

Local Populations and the Social License to Operate

13 May, 2013 – 8:00 AM EDT



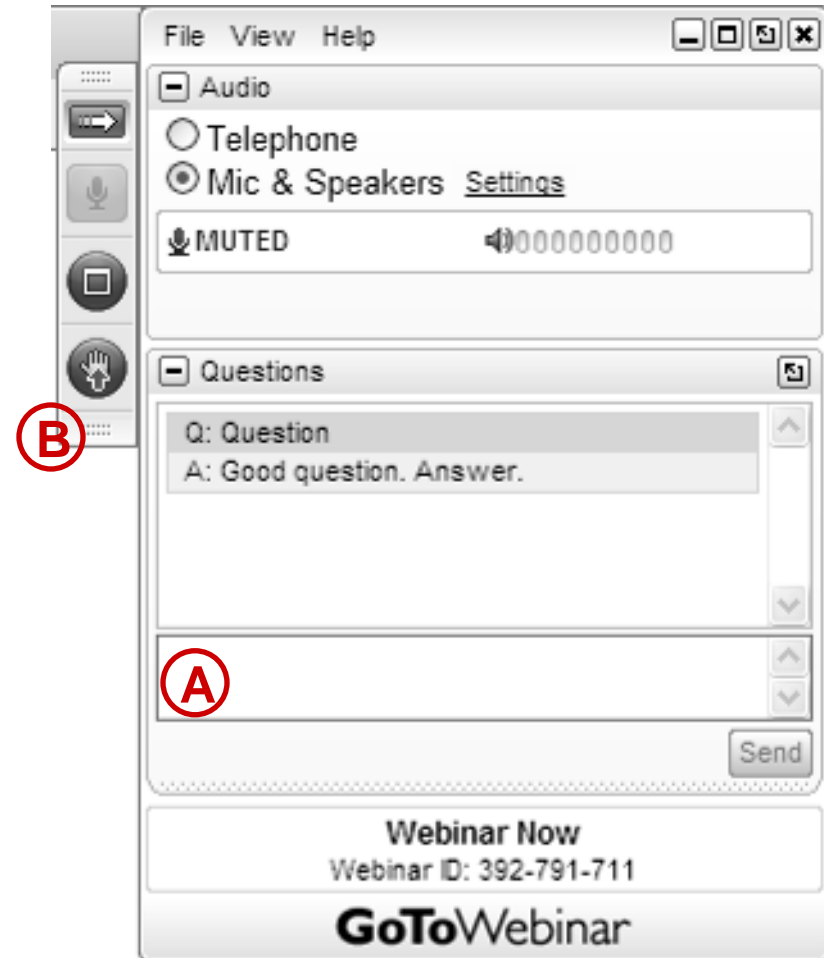
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Questions

Technical Difficulties: If you have technical issues, please let us know by typing a message in the Questions pane (A). You can raise your hand (B) if we do not respond.

Q&A: We will be taking questions on content at the end, but you can send them to us throughout the webinar by using the Questions pane (A). Please specify to whom the question should be directed.

Example: Question for John Doe: What are the Guiding Principles?



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Agenda



Introduction by UNGC: 5 - 7 Minutes

Matthew Daly, Human Rights, UN Global Compact



Introduction to Social License to Operate: 10 - 12 Minutes

Katherine Teh-White, Managing Director, Futureye

Business Examples: 12 - 15 Minutes Each



Claude Perras, Head of Sustainability, London Mining Plc



***Jonathan Drimmer, Vice President, Assistant General Counsel,
Barrick Gold Corporation***

Q & A: Remaining Time



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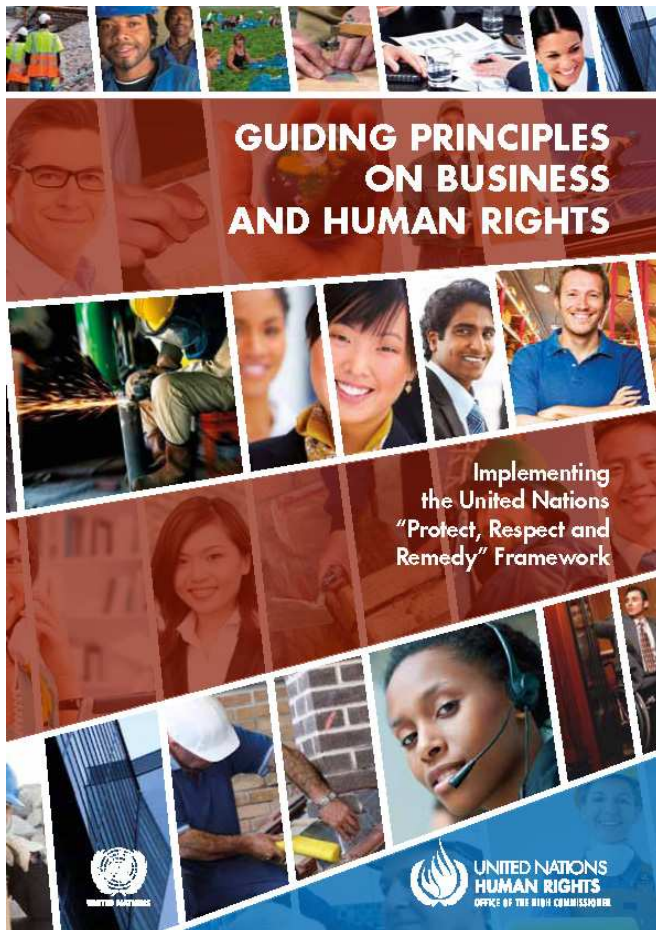
Introduction

Objectives

1. Explore relationships between businesses and the communities in which they operate (focusing on the extractive industry).
2. Compelling business arguments for proactive and robust human rights due diligence will be presented.
3. Explore how impacts on the rights of local people can pose risks to a company's social license to operate in a region, its productivity and its reputation.
4. Share examples of best practices to avoid negatively impacting the human rights of local populations and lessons learned from previous impacts.



Introduction



Responsibility to Respect Human Rights

Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts.

Human Rights Due Diligence

Business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts...

Grievance Mechanisms

Operational-level grievance mechanisms can also provide important feedback on the effectiveness of the business enterprise's human rights due diligence from those directly affected.

<http://tinyurl.com/gpbhr>

<http://tinyurl.com/introgps>



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Local Populations and the Social License to Operate

Date: May 2013

Presented by Katherine Teh-White

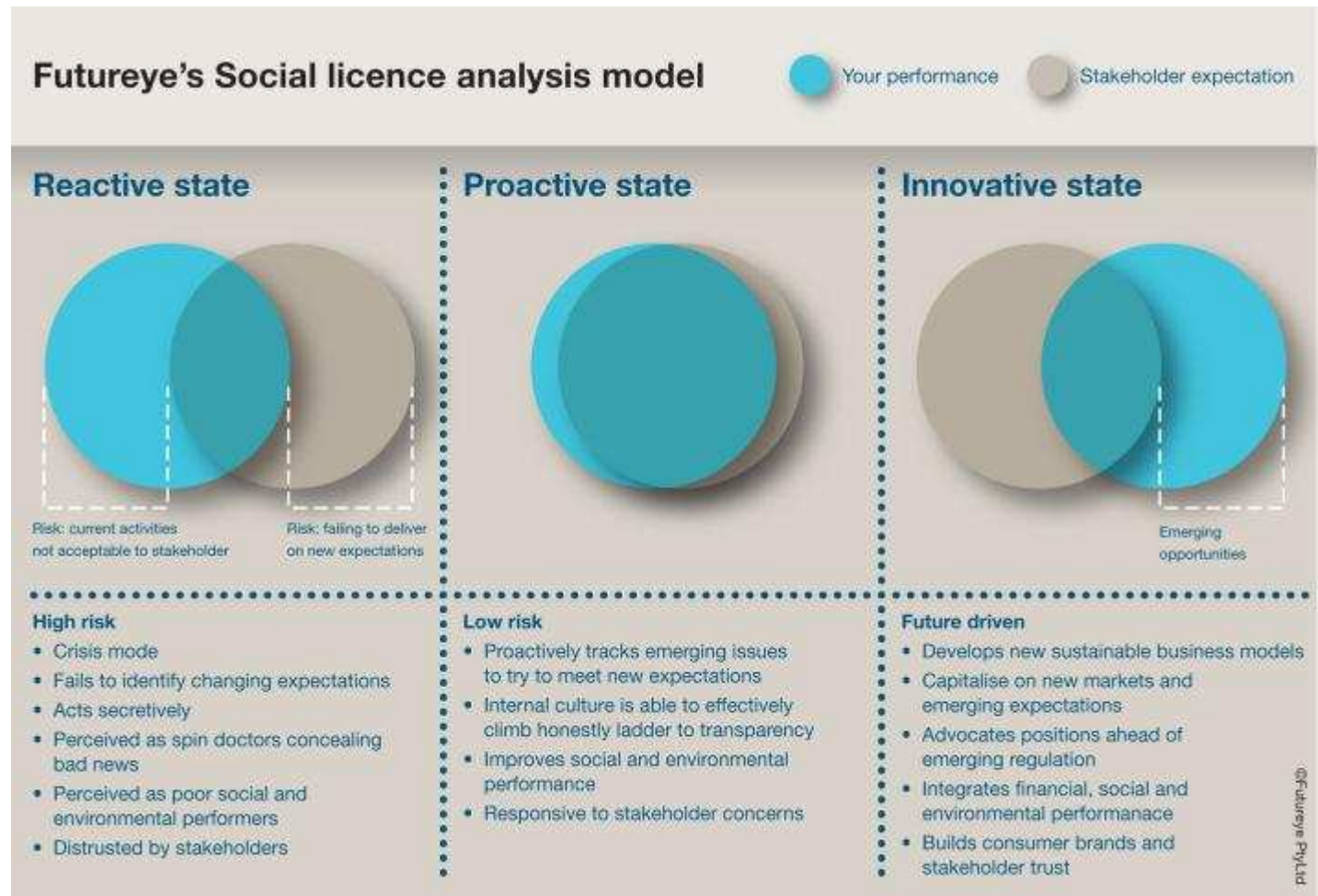
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Futureye
Real solutions to real dilemmas

Building a social licence to operate

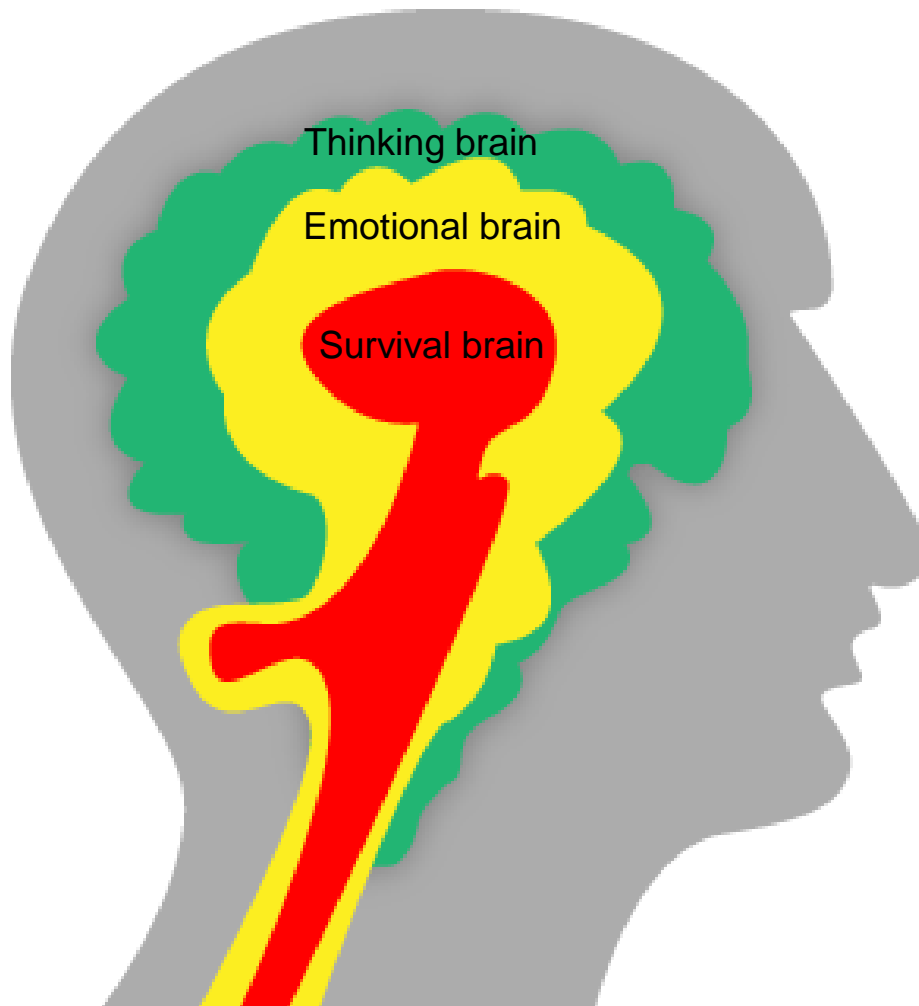
An industry's
social
licence
relates to
social
expectations



Futureye's experience (2002-2012)



How you feel leads to how you think and act



Thinking brain (*neocortex*) “Reasoned planning and analysis”

- speech
- logic
- higher thinking skills

Emotional brain (*limbic system*) “Outrage and emotional reactions”

- emotions

Survival brain (*reptilian brain*) “Fight or flight”

- instinct
- survival

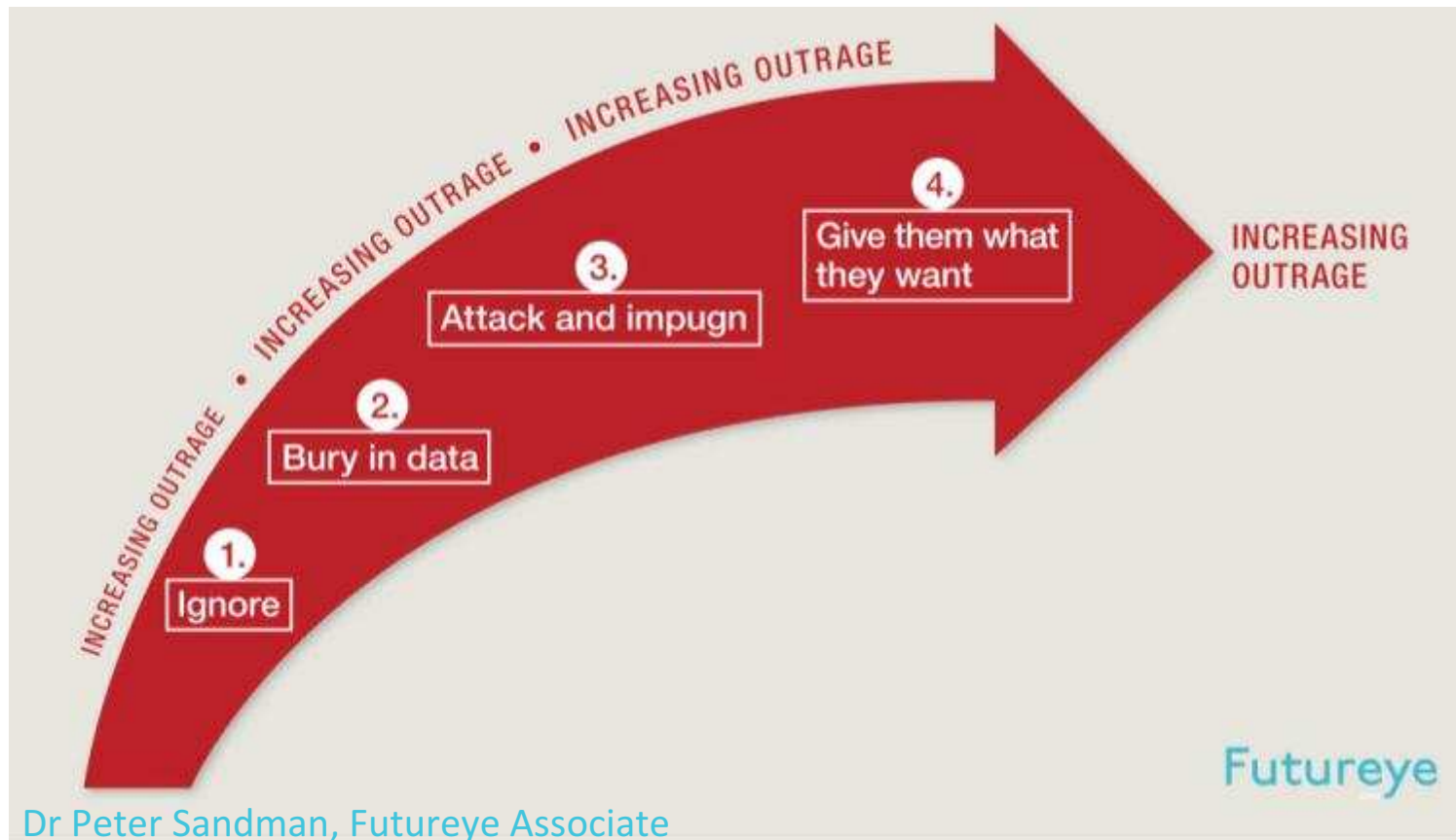
What sends executives limbic or reptilian?



$$R = H + O$$

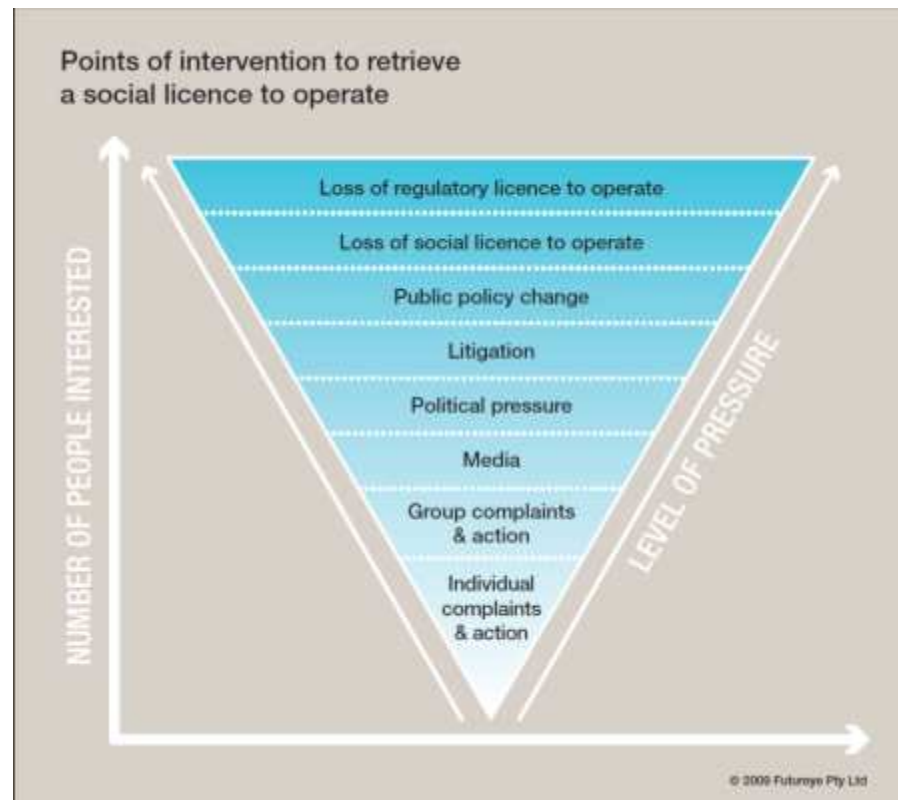
How you react when you are limbic or reptilian...

The four stages of a risk controversy



Trigger a different reaction by planning conservatively

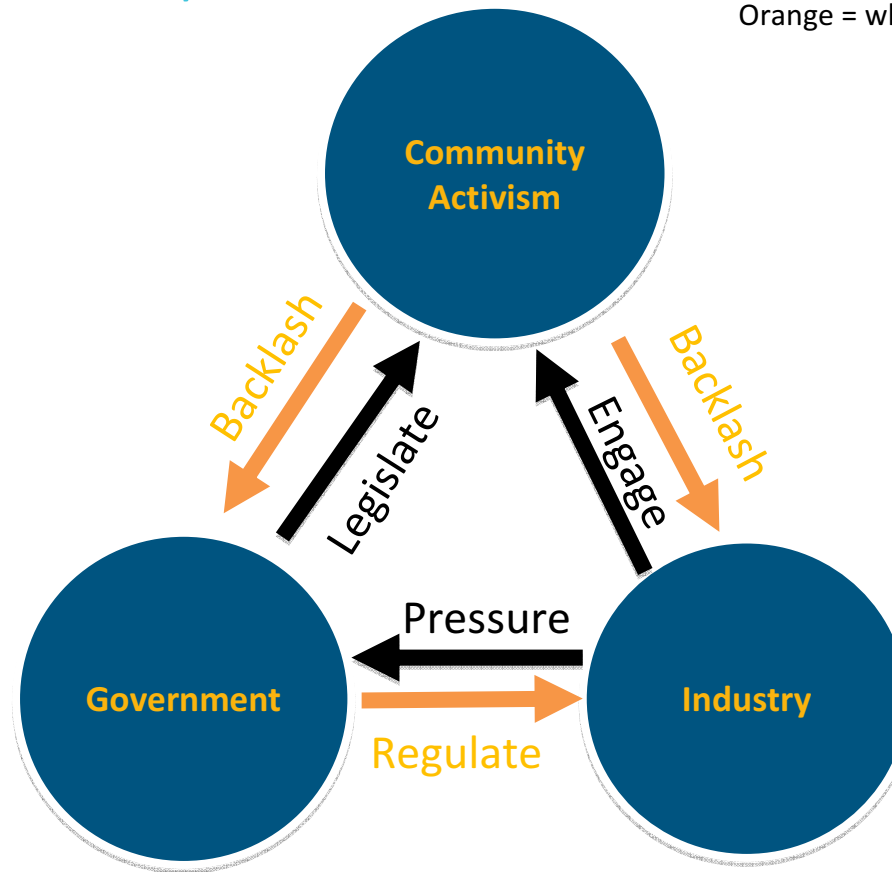
Identify points of increasing pressure



How society decides and politicians are lag indicators of change

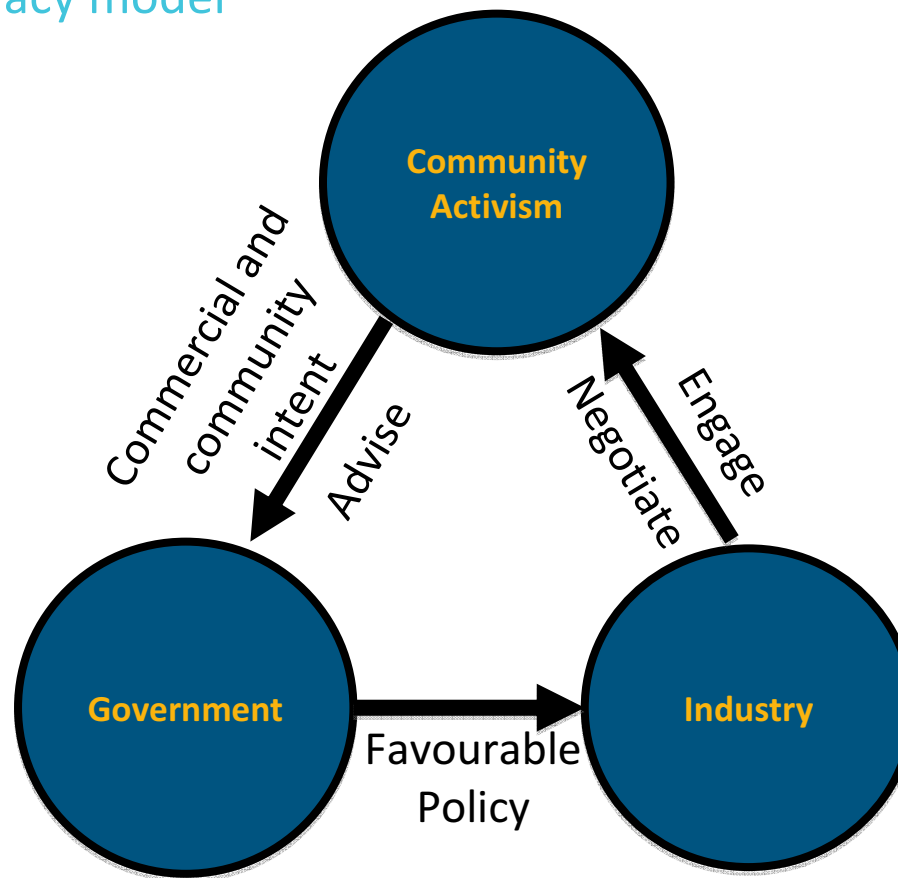
Representative democracy model

Black = what businesses expect to happen
Orange = what actually happens



How industry can shape outcomes for itself

Monitory democracy model

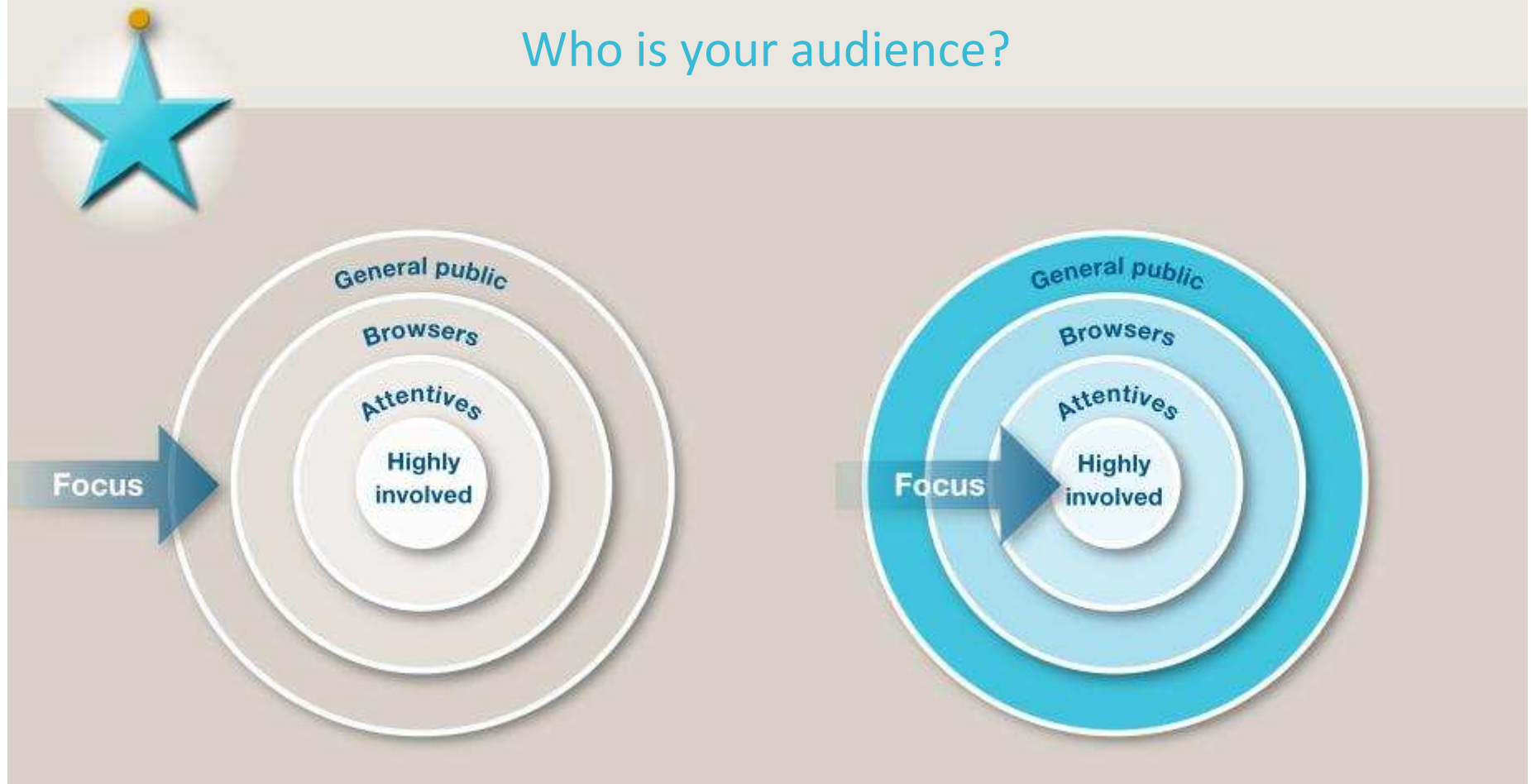


Futureye Social Licence to Operate strategy development method



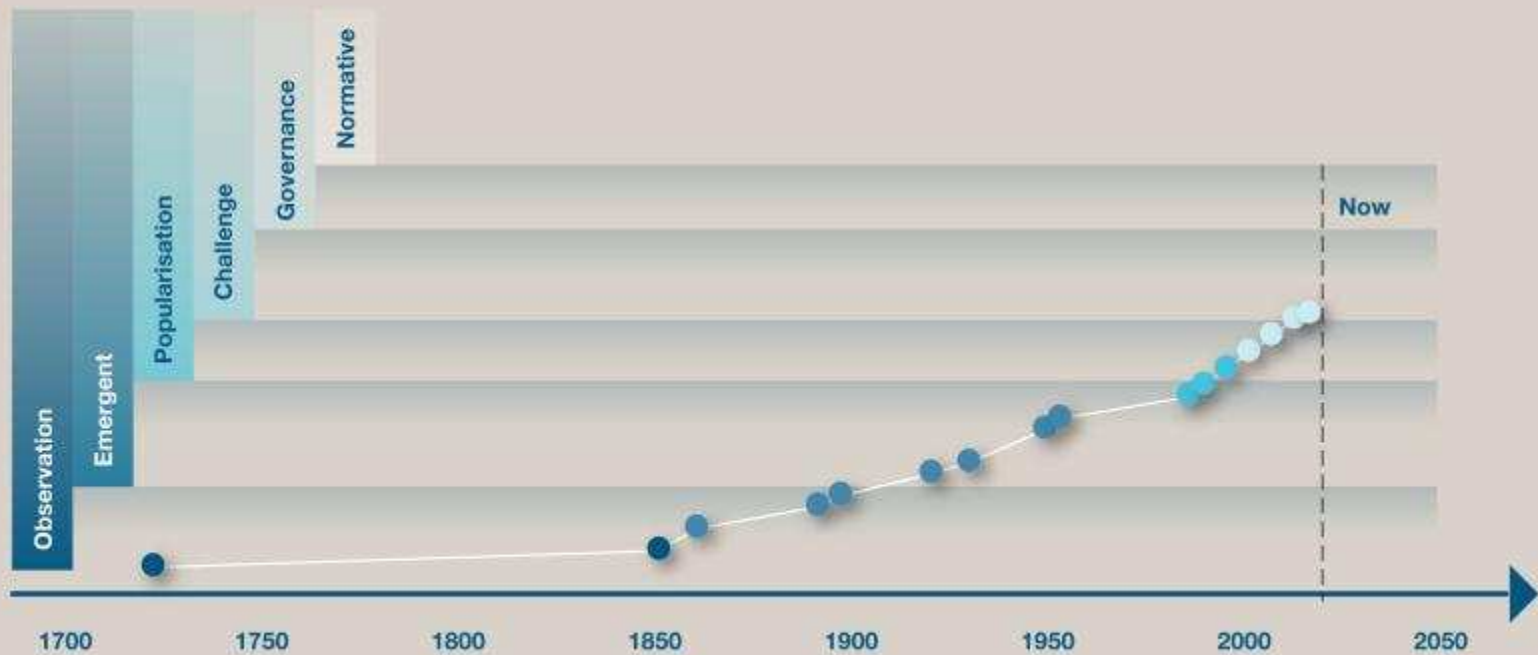
Activists drive the change in audience views

Who is your audience?

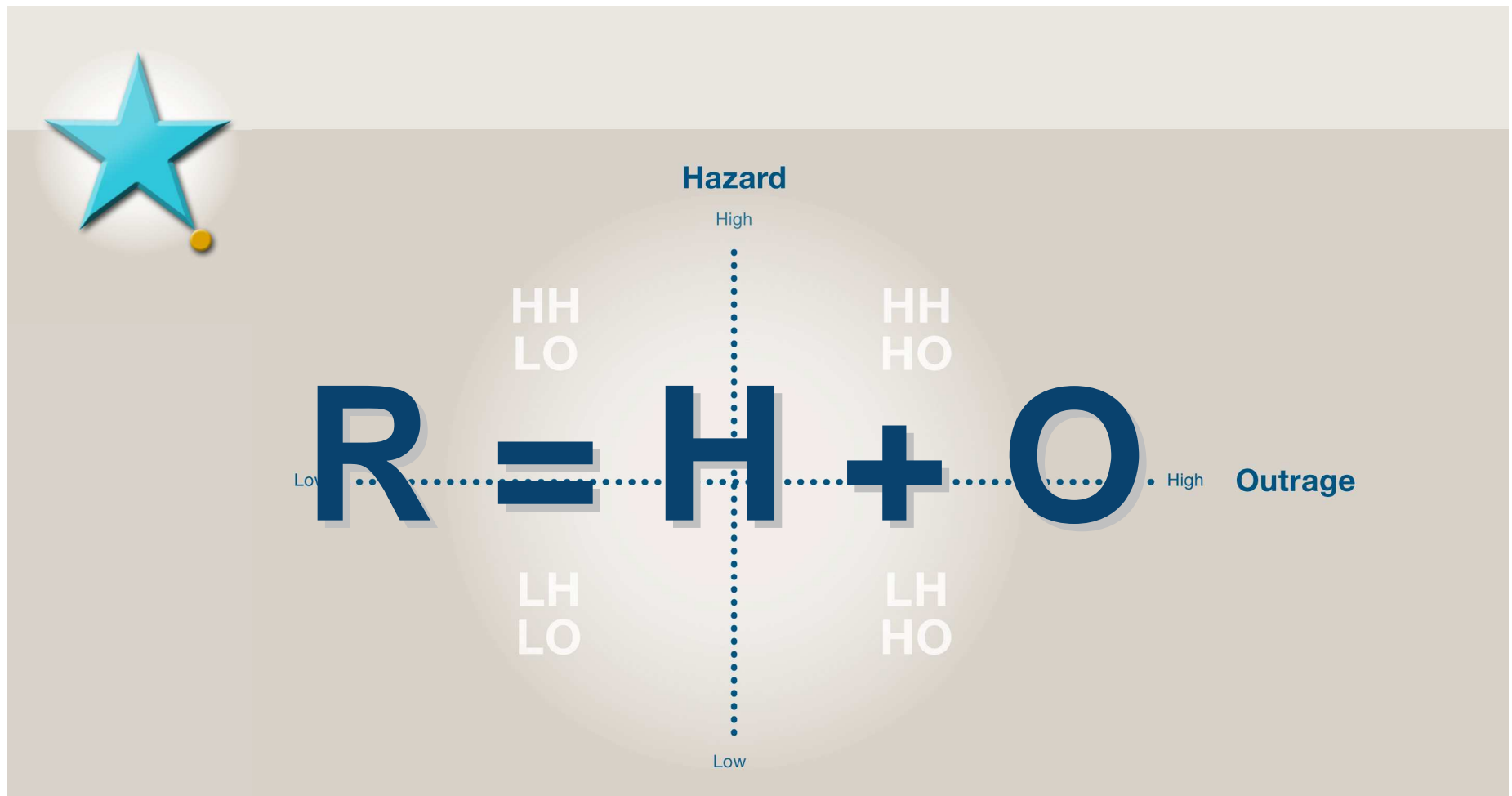


As issues mature, strategies need to change

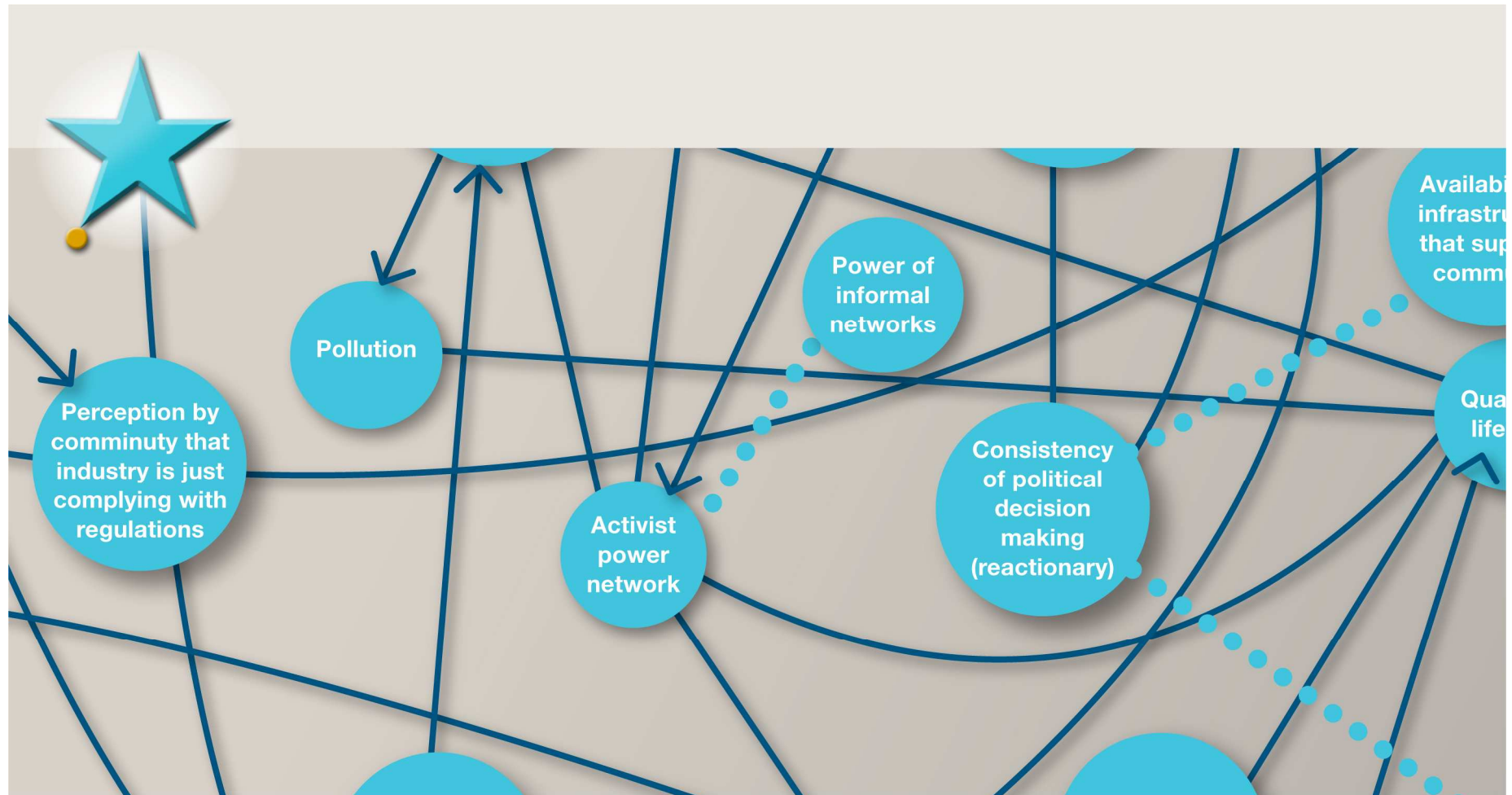
What does your audience expect of you?



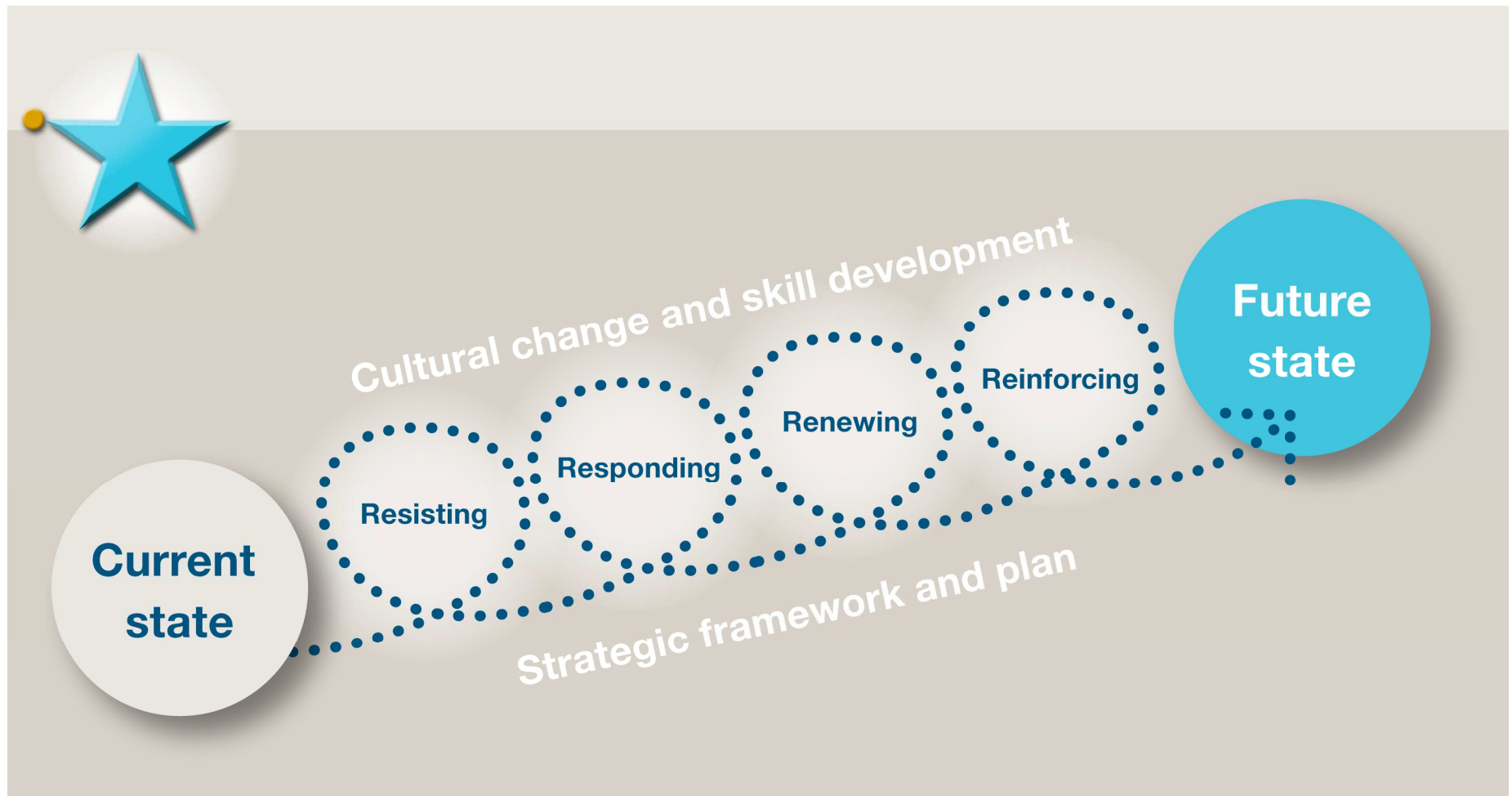
Outrage can't be mitigated by scientific facts



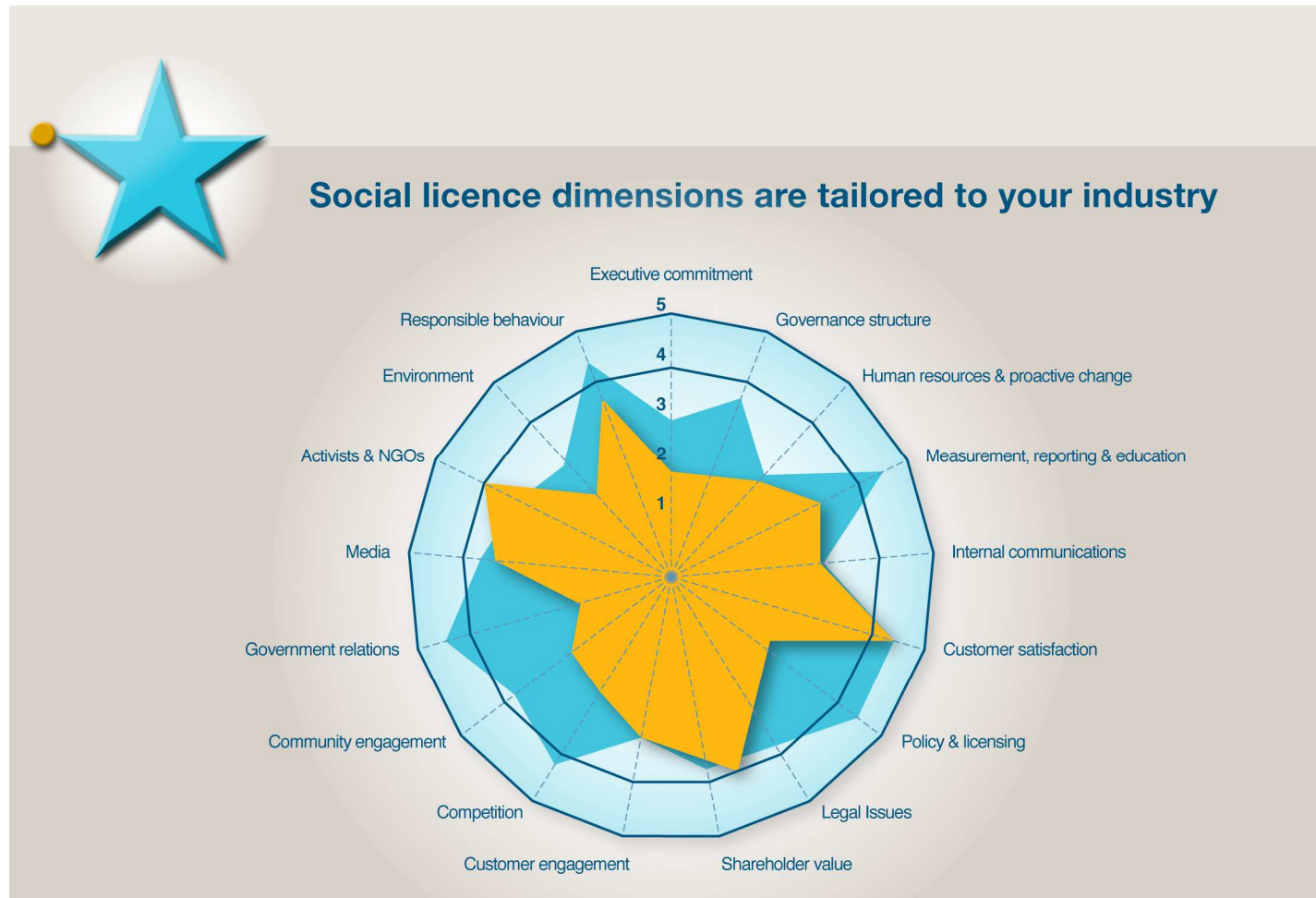
Inter-relationships need to be understood and changed



Strategy execution requires cultural change and governance



Closing gaps: the need to build public accountability and transparency





Futureeye

Real solutions to real dilemmas

Melbourne | London

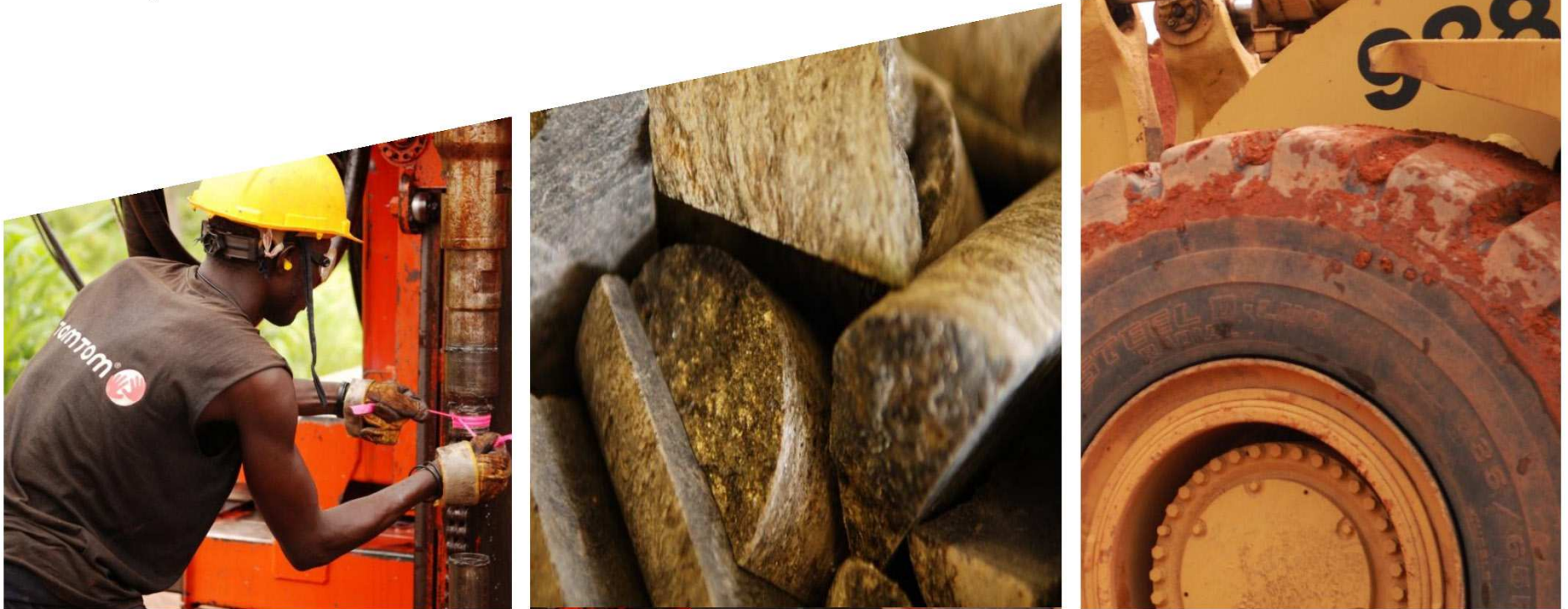
www.futureeye.com



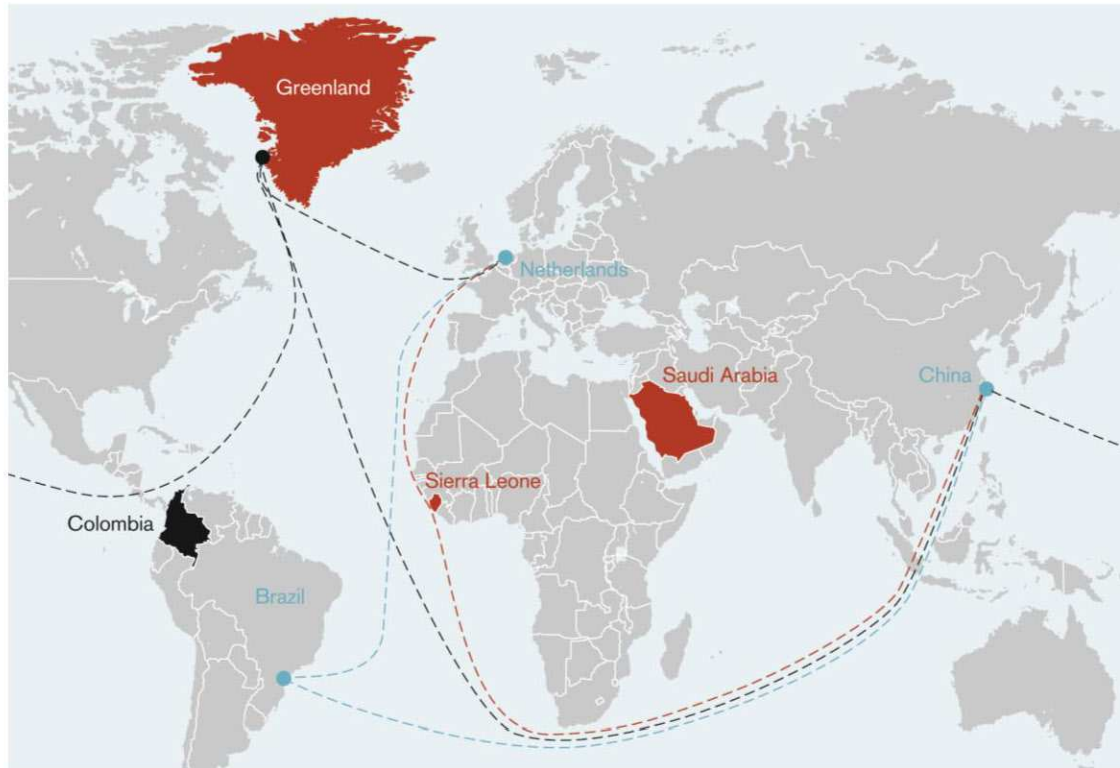


Local Population and the Social License to Operate UNGC Webinar

Claude Perras
Head of Sustainability
13 May 2013



- ▶ Overview of London Mining
- ▶ Strategic shift in thinking
- ▶ Practical examples to obtain and preserve the social license to operate
- ▶ Challenges associated with the SLO
- ▶ Future perspectives on how to ensure social license to operate
- ▶ Key challenges



COAL

COLOMBIA (100%)

- ▶ Near term coke production
- ▶ Coking coal resource development

IRON ORE

MARAMPA, Sierra Leone (100%)

- ▶ Commenced production in Q4 2011
- ▶ 2Mtpa in 2012 growing to 16Mtpa by 2016
- ▶ Premium sinter concentrate and pellet feed 65.5% Fe
- ▶ >1 billion tonne resource; 27 year mine life

ISUA, Greenland (100%)

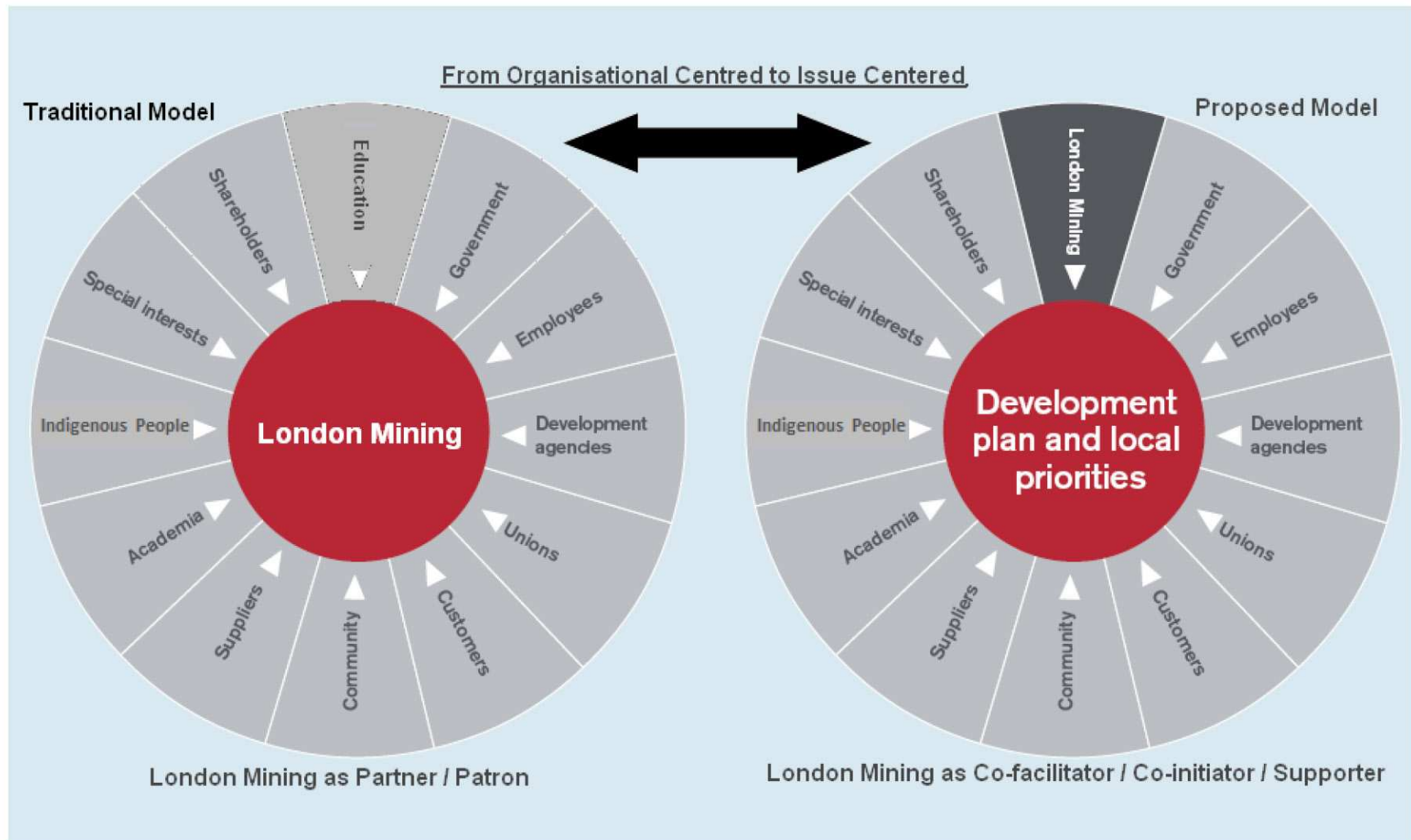
- ▶ 15Mtpa from 2015
- ▶ Premium 70% Fe pellet feed
- ▶ >1 billion tonne resource; 30 year+ mine life

WADI SAWAWIN, Saudi Arabia (25%)

- ▶ 5 Mtpa from 2016
- ▶ 67% Fe DR pellets
- ▶ 400Mt + resource; 20 year+ mine life

OVERALL OBJECTIVES

STRATEGIC SHIFT IN THINKING



Practical examples to obtain and preserve the social license to operate



- ▶ **Social Legitimacy:** comes from the company's respect of established norms of the community; that may be legal, social and cultural and both formal and informal in nature. *
- Conduct community baseline study, which capture the key social, environmental and economic factors that shape life in identified communities by providing information on livelihoods, mortality and morbidity, life expectancy, expenditure patterns and social arrangements between families and family members. Details of land use, land access and land ownership arrangements are also provided, as is information on ethnicity, social organisation and leadership. The baseline should also capture Cultural heritage place or object to which is ascribed cultural, spiritual, aesthetic, historic, scientific, research or social significance for past, present or future generations.
- Complete a detailed stakeholder mapping an analysis and develop an effective engagement strategy based on stakeholders expressed concerns.
- Establish a mutually agreed consultation/dialogue mechanism including representation, frequency, etc.
- Establish a mechanism to identify and resolve promptly grievances . Grievance mechanisms supports the development of positive relationships between projects and the communities and other stakeholders they may affect.

- ▶ **Credibility:** is created by consistently providing factual and clear information and by respecting commitments made to the community. Credibility is best established through written agreements where the rules, roles and responsibilities of the company and the community are negotiated, defined and consolidated; such a framework also helps to manage expectations *
- Develop a sustainability vision and framework aligned with local and national development priorities
- Develop a multi year community plan. The plan should provide a clear link between business outcomes, permits for an expansion, the maximisation of local socio-economic benefits, and community relations activities. The plan should have time horizons that match business planning arrangements and should have a rolling, annual update.
- Leverage partnership funding and expertise to ensure projects are collaborative.
- Impact Benefit Agreement IBA, Community Development Agreement CDA, Participation Agreement.
- Ensure that all performance indicators are jointly agreed upon, monitored and evaluated with key stakeholders.

- ▶ **Trust:** is the willingness to be vulnerable to the actions of another. It is a high-quality relationship that takes both time and effort, and comes from shared experiences, beyond transactions with the community. *
- Legal licence is no longer sufficient. Cannot operate without a social licence. The only way you know you have the social licence to operate is when you do not have it anymore. Should never take it for granted

* Information from "On Common Ground Consultants Inc. and Robert Boutilier and Associates 2012"

Future perspectives on how to ensure social license to operate



- ▶ Shift engagement practices associated with communities and regions' priorities from an organisation-centered approach to an issue-centered approach
- ▶ Integration into local planning
- ▶ Identify areas of overlapping interest – strategic, operational, economic, environmental and social
- ▶ Build consensus on engagement design, implementation and assessment between mining and communities not excluding other stakeholders
- ▶ This is about engaging in mutually-beneficial partnerships
 - Fulfilling local development priorities and company's strategic objectives
 - This is not about philanthropy – it is about ensuring the long-term sustainability of the business, and long term development of communities and regions where mining occurs

Key challenges



- ▶ Change our corporate culture
- ▶ Learn to share decision-making power
- ▶ Learn to become a stakeholder regarding shared issues
- ▶ Build consensus in fragmented contexts



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UNGC Local Populations and Social License Webinar



Overview

- Governance concept
- Human rights approach
 - Create positive impacts and improve the human rights of affected stakeholders
 - Systems to avoid negative impacts
 - Compliance program
 - Functional area management systems
 - Remediate negative human rights impacts



BARRICK

BARRICK GLOBAL HUMAN RIGHTS POLICY

DIGNITY and RESPECT

Everywhere we are. Everything we do. Respecting the rights of everyone.

All people have the right to be treated with dignity and respect, regardless of gender, ethnicity or status. Barrick's Human Rights Policy governs our business worldwide and requires that every employee, contractor and supplier respect human rights.

We have zero tolerance for human rights violations.



BARRICK



Report any information about a possible human rights violation immediately to mine general managers, legal counsel or through the compliance hotline. Barrick's Human Rights Policy is available on the intranet under Global Policies.

Principles of the Human Rights Compliance Program



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Tone from the Top, Policies & Procedures



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Board Role

- Approval of Code & Policies
- Reporting of issues, programs to CR Committee

Policies

- Code of Conduct
- Human Rights Policy
- Functional area systems

Detailed procedures

- Notification and escalation
 - Immediate reporting of all information
 - Hotline
- Investigation
 - Immediate
 - Independent
 - 100%
- Grievance procedure

Employees & 3rd Parties



- Due diligence
 - Background checks
 - Pre-retention audits
- Education and requirements
 - Before day 1 approach
 - Job postings and applications
 - Sourcing Standard, Supplier Code of Ethics
 - Contracts and agreements
 - All employees receive training upon induction
 - More in depth training depending on nature of position
 - Certain third parties



Policy # SC 6
Supplier Code of Ethics
Rev. 7
Distribution: Global
Issued: January 27, 2010

Purpose

This Policy is intended to govern the conduct of Barrick's Suppliers when doing business in connection with Barrick.

Operational assessments



- Internal & external approach
 - Human rights assessments
 - External assessment team
 - Independent external advisor
 - 3 years
 - Corporate gap assessment
 - All sites and advanced projects
 - Some desktop, some live
 - Custom developed tool
 - Senior management reporting
 - Annual board report
 - Indicators in internal EHS audits
 - Security specific audits/assessments



HUMAN RIGHTS RISK AND IMPACT ASSESSMENTS

2012 Annual Summary

February 15, 2013

Additional components



- Disciplinary approach
 - Employees on or off duty, suppliers
 - Commit, contribute to, hinder investigations into abuses
- Remediation
 - Cross-functional, interoffice approach
 - Different approaches at different locations
- Reporting & Partnerships
- Acquisitions
 - Pre-acquisition assessment
 - Part of integration process
- Testing

Thank You

Thank you for joining us today.

Presentation slides and a recording of the webinar will be available on the UNGC website.

If you have any additional questions, please contact:

Matthew Daly: daly@unglobalcompact.org



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