back to us to tell us we could cut down the tree."

Impact on vulnerable groups: It is important to consider vulnerable groups when addressing cultural heritage. Work with communities to ensure that children are not deprived of their customs and traditions because of company impacts. Village elders may be particularly keen to use the company presence as an opportunity to educate the children about their cultural heritage. Consult broadly with local leaders and representatives of indigenous groups. Remember that cultural heritage can include tangible objects but also include non-tangible aspects such as oral history or dream places.

12 LOCAL EMPLOYMENT

WHY THIS IS IMPORTANT

Company-generated employment provides an important opportunity for local people to benefit from the project and gain legitimate access to cash. Jobs are one of the biggest contributions a project makes to the local economy and should solidify company-community relationships. However, in place after place, issues surrounding jobs become a major source of tension, particularly when local people see outsiders being hired for jobs they think they can do or feel they are entitled to.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Build trust in the employment process	• Define the company drivers and short- and long-term objectives for local employment in a way that everyone on the project can understand and that can easily be explained to the local community. • Define the rules for employment at all levels: unskilled, skilled and professional levels; casual, fixed term and permanent; company and contract; local, national, third-country national and expatriate in a way that everyone on the project can understand and that can easily be explained to the local community. • Define "local" using whatever criteria make sense for the site (see the What if / What else section for more ideas). • Ensure all the players on site – owner, the engineering, procurement and construction contractors – consistently apply the rules.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Maximize the employment of local people	• Detail your workforce needs (both skilled and unskilled) on a month by month basis if possible, leading up to construction, throughout construction and into operations so that you can be specific with communities about the actual amount and type of employment the project will generate. • Create a shared register of all potential opportunities to employ local people with the owner's team and with contractors and track actual performance against the potential. • If possible, conduct a local skills and qualifications survey. • Demand that all unskilled labour is hired from the local communities and report performance as a project key performance indicator (KPI). • Include bonuses and penalties for local employment performance in contract terms and conditions.
Educate	• Talk about company performance – on the company website and in locally used forums. Radio, TV, social media and the tried and tested community noticeboard are all possibilities. • Explain to local staff how and why employment is done. As with health, peer education is one of the best ways to get results. • Prepare a frequently asked questions sheet for everyone to use. Keep it simple, focus on the top 10 and aim for a single page. • Use the opportunity of site visits to share employment-related information with staff and community alike. One-on-one meetings, small groups and larger gatherings can all work. • Listen to the "youth." It is quite possible that at first, they will not like what they hear, but it is equally likely that they will come to understand and accept the reality if they understand the process and see that it is fair. They are also likely to have some ideas of their own that won't necessarily cost a fortune.

WHAT IF / WHAT ELSE

Improve coordination by:

1. **Nominating an internal champion:** One designated person, provided he or she has sufficient seniority and expertise, can be a key driver for local employment programs. The champion's role is to provide high-level endorsement and to motivate others to help promote and implement the program.

2. **Integration into business systems:** Integration of local employment activities by modifying business processes can improve local employment outcomes.

3. **Performance incentives:** Personnel sometimes see attempts to modify existing procedures as interference. To counter this, many companies include local employment criteria in staff performance objectives.

4. **Information flows:** Staff need to understand the capabilities of local jobseekers and how to reach them; local jobseekers need to understand when and where opportunities will become available.

Building trust in the process: One company has taken the concept of recruitment transparency very literally, using a public lottery to select candidates for non-skilled labour to ensure fairness and avoid accusations of corruption.

To gain entry into the lottery, applicants were required to attend a public session, held once a week in the village square, where three elected community members vetted them as "local." The application papers were then immediately placed in a locked, Perspex® (literally transparent) ballot box. At the end of the vetting session, the box was returned to the company offices by the company's observer. Every time non-skilled labour was required, a public "draw" was conducted by the company in the same village square, with the "winners'" names being read aloud.

While it took a bit of work – and some out of the box thinking (literally) to set it up, the very open nature proved to be a major winner for all.

Defining local: The more local involvement in defining "local," the better. As a minimum, the views of national and local members of the exploration team should be included. If there are already well established relationships with the community, views can be canvassed from as wide a range of people as possible.

Be prepared to review and revise the criteria as more insight is gained into the community. There is nothing inherently wrong with changing criteria but it is important to be clear about why, what and how it is changed.

Tracking performance: Getting started can be as easy as doing a few extra calculations on data already collected:

- Value of local payroll.

- Number of applications from locals in your employment database.

- Number of locals hired by job category.

- Number of locals as a percentage of total workforce.
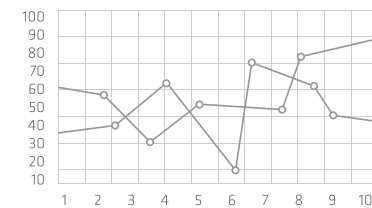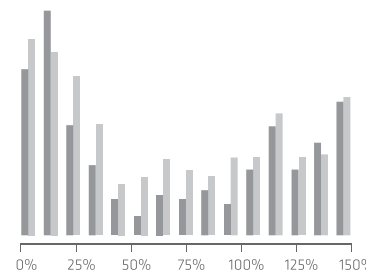
Worker transport: The provision of transportation services may affect the need for migration toward the project. Daily bussing services for a project workforce living within a 50- to 100-km radius of the project may reduce the need for migration toward the project site, reduce the demand for local housing, reduce the pressure on local infrastructure, services and utilities, and thus pre-empt the development of larger population centres close to the site.

Recruitment and management policies and practices can significantly affect migrant settlement patterns. Key workforce policy and management issues, including workforce targets, a local first recruitment policy, the location of recruitment centres, use of worker transport, the hiring policy and practice for day/casual labourers, medium-to-long-term localization plans and construction phase mobilization and demobilization strategies should be defined at an early stage.

Impact on vulnerable groups: Employment opportunities typically benefit men more than women, children, physically challenged or elderly people. Where possible, seek to provide opportunities for such groups to create a more balanced workforce. Appropriate local employment for young people can go a long way to fulfilling the needs of both the company and the local communities if expectations are managed from the outset.

One of the main concerns of local leaders in remote or rural areas could be the brain drain from the countryside to urban centres of young people. By providing local, sustainable and appropriate training and employment, companies could increase community support while filling workforce gaps. Implementing family-friendly policies and working conditions such as parental leave and flexible hours, companies could improve the productivity, commitment and gender balance of their workforce. It is also important when planning worker housing to ensure that they are family-friendly so that any partners and children can join the workers and avoid family separation and stress.

13 LOCAL PROCUREMENT

WHY THIS IS IMPORTANT

There are three main reasons to purchase goods and services from local businesses: a) in response to government regulations or investment agreements stipulating local content levels; b) to provide benefits to the local community by creating business opportunities with local enterprises and; c) ultimately to create a more robust supply chain. In emerging markets, local suppliers are typically small and medium-sized enterprises and to compete for bidding and contracting opportunities, they often need help to bring them up to the required operational, safety, environmental and technical standards. This is typically achieved using a combination of training, mentoring and other support (usually externally sourced) and through internal efforts to identify opportunities, communicate the business reasons and the use of performance-linked reward structures.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Build trust in the procurement process	Everything that applies to local employment applies equally to local procurement: defining drivers and objectives, setting rules for sourcing different levels of services; defining local and ensuring everyone on site apply the rules. Also: • Pay on time: There is nothing worse than being late paying your local suppliers. • Avoid creating barriers to participation (e-procurement and web-based registration are common problem areas). • Don't apply complex terms and conditions for low risk services.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Maximize the use of local businesses	• Create a centralized register of all potential opportunities to source locally. • Demand that all low risk contracts use local businesses and report performance as a project KPI. • Include bonuses and penalties for local procurement performance in contract terms and conditions. • As part of the social investment strategy, consider support for organizations and initiatives that provide training to existing and emerging local businesses, including assistance in becoming formally registered.
Educate	The points in the Local employment section apply equally to Local procurement. Also: • Hold roadshows, town hall meetings, and open houses during site visits to periodically update potential suppliers on business requirements and upcoming opportunities.

WHAT IF / WHAT ELSE

e-procurement: e-procurement systems offer a number of benefits. They enable transparency and fairness by providing all suppliers with access to the same bid information and evaluation system. They are a secure system through which to submit the bids, and skills development can be an outcome of adoption of the technology.

However, these systems may exclude small businesses from the tendering process, particularly those situated in remote locations with limited access to technology.

Providing alternatives to access and submitting of tenders will ensure that these businesses are not disadvantaged. These might include:

• Making a paper-based expression of interest form and the tender documentation available for collection from the company office reception.

• Providing a consistent point of contact in the procurement team for each tender.

• Allowing for lodgement of tenders by email, post or hand delivery.

• Providing local businesses with a longer notification period of upcoming opportunities to enable them to have more time to prepare.

Tracking performance: Getting started can be as easy as doing a few extra calculations on data already collected:

• Value of local services and contracts.

• Number of local businesses in the company database.

• Number of local companies with contracts by type and value.

• Number of local contracts as a percentage of total by type and value.

The multiplier effect: For every direct job, supply or services contract created by the project, many more jobs and business opportunities are created as a result of increased economic activity in the area (hotels, restaurants, taxis, convenience stores, for example).

Establishing a business development centre, setting up a microcredit program or serving as guarantors with local banks to help local entrepreneurs get access to cash are potential initiatives that help businesses and individuals benefit from the economic opportunities that arise from the project's presence, extending the positive influence of the project on the local economy.

Supplier development 1: Getting suppliers up to speed takes time, so it is important to stay ahead of the demand. Start planning for what will be needed one or two project phases earlier.

Supplier development 2: Think big and small.
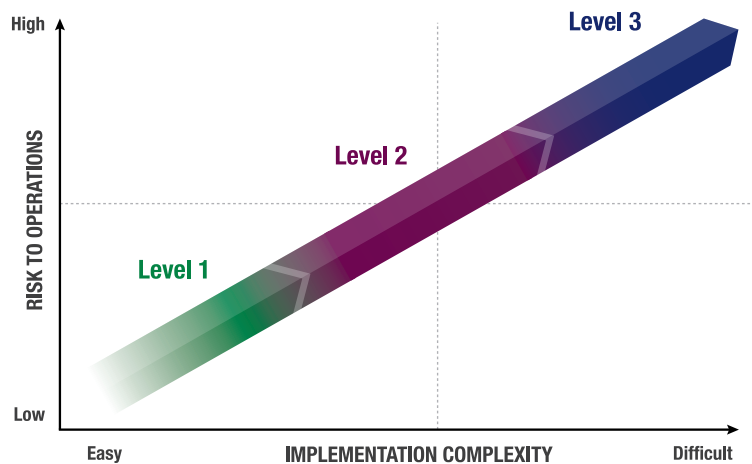
Case study: One company operating in eastern Africa actively supported the creation of bulk purchasing centres for agricultural produce. The centres buy fruit, vegetables and dried goods from local farmers and resell to large customers, such as the company.

The selling price to the company is capped at a small margin above the prevailing market price to prevent diversion and inflation. An estimated 8,000 farmers (the majority of whom are women) supply approximately 125 tonnes of fruit and vegetables per month.

Impact on vulnerable groups: Local procurement can assist in supporting local women, children and families. Where existing job opportunities are not appropriate for women or young people, companies can assist in building capacity to support local businesses. Once these businesses are established, assisting them to diversify their customer base and products or services equips them for the future, improves sustainability beyond dependence on the mine and contributes to the well-being of the families and communities.

14 SOCIAL INVESTMENT

WHY THIS IS IMPORTANT

Companies usually feel they have a responsibility to ensure their presence generates tangible benefits to local communities and they are often under community pressure from the time they establish a presence on the ground, resulting in a temptation to "do something, anything" and to give "stuff." However, companies are not development agencies and should be careful not to fall into the trap of overpromising and under-delivering and turning what should be a positive for the project into a negative. It is important to distinguish between project-induced social impacts that the company is responsible for managing and mitigating and social investment that the company may choose to support or participate in.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Implement a good donations program	**Donations** are discretionary funding driven by requests from the community. While often being short-term and ad hoc, they allow the company to be responsive to local needs. ***Example: support for local festivals or sport; donation of supplies***
	Required actions: 1. Consider the bigger picture. 2. Define areas of support and areas that are excluded. 3. Define selection, assessment and approval criteria. 4. Communicate processes and the results widely. 5. Act consistently.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Successful early projects	**Quick impact projects** are high visibility projects and are sometimes referred to as "ribbon cutting" projects. They can be done quickly in the early stages to generate goodwill and demonstrate tangible benefit. The benefits of quick impact projects need to be weighed against the risks of creating dependency and unsustainable expectations. ***Example: Infrastructure projects***
	Required actions: 1. Consider the bigger picture. 2. Define areas of support. 3. Define selection, assessment and approval criteria. 4. Communicate processes and the results widely. 5. Act consistently. 6. Consult broadly during project identification, design and assessment. 7. Build training and skills transfer into the program, where possible. 8. Involve beneficiaries in tracking programs, quality and results.
Develop a long-term investment plan	Long-term investments are productive investments that build local capacity over time. These support longer term business objectives such as risk management, reputation, productivity and sustainability; they should be linked to the development planning that local government and other stakeholders in the project area are responsible for and may already have in place. ***Example: skills building and support for improving livelihoods***
	Required actions: 1 to 5 as above plus: 1. Choose the option that builds local ownership and capacity. 2. Move away from the company doing everything to making sure it gets done.

WHAT IF / WHAT ELSE

Money can't buy you love: A multi-year study of more than 60 international companies operating on five continents concluded that there is no correlation between the amount of money a company spends on community projects and the quality of their relationship with the community.

Resist preconceived ideas of what local communities need: For communities, shared decision-making is about respect and ownership. No matter how well-intentioned, if a company decides the priorities **for** communities instead of **with** communities, people might willingly accept – but feel no responsibility toward – what the company offers. The result is a bit like when someone gives a well-intentioned but inappropriate gift – at best it is not appreciated, at worst, it is resented.

Help people recognize the importance of making choices and setting priorities: Unlimited requests from communities for support tend to occur when the company has not set any parameters or managed expectations effectively. Open dialogue with communities on issues such as budget, criteria and cost-sharing can help facilitate discussion on priorities and how to make the best use of available resources. Additionally, evidence suggests that when communities trust that a company is willing to support them over a longer timeframe, they are more likely to prioritize skills training and capacity building.

Sponsorships: Supporting sport is often seen as an easy win – kit, prizes and travel money don't require a lot of effort by the company – and is often seen as a unifying activity because "everyone plays sports" but equally, the sports field can become a de facto battleground where longstanding and deep-seated rivalries come out.

Sponsoring a local sporting team or event shares all the aspects that need to be considered in every other community-based investment:

- Who is in, who is out and who decides
- How to say "no"
- How to exit

If the company finds it difficult to get it right with a simple sport sponsorship, what chance is there for a more complex community project?

The message here is "be careful," think before acting, and ensure that connections instead of divisions are built.

Is that all? Companies are often accused of doing too little and are often their own worst enemies because they put too much emphasis on their social investment activities and overlook the bigger picture of their contributions to development.

Impact on vulnerable groups: Social investment may need to be targeted toward vulnerable groups to maximize the benefits to the community. Consulting with communities can lead to the identification of local needs and solutions that apply to women, children, disabled community members and the elderly. Companies should include a focus on vulnerable and marginalized groups; align actions with local, national and international development priorities for the area; partner with NGOs and other experienced organizations in the design, delivery and evaluation of projects; and ensure that the right amount and quality of data is collected, such as the age and demographics of the beneficiaries before, during and after the project. The best social investment leads to long-term capacity building of local populations and the strengthening of existing systems such as education and health care, whose benefits will outlast the life of the mine.

Donations; Projects and Programs

TOO MUCH EMPHASIS

Visible Contributions

Invisible Contributions

Taxes and Royalties

NOT MUCH EMPHASIS

Salaries

Payments to Suppliers
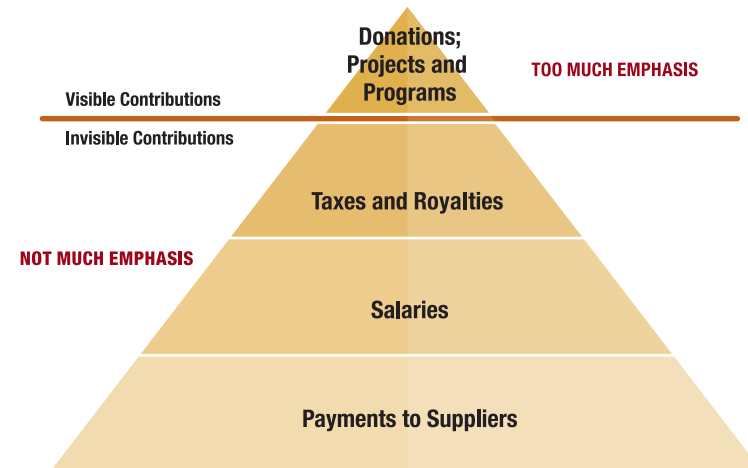
15 COMMUNITY RELATIONSHIP MANAGEMENT

WHY THIS IS IMPORTANT

When a company comes into a new area to explore and ultimately build and operate a mine, both the company and the communities start with high and positive expectations that they can work together and gain from the relationship. The relationship may then go awry. Seldom is there one thing that sours a good relationship. Most often, with good intentions and a focus on an immediate issue, individuals in companies and communities take actions or make decisions (or fail to take actions or make decisions) that over time, cumulatively and progressively, add up to major problems. For this reason – unfortunately – there is no single solution to the relationship challenge. Rather, building strong cordial relations or reversing a downward relational spiral is a day-by-day, multi-step process.

Managing the various project-related impacts (land access, cultural heritage, community health and safety, environment, in-migration, local employment, local procurement and social investment) in the manner suggested above makes an essential contribution to the solution. The 10 steps outlined below will help take you the rest of the way.

10 STEPS TOWARD BUILDING GOOD RELATIONS

1. **Ask, discuss and listen:** One simple but underused way to determine how the company and company staff should behave in a new culture is by asking local people what matters to them. A discussion about respectful behaviour sends the signal that the company is making an effort to respect local mores, rules and systems. When project people are observed to honour local customs on a regular basis, the signal of respect is reinforced. The company needs not only to communicate its message to communities, but also to open channels to hear from communities.

2. **Train staff and monitor behaviour:** Many companies train their international and local staff (who often come from different parts of the country where customs are different) in local context awareness, including cross-cultural communication, as part of their orientation. Some companies hire local elders to provide such training. When word gets around that a company is seriously learning about, and paying for, this kind of knowledge, people feel that this shows respect.

3. **Engage openly with communities in decisions that affect their lives:** When companies maintain open, regular and ongoing communication with communities, it signals respect for people's ideas, trust that communities will engage in problem solving as partners and concern for how outcomes affect local people's lives. People say that it does not matter whether the company agrees with the ideas that communities put forward; they feel more respect from a counterpart who openly and vigorously disagrees with them in honest exchange than they do from a person who always appears to agree, but does not follow through.

4. **Present a human face to communities and interact with them:** Communities say that one aspect of establishing neighbourly feelings with a newly arrived company has to do with seeing real people. Proximity in physical terms reduces distance in power terms. When managers and other company staff are seen around town, walking comfortably through villages and along streets, sitting in cafes and having easy exchanges with local people, stopping to talk and ask about how things are going, this is seen as a neighbourly approach (i.e. treating people with respect and trust). The single most simple and important thing a manager can do to establish initial positive community relations is to take the time to go to representative villages/communities and to sit with people and talk. Communities value this more than most managers assume because they see the company as made up of real people, and they feel as if these people care about them as real people too.

5. **Use language that people understand:** Major company issues should be communicated to local people in languages and in terminology that they understand. A good rule of thumb is that if company processes and practices cannot be explained to a family member, they are too complicated and need to be simplified.

When a company representative avoids overly technical or legalistic language, but instead sits and talks as if to friends, he communicates caring and respect. When she takes the time to explain technical issues in non-technical ways, she shows her appreciation for the intelligence of local people.

6. **Ensure that information is easily accessible to all types and groups of people:** This rule has two components: that information should be easy to obtain and that everyone should be able to obtain it.

Communities indicate that any of the techniques for establishing transparency (such as public announcements, transparency offices and the like) is useless unless it is frequent, regular and reliable. Regular reliance on multiple methods always signals readiness to transparently communicate. But, one-time meetings or occasional announcements are viewed with suspicion and are seen to be focused only on getting community approval for some company action rather than as part of an ongoing, respectful relationship.

7. **Be responsive to community inquiries, questions and letters:** Companies who ensure that every question is answered, promptly and politely, either in meetings or in letters are seen, by communities, as respectful and caring. Formalized systems through which communities have easy and safe access to ask questions and receive responses also signal good intent. Such mechanisms show that companies and communities can engage around difficult issues in a non-confrontational manner.

8. **Follow through on commitments:** One of the biggest trust-breakers in the relationship between companies and communities is a company's failure to keep promises it has made to communities. To ensure this does not occur, some companies establish a promise or commitment register to document each commitment they make. Some make this register public and available to community members. Other companies document all occasions where the company keeps its promises to help communities maintain a balanced perspective.

9. **Accept accountability as a right of local communities:** Complaints and grievances are inevitable for any type of operation. Establishing a grievance procedure demonstrates to local communities that the company respects their right to hold it accountable for its behaviours and impacts. A grievance procedure provides one of the most effective tools for dealing with local concerns in a non-violent manner.

   Although a grievance, by its nature, deals with dissatisfaction, the outcome of any complaint will be accepted or rejected based on the transparency of the company's process. Even the best processes and outcomes, when hidden from view, may inflame suspicions.

10. **Act, and be seen to act, on requests that go beyond narrow company interest:** Communities appreciate a company that assists them in ways that go beyond the direct self-interest of the company. Such gestures can be relatively minor, such as providing a lift to a sick community member on the company plane or, more significantly, speaking with the government on the community's behalf or providing a venue where government and community representatives can meet. When people say, "the company did not have to do this but chose to," they perceive this as a genuine demonstration of caring.

WHAT IF / WHAT ELSE

Key messages: The idea with key messages or Q & As is to predict the questions project team members are likely to be asked and prepare answers. These ought to be learned and adhered to by all members of the project team. It is very important that consistent, agreed on and approved information is provided by all members of the project team at all times. It is also important that the answers to questions be relevant, so that there is no perception created that team members are just repeating the company line and that they don't genuinely care about the community concerns.

Project flyer: The purpose of a project flyer is to provide people with basic written information about the project, its procedures and the company. It can address a particular issue or cover a number of subjects. Possible topics might include:

- Description of the company.

- Description of company activities in this country.

- Uses of the mineral or metal you are exploring for.

- Outline of your company culture – vision and values and how you work.

- Consultation activities with local people.

- Description of activities (drilling, sampling, baseline studies).

- Potential impacts on the land (access tracks, drill pads).

- Responses to frequently asked questions (FAQs).

- How people can contact the project.

- Information on the grievance mechanism.

This information should be periodically updated. Monthly or quarterly are common practices but it is important the information is kept up to date.

Apply a systematic approach: Good engagement doesn't just happen. As with other business activities, effective and efficient implementation benefits from preparation and planning and the willingness and the tools to learn from experience.

Impact on vulnerable groups: Children under 18 years old could make up half of the population in the host country. Women make up half of the population as well. Still, in general, companies tend to engage with adult men. It is essential to engage with vulnerable groups to understand company impacts as well as the issues important to the local population. A stakeholder analysis should include identifying vulnerable groups or groups at risk of potentially losing from the corporate presence. Indigenous groups or minorities within larger communities typically have different perspectives and sometimes do not feel represented. The engagement approach should include specific elements such as using age-appropriate language and access points such as schools and youth groups; ensuring that the corporate engagement team is gender-balanced; and keeping vulnerable groups well-informed of developments.

16 ADDRESSING HUMAN RIGHTS CONCERNS

WHY THIS IS IMPORTANT

Business enterprises should respect and support human rights. This means that companies should avoid causing or contributing to the infringement of human rights, address any impacts on human rights that occur due to their activities, and seek to prevent or mitigate any human rights impacts that are linked to their activities, products or services. Companies should thus be aware of human rights issues and should work toward maximizing positive impacts and ensuring that there are no detrimental impacts to human rights from their activities.

As an example, respecting human rights means that a company cannot take away rights that existed before. In other words, if the company's mining activities mean that kids have less access to education because the local school had to be removed so the project could be built, the company needs to provide equal or better access to education to affected children.

The United Nations Guiding Principles on Business and Human Rights is the key mechanism to help guide companies to build in respect for human rights into their day-to-day practices and corporate structures. The guiding principles are accompanied by several tools that have been developed to help companies put them into practice (ohchr.org/En/Issues/Business/Pages/Tools.aspx).

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
The guiding principles require a company to do the following: 1. To demonstrate senior-level commitment to human rights by formulating a human rights policy.	1. Review the United Nations Guiding Principles on Business and Human Rights. 2. Review the International Bill of Human Rights and the principles governing human rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. 3. Develop a company policy that deals with how human rights impacts will be assessed, avoided and mitigated. 4. Ensure that the policy makes clear commitments to respecting human rights. 5. Ensure that the policy is approved by senior management. 6. Communicate the policy publicly. 7. Integrate the policy into operations.
2. To have a system in place that allows the company to assess its human rights impacts on an ongoing basis through a due diligence process that: • Assesses the actual or possible human impact that a company can have through its actions or its relationships. • Integrates the assessment findings into the operations through corrective action plans. • Tracks the performance of the mitigation measures. • Communicates the performance to external stakeholders.	Based on the policy, develop systems to: 1. Assess any potential human rights infringements. 2. Identify a person within the company responsible for dealing with any human rights issues. 3. Integrate the findings of the assessment into operational plans. 4. Identify actions to avoid human rights infringements. 5. Identify actions to respond and mitigate to human rights infringements. 6. Monitor actions to avoid and mitigate human rights infringements. 7. Track all actions taken in the operations to assess and respond to human rights concerns. 8. Communicate information on assessments, avoidance and mitigation to stakeholders.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
3. To provide access to remedy to stakeholders impacted by corporate operations. In practice this means having a community grievance procedure in place.	The best way for companies to provide a remedy is to ensure that they have an effective grievance mechanism or a method of hearing complaints and responding to them. In developing a grievance mechanism, companies should remember that: • It has to be easy to use by all stakeholders. • All complaints must be tracked. • Confidentiality must be ensured, so in tracking complaints and communicating results, it may be necessary to withholds names. • All complaints must be responded to. • All responses must be tracked. • Information on complaints and responses must be communicated to stakeholders.

WHAT IF / WHAT ELSE

The point to keep in mind is that when all the key aspects – livelihood restoration and fair compensation for land, in-migration management, addressing community health and safety impacts, respect for cultural heritage; contributing to socio-economic development and meaningful consultation and informed decision-making in matters of importance – are implemented in a manner that has local approval, the company's exposure to human rights-related risk is less than would otherwise be the case. Of all of these, the key aspect is ongoing dialogue and consultation with local communities. Experience teaches us that if local stakeholders have access to company management and feel free to discuss issues of concern, the company can address issues in an early stage that could otherwise become human rights complaints.

What are some of the areas that provide human rights risk exposure to the company? Obviously, they are highly dependent on the local context but areas to begin risk assessment include:

• land-related issues: Find out if landowners or users have been evicted from the mine area to make the area more "business friendly."

• security: Ensure that the company discusses, and formally agrees, with security providers (private or public) that human rights violations in the cause of providing security is not acceptable and will be followed up if complaints occur.

- labour conditions: Verify through spot checks that contractors' and subcontractors' staff do not use child labour, bonded labour (e.g. by taking someone's passport away) or are forcing staff to work extremely long hours or under unsafe conditions.

- selection criteria for employment: If intermediaries are used to hire people, verify that all applicants have equal access to employment and that no groups are discriminated against.

Impact on vulnerable groups: Children and indigenous peoples have specific rights and face additional risks that a company needs to pay particular attention to in order to fulfill its obligations. As part of the three steps identified in the previous What needs to be achieved section, companies should:

- Commit to respecting children's rights as defined by the UN Convention on the Rights of the Child as part of the company's human rights policy.

- Commit to respecting indigenous peoples' rights as defined by the UN Declaration on the Rights of Indigenous Peoples.

- Identify and assess, integrate, track and communicate impacts on vulnerable groups as part of the company's human rights due diligence.

- Ensure that the company's grievance mechanism is accessible to vulnerable groups.

17 INTERNATIONAL STANDARDS AND GUIDELINES

WHY THIS IS IMPORTANT

The Government of Canada encourages and expects all Canadian companies working internationally to respect all applicable laws and international CSR standards and to operate transparently and in consultation with host governments and local communities, and to develop and implement CSR best practices. Furthermore, many investors, such as all the banks that follow the Equator Principles, require that specific standards be followed. Finally, following standards can enhance a company's reputation, facilitate community relations, result in increased benefits to communities and make operations more effective and profitable. Six widely recognized international standards are key parts of Canada's CSR approach: the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Finance Corporation Performance Standards on Environmental and Social Sustainability, the Voluntary Principles on Security and Human Rights, the Global Reporting Initiative™, the United Nations Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

WHAT NEEDS TO BE ACHIEVED	HOW TO GO ABOUT IT
Understand the standards and guidelines	Obtain information on: • the specific standard and guideline • any implementation group, such as the Voluntary Principles Initiative
Establish an execution plan for the standards or guidelines	1. Conduct due diligence and a review of actions against the requirements of the guidelines. 2. Create an internal process to review any actions against the requirements of the guidelines. 3. Review actions of suppliers or partners against the requirements of the guidelines.
Educate	1. Explain the guidelines, their use and their importance to staff. 2. Prepare a list of issues that must be remembered and distribute to staff. 3. Explain the guidelines to local communities and civil society organizations and how you plan to implement them.

WHAT IF / WHAT ELSE

Organisation for Economic Co-operation and Development (OECD)

OECD Guidelines for Multinational Enterprises[2]; The guidelines are a set of recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from adhering countries, of which Canada is one. The guidelines aim to ensure that the operations of these enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate, and to enhance the contribution to sustainable development made by multinational enterprises. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. Key principles include:

- adverse impacts

- due diligence

- stakeholder engagement

- fostering confidence and trust

- human capital formation and capacity-building

- corporate governance

The guidelines are particularly relevant for all Canadian companies as impacted communities (or civil society groups acting on their behalf) can lodge a complaint with the National Contact Point in an adhering country against a specific complaint about not observing the guidelines.

International Finance Corporation World Bank Group

International Finance Corporation Performance Standards on Environmental & Social Sustainability[3]; The International Finance Corporation (IFC) applies performance standards to manage social and environmental risks and impacts and to enhance development opportunities in its private-sector financing. The performance standards also form the basis of the Equator Principles, which are applied by a large and growing number of financial institutions.

Together, the eight performance standards establish standards of good international industry practice, which the IFC defines as "the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally."

The performance standards are systematic, pragmatic and flexible, with a focus on outcomes. They promote risk management that is commensurate with the level of risks, incorporating time-based action plans to address actual and potential impacts.

The practical application of the performance standards is that, when used appropriately, they can build reputation; reduce reputational risks; be a business driver for customers and investors; save operating costs through better resource efficiency; mitigate the potential costs associated with environmental mishaps, and mitigate potential conflicts with communities. As the performance standards are increasingly becoming the de facto benchmark for the industry, following the IFC performance standards not

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[2] www.oecd.org/corporate/mne/

[3] www.ifc.org/performancestandards

only increases the rigor of the company approach but also instils investor confidence in the project.

Voluntary Principles on Security and Human Rights

Voluntary Principles on Security and Human Rights[4] for projects involving private or public security forces; Established in 2000, the Voluntary Principles on Security and Human Rights are a set of principles designed to guide companies in maintaining the safety and security of their operations within an operating framework that encourages respect for human rights.

The Voluntary Principles are the only human rights guidelines designed specifically for extractive sector companies. Participants in the Voluntary Principles Initiative — including governments, companies and NGOs — agree to proactively implement or assist in the implementation of the Voluntary Principles.

In practice, the Voluntary Principles provide guidance on:

- Conducting effective risk assessment related to security, conflict and human rights.
- Interactions between companies and public security providers.
- Interactions between companies and private security providers.

As most Canadian companies inevitably deal with security providers – especially for operations outside Canada - the Voluntary Principles provide them with the ability to align their corporate policies and procedures with internationally recognized human rights principles in the provision of security for their operations.

Global Reporting Initiative

Global Reporting Initiative™[5]: Since 1999, the Global Reporting Initiative™ (GRI) has provided a comprehensive sustainability reporting framework that is widely used around the world. As a result of the credibility, consistency and comparability it offers, GRI's framework has become a de facto standard in sustainability reporting and is increasingly used by the extractive sector for CSR reporting as a way to enhance transparency and encourage market-based rewards for good CSR performance.

Apart from providing criteria for preparing a sustainability report in accordance with the guidelines and detailing reporting principles, the GRI asks for the disclosure of two sets of standards:

- General standard disclosures, which include stakeholder engagement, governance and ethics.
- Specific standard disclosures, which include three categories with subcategories:
    - economic
    - environmental
    - social with subcategories: labour practices and decent work, human rights, society, product responsibility

Reporting based on the GRI framework can help companies to measure, understand and communicate their economic, environmental, and social and governance performance. A CSR report can be the key platform for communicating social performance and impacts – positive or negative.

4   voluntaryprinciples.org/

5   globalreporting.org

United Nations Human Rights
Office of the High Commissioner for Human Rights

The United Nations Guiding Principles on Business and Human Rights[6] are a set of guidelines for states and companies to prevent and address human rights abuses committed in business operations. The guiding principles set out the **protect**, **respect** and **remedy framework**.

The guiding principles unequivocally recognize that states have the duty under international human rights law to protect everyone within their territory and/or jurisdiction from human rights abuses committed by business enterprises. This duty means that states must have effective laws and regulations in place to prevent and address business-related human rights abuses and ensure access to effective remedy for those whose rights have been abused.

The guiding principles also address the human rights responsibilities of businesses. Business enterprises have the responsibility to respect human rights wherever they operate and whatever their size or industry. This responsibility means companies must know their actual or potential impacts, prevent and mitigate abuses, and address adverse impacts with which they are involved.

Importantly, the guiding principles clarify that the corporate responsibility to respect human rights exists independently of states' ability or willingness to fulfil their duty to protect human rights. No matter the context, states and businesses retain these distinct but complementary responsibilities.

The guiding principles also recognise the fundamental right of individuals and communities to access effective remedy when their rights have been adversely impacted by business activities. When a business enterprise abuses human rights, states must ensure that the people affected can access an effective remedy through the court system or other legitimate non-judicial process. Companies, for their part, are expected to establish or participate in effective

grievance mechanisms for any individuals or communities adversely impacted by their operations.

Organisation for Economic Co-operation and Development (OECD)

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas[7]; The OECD Guidance is the first example of a collaborative government-backed multi-stakeholder initiative on responsible supply chain management of minerals from conflict-affected areas.

This guidance provides a framework for detailed due diligence as a basis for responsible global supply chain management of tin, tantalum, tungsten, their ores and mineral derivates, and gold (hereafter "minerals"). The purpose of this Guidance is to help companies respect human rights and avoid contributing to conflict through their sourcing decisions, including the choice of their suppliers. By doing so, this Guidance will help companies contribute to sustainable development and source responsibly from conflict-affected and high-risk areas, while creating the enabling conditions for constructive engagement with suppliers. This Guidance is intended to serve as a common reference for all suppliers and other stakeholders in the mineral supply chain and any industry-driven schemes which may be developed, in order to clarify expectations concerning the nature of responsible supply chain management of minerals from conflict-affected and high-risk areas.

Due diligence is an on-going, proactive and reactive process through which companies can ensure that they respect human rights and do not contribute to conflict. Due diligence can also help companies ensure they observe international law and comply with domestic laws, including those governing the illicit trade in minerals and United Nations sanctions. Risk-based due diligence

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6   http://business-humanrights.org/en/un-guiding-principles

7   http://www.oecd.org/daf/inv/mne/mining.htm

refers to the steps companies should take to identify and address actual or potential risks in order to prevent or mitigate adverse impacts associated with their activities or sourcing decisions.

Conflict-affected and high-risk areas are identified, in the Supplement on Gold, by the presence of armed conflict, widespread violence or other risks of harm to people. Armed conflict may take a variety of forms, such as a conflict of international or non-international character, which may involve two or more states, or may consist of wars of liberation, or insurgencies, civil wars, etc. *High-risk areas* may include areas of political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure and widespread violence. Such areas are often characterised by widespread human rights abuses and violations of national or international law.

18 GETTING THE MOST FROM SOCIAL BASELINE STUDIES

1. Establishing a quality social baseline is an absolute necessity for companies to manage social risk. The baseline establishes the starting point from which change can be measured.

2. Social baseline studies are usually conducted at the early stages of an environmental and social impact assessment and should be undertaken by suitably qualified, experienced and competent professionals.

3. Social baseline studies aim to ensure that sufficient data is collected and analyzed to enable the company to make informed decisions at each stage of project assessment, development and operation and to establish a framework for interpreting the information relative to project decisions. Social baseline studies should incorporate a framework for measuring the effectiveness of future interventions and programs.

4. Ensuring the effectiveness of the expenditure to complete the studies means doing them early enough that they can influence project design – avoiding creating a social problem is always cheaper than fixing it.

5. Front-end loading, which means kicking off the scoping phase and the desktop work during exploration, gives a company the best opportunity to get in front of issues. The later the studies are started, the harder it becomes to claim credit for improvements or defend against accusations of causing harm.

6. Starting as early as possible also helps to overcome the common challenge that the timeline to complete the social studies is often longer than the timeline for the technical studies. In the past, this often meant that the social studies suffered by being cut short or having their scope reduced. But increasingly, the reality is becoming that governments refuse to grant permits and lenders refuse to sign on until both the environmental and social studies are complete.

7. It is worth remembering that not every social aspect requires the same level of study on every project. So while the list of issues – environment, demographics, socio-economics, in-migration, health, human rights, conflict – might seem overwhelming, it may well be that some or many are not required for the project in question. The issues identification process outlined in the "Initial Assessment" and "Issue Scorecard" chapters should help to identify requirements.

8. All social studies have a core of common demographic and social information that ideally should be collected once and used everywhere. Unfortunately, what tends to happen is that the various studies are run in parallel using different specialists who all want their own data, so the same information ends up being collected many times, which not only costs money but annoys the community people who are being repeatedly surveyed. So thinking about the scope of work for each study, how data can be centrally housed and made accessible to people, and streamlining the process can save money and get a better result.

9. It is also worth knowing that every type of social baseline study is staged, with a scoping phase followed by a rapid assessment and then more in-depth studies. As with the technical studies, the scoping phase should be done by people who are experts in their field and can quickly get to the issues that matter and get focus on looking for solutions.

10. When designing and implementing social baseline surveys, it is critical that the end points – restored livelihoods, effective impact mitigation and a measurable net benefit to the community, are firmly kept in focus. The old adage "garbage in, garbage out" is particularly applicable. So ask consultants how the studies are going to answer those three questions. If the selected expert can't explain what he (or she) is doing in an understandable manner, it may be wise to find someone who can.

19 CSR REPORTING

CSR reporting is typically required to satisfy diverse needs inside and outside the company, and as with any other routine reporting, the aim should be to do it as effectively and efficiently as possible. Reporting is often seen as an inevitable nuisance, whereas it can be a useful tool for a company when a systematic approach is taken that clearly identifies the information to be reported and the reason for the reporting:

1. Set up a reporting cycle – A program of data collection, communication and responses enables CSR performance to be easily monitored on an ongoing basis. Data can be provided regularly to senior decision makers to shape the company's strategy and policies and improve performance.

2. Reuse the same information as much as possible. The number of local jobs and contracts, dollars spent, community concerns raised and addressed, and the quantity and quality of engagement are what most people are interested in seeing. It just needs to be presented differently for each audience.

3. For local communities, it may be through a monthly company newsletter or an insert in a regular newsletter, a radio broadcast or simply posted on the community noticeboard in the local language. It is worth remembering that written reports are only one way of providing feedback to communities and should only ever be a supplement to face to face exchanges – never a replacement.

4. The national environmental regulator often carries the responsibility for ensuring companies deliver on the social aspects of their operating licenses and need to respond to community concerns that are brought to their attention. So while there may only be a requirement for an annual compliance report, it is worthwhile considering less formal ways of keeping them informed. It could be as simple as adding them to the mailing list for your newsletter.

5. Public sustainability reporting using the GRI framework is increasingly being used by the extractive sector for CSR reporting as a way to enhance transparency and encourage market-based rewards for good CSR performance. By investing a little bit of time determining what information is material to the project, it is possible to collect the right data and achieve a large overlap with what is needed by the local community and the regulator.

6. Lenders' needs are information that demonstrates effectiveness at mitigating negative impacts and the project contribution to socio-economic development, which, at its simplest, is about local employment, business development and social investment.

7. Ensure that everything is aligned with KPIs, the database system and any forms or trackers in use. This will ensure that all essential information is collected, tracked, analyzed and reported and that the process is as painless as possible.

Mangement information provided in reports

Determines the KPIs that need to be tracked

Which in turn determines the fields that need to be populated in databases

Which determines the fields on the various forms or templates

8. Last but not least, the company website should be periodically updated to ensure that interested people have access to up-to-date information.
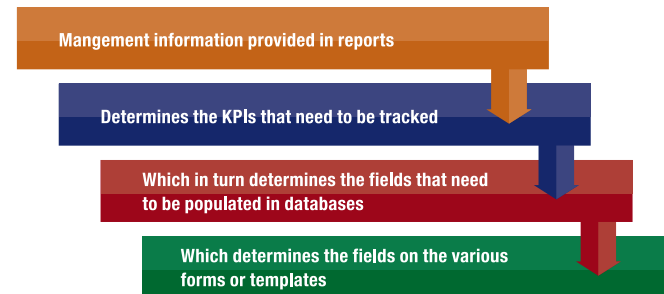
20 HOW DO YOU KNOW WHAT YOU ARE DOING IS WORKING?

There are two relatively easy ways to do this. The first way is to pay attention for changes in the tone of meetings with government agencies, partners and community members. If they are becoming less friendly, more demanding and hostile, it isn't hard to work out things are heading in the wrong direction. On the other hand, a friendly welcome and a sense of shared purpose say that everything is going well. The second way is to use the observations checklist made during the first site visit and note any changes.

GOOD SIGNS — GO	HEADING IN THE WRONG DIRECTION ⚠	OFF THE RAILS — STOP
1. New notices from the company remain on the bulletin boards without being defaced.	1. Community leaders and elders state that they do not feel respected.	1. Rising trends in theft (no reporting and the company is seen as a target).
2. Low theft levels, destruction of company properties.	2. The same problems arise over and over.	2. Work stoppages.
3. The absence of, or a decreasing trend of, community incidents or complaints (silence itself is not an indicator).	3. Staff feel unsafe visiting communities.	3. Increased demands and hostile tone of the community.
4. People associate improvements in their quality of life with the presence of the company.	4. Cold reception in community during company visits.	4. No leniency when accidents happen.
5. Outsiders campaigning on an anti-corporate platform (journalists, NGOs, politicians) get no local support.	5. Accusations of company association with a repressive government.	5. Bad press.
6. Community requests are benefiting the community rather than individuals.	6. Disproportional negative reaction compared to the nature of an incident.	6. Increasing crime in the area of operations.
7. Community requests focus on personal skills development instead of demands for material things.	7. Community accusations that the company is "arrogant," "not caring".	7. Increased conflict between communities or within communities.
8. No or low public outrage following incidents.	8. Multiple groups that each claim the company should deal with them.	8. Sabotage.
9. Communities identify troublemakers and inform company staff about (security) rumours in the community.	9. Communities demand that company benefits need to be negotiated and commitments made in writing.	9. Reliance on police or army for security.
10. Communities say that they have access to site management and say the company is responsive to their concerns.	10. Groups of people hanging around at the company gates hoping to get work.	10. Communities say that the company is "stealing" their resources.
11. People waving back when greeted.		

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