

GUIDANCE TO ACCOMPANY THE PRINCIPLES

1. ADOPT RESPONSIBLE GOVERNANCE AND MANAGEMENT

Objective: To base the operation of exploration on sound management systems, professional excellence, the application of good practices, constructive interaction with stakeholders, and the principles of sustainable development.

Introduction

Governance consists of management structures and processes that determine how decisions are made. Responsible corporate governance is fundamental to the implementation of these Principles and Guidance. Responsible governance enables an organization to:

- Establish a clear vision and direction to achieve objectives;
- Promote credibility, trust and broad acceptance of its decisions and actions;
- Build constructive relationships;
- Improve performance, and
- Manage risks more effectively.

Responsible governance should be based on:

- Respect for the rule of law;
- Transparency, accountability, reliability, and cooperation;
- Ethical conduct, honesty and integrity;
- Fairness and equity;
- Awareness of its impact on others;
- Respect for the interests of others; and
- Inclusion and participation of others in decisions that affect their interests.

Corporate Capacity

It is recommended that, from the outset, explorers:

- a. Develop, implement and make public policies and procedures for corporate governance, ethics and sustainable development, and ensure that project personnel have knowledge, awareness, and training in all corporate policies and procedures;
- b. Set performance objectives at the corporate and project level to achieve stated commitments and provide the resources necessary to meet these commitments;
- c. Employ persons with experience, qualifications and, where appropriate, certification/accreditation relevant to the tasks required of them. Assign and clarify their roles, responsibilities, and authority for achieving stated commitments;
- d. Identify where additional training is necessary for employees and contractors to meet their responsibilities and ensure that such training is provided; and

- e. Where necessary, seek the advice and assistance of specialists to fill capacity gaps in the management of social, environmental, human rights and security issues, and the application of traditional knowledge.¹⁵

Legal Compliance

Explorers should meet the relevant legal and regulatory requirements of their home country and, when considering the situation of an exploration project, are advised to:

- a. Identify the legal and regulatory requirements of the host country for the project that are relevant to exploration activities, including international commitments made by the host country, and also relevant international standards and good practice;
- b. Meet the legal requirements of the host country;
- c. Apply international good practice where national law or its implementation is not sufficient to meet the higher standards of performance; and
- d. Communicate the relevant requirements for compliance to employees and contractors and provide the resources necessary to meet these requirements.

Relationship with Contractors

Explorers are encouraged to hire local contractors and, if necessary, provide instruction and training so that it is possible to bind all contractors and sub-contractors to corporate social, environmental, human rights and health and safety policies by mandating compliance with such policies as a contractual obligation in all contracts for services or supplies, and to have in place a process for monitoring and enforcing compliance.

Interaction with Governments

Explorers should respect the role of government and, if possible, develop a plan for positive interaction with all levels of government (national, regional, local, indigenous) with a view to supporting and strengthening policies and practices that endorse human rights, environmental management and protection, and sustainable development.¹⁶

Involvement of Civil Society

Explorers should recognize that considerable knowledge, skill, capacity and resources exist within civil society and non-governmental organizations, particularly in the areas of social, environmental, local economic development and human rights issues. Explorers are encouraged to assess the extent to which the involvement of civil society can assist in enabling conditions for undertaking exploration projects.

2. APPLY ETHICAL BUSINESS PRACTICES

***Objective:** To have management procedures in place that promote honesty, integrity, transparency and accountability.*

¹⁵ Traditional knowledge encompasses the beliefs, knowledge, wisdom, values, teachings, practices, innovations, arts, spirituality, and other forms of cultural experience and expression created by indigenous and tribal communities. In many cases, traditional knowledge is preserved and transmitted orally between individuals and generations and expressed in the form of stories, legends, rituals, songs or laws.

¹⁶ In many cases, explorers may find it most practical to undertake such activities by joining and supporting national and regional industry associations or similar private sector advocacy groups.

Introduction

Honest, ethical conduct strengthens organizations by creating an environment of accountability, credibility and trust that enhances confidence in them from employees, shareholders, communities, indigenous people (if present), and other stakeholders. Dishonest and unethical practices can have a negative impact on the poor and vulnerable groups in society and a corrosive effect on the natural environment and human rights. Explorers should ensure that a high level of ethical conduct exists in their organizations and work to counter corruption and to promote honest, honourable conduct in the communities in which they operate.

General Aspects

Explorers should carry out all exploration activities in an ethical and transparent manner and are advised to:

- a. Adopt and make public a statement of commitment to ethical standards and integrate ethical standards and auditing for compliance with ethical standards into governance procedures;
- b. Communicate ethical standards to employees and provide training on how to recognize and handle situations where ethical standards might be compromised;
- c. Encourage the reporting of breaches of ethical conduct by adopting and making public policies and procedures that facilitate and legitimize the action of ‘whistle blowers’;
- d. Avoid complicity in the ethical misconduct of others; and
- e. Report violations of the law to the appropriate authorities.

Conduct of Exploration

Explorers are advised to:

- a. Identify and apply the least socially or environmentally invasive or destructive field procedures while achieving the objectives of an exploration program (see also Principles 4 & 7); and
- b. Be consistent in communicating, negotiating with, and managing relationships with local communities and other interested parties throughout the life of a project and periodically review and audit for compliance with established procedures (see also Principle 5).

Collaboration with other Explorers

Where possible, collaborate with other explorers by sharing information and experience in the management of social and environmental issues so that the risk of creating conflicts or unnecessary environmental harm is avoided or mitigated.

Transparency and Accountability

It is in the interest of explorers to disclose any and all information that, subject to the constraints of business confidentiality and cost, is relevant to their activities and will help remove doubt as to the environmental or social performance of an exploration project. It is, therefore, recommended that explorers consider the following actions:

- a. Adopt and make public policies and procedures for transparency and the full, true and plain disclosure of information to interested parties and affected populations;

- b. Provide complete and timely disclosure of information using language that local populations will understand (jargon free, non-technical vocabulary, using the language of the receiving population, etc.), and employ mechanisms to distribute such information that enable equal and open access to such information (see also Principle 5);
- c. Provide full, true and plain disclosure of projects related social and environmental information to local communities, indigenous people (if present), shareholders, and other stakeholders and include strategies and/or plans to manage and/or mitigate risks (see also Principle 5);
- d. When information is withheld, disclose the reasons for it being withheld;
- e. Provide timely, complete and objective reporting on all activities in a standard format that allows comparison of company performance over time; and
- f. Demonstrate accountability by adopting processes, preferably involving independent third parties, to verify company actions and compliance with corporate policies and objectives for transparency, and applicable industry good practice.

Bribery, Corruption and Conflict of Interest

Explorers should not offer, promise or give a bribe to, or demand or accept a bribe from any government, public or elected official, member of the armed forces, police, or any other individual or organization. Explorers should also not condone or knowingly benefit from a bribe or other improper advantage. Similarly, explorers and the officers and employees of exploration companies should declare and remove themselves from any real or apparent conflict of interest. It is recommended that explorers:

- a. Adopt, and make public, policies and procedures to eliminate bribery, corruption and conflict of interest;
- b. Provide instruction and training to personnel on how to properly handle situations in which bribes are suggested, requested or demanded, or where conflict of interest may arise; and
- c. Promote and apply practices that disclose and make transparent any payments to third parties and all agencies of government.

3. RESPECT HUMAN RIGHTS

***Objective:** To promote the principles of the United Nations Universal Declaration of Human Rights by incorporating them into policies and operational procedures for exploration.*

Introduction

Respect for human rights is a measure of civilization which supports the legitimacy, integrity and stability of social institutions, and is essential to the rule of law, justice and fairness.

Governments have the primary responsibility to protect and promote human rights. However, society expects private enterprise to respect human rights and, in effect, ‘do no

harm,' even in situations where governments do not or will not protect human rights. Failure to respect and protect human rights has a negative impact on such aspects as social acceptance of a project, corporate reputation and, by extension, economic risk.

The Guidance on human rights focuses on three areas: labor rights, the rights of communities, and security during exploration activities. These aspects are of particular importance because they most frequently intersect with human rights during exploration projects. However, explorers should respect and uphold all universally recognized human rights through the implementation of policies and procedures based on the principles of the United Nations Universal Declaration of Human Rights.¹⁷

General Aspects

Explorers are advised to:

- a. Adopt and make public (i.) corporate policies and procedures with respect to human rights, including the rights of indigenous peoples, that conform to international standards, local laws and regulations, and (ii.) project-specific policies and procedures that are appropriate to the social and cultural context in which a project is located;
- b. Conduct an initial review and evaluation (risk assessment) of human rights, needs, and issues at the project, regional and national level and repeat this process at regular intervals (see also Principle 4);
- c. Consider drawing on the experience and resources of qualified advisors including relevant civil society groups to assist in (i.) identifying optimal strategies for the management of human rights issues, and (ii.) applying third party assessment of human rights performance during exploration activities;
- d. Avoid obtaining, directly or indirectly, any benefit or gain from violations of human rights issues perpetrated by others;
- e. Collaborate with local, regional or national initiatives that advance the promotion and protection of human rights;¹⁸ and
- f. Where relevant, bind contractors and sub-contractors to the same standards for human rights by making these issues a matter of performance compliance in all contracts for services and supplies.

Employment

With respect to employment (see also Principle 6), explorers should:

- a. Provide a safe and healthy work place and protect the health and safety of all employees, contractors and sub-contractors and affected communities from risks and hazards arising from exploration activities;
- b. Provide compensation, benefits and working conditions that comply with national laws, are consistent with international standards and compatible with local social and economic circumstances;

¹⁷ A comprehensive examination of business and human rights can be found at www.business-humanrights.org/Documents/RuggieHRC2008/ and a checklist of human rights for business applications is available at www.humanrightsbusiness.org

¹⁸ Explorers may find that this is most effectively accomplished through participation in local or national industry associations.

- c. Provide equal opportunity for employment, training and advancement, fair compensation for work consistent with local standards, and permit the free association of workers;
- d. Implement policies and practices designed to eliminate harassment and discrimination and provide for constructive engagement with employees on matters of mutual concern;
- e. Enable, wherever possible, observance of local, national or religious traditions and customs with respect to festivals, ceremonies and days of rest; and
- f. Never use forced or child labour.¹⁹

Communities

In all dealings with communities (see also Principle 5), explorers are encouraged to:

- a. Respect the rights and interests of local communities affected by exploration activities and the rights of indigenous and tribal peoples and communities consistent with international human rights standards.²⁰ Explorers should use particular care in situations in which indigenous or tribal lands and resources and associated rights have not been officially recognized or adequately demarcated or defined. In such cases, it is recommended that explorers treat the situation as if the rights of the indigenous or tribal people are recognized in law and proceed accordingly;
- b. Wherever possible and when required, obtain permission from relevant owners, occupiers or users before entering onto land and ensure that this permission is obtained in a timely manner and form that is legally, socially and culturally appropriate.²¹ Explorers should be aware that occasionally there are situations of multiple ownership or where the owner and occupier/user of land may be different entities and that, wherever possible, such permission should be obtained from all relevant parties;
- c. Respect and protect local culture and traditions. Explorers are also encouraged to incorporate local and traditional knowledge such as environmental information, land use practices, cultural and heritage sites and ceremonial activities, into social and environmental monitoring and project management practices. Explorers should, however, recognize that such knowledge is the intellectual property of the local population and keep it confidential unless permission has been given to disclose it to a third party;
- d. Be mindful of the obligation to protect sources of food and water;
- e. In consultation with the community, and with reference to national or local standards where they exist, develop a process to compensate fairly for those adverse effects on the community or individuals that are unavoidable;
- f. Consult with the affected community and appropriate levels of government to identify strategies to effectively manage the social consequences of exploration and potential development of a mine;

¹⁹ Explorers should consult relevant national regulations to identify the minimum age for employment.

²⁰ These would include the International Labor Organization Convention 169 Concerning Indigenous and Tribal Peoples in Independent Countries (ILO 169), and the United Nations Declaration on the Rights of Indigenous Peoples.

²¹ Explorers should be aware that procedures for gaining access to land may vary across jurisdictions. In some jurisdictions, particularly developed countries, access to land and approval to conduct work are subject to legal requirements and government regulations.

- g. Avoid the displacement or resettlement of people. Should the purchase or formal acquisition of land or the physical or economic displacement of people (temporary or permanent) be contemplated, explorers are reminded that such land purchase or acquisition, displacement or resettlement should not take place without the prior permission of the persons involved. Furthermore, such activities should be conducted in a manner consistent with the provisions of International Finance Corporation Performance Standard 5 (2006): Land Acquisition and Involuntary Resettlement.²²

Security

With respect to security, it is recommended that explorers comply with the procedures set out in the Voluntary Principles on Security and Human Rights, which were developed specifically for the mining, oil and gas sectors.²³ More particularly, and where appropriate, Explorers should consider the need to:

- a. Adopt, and make public, policies and procedures for the hire and use of security forces and security personnel during exploration such that they are employed only in activities that are preventative or defensive in nature;
- b. Conduct an initial review and evaluation of security requirements at the project, regional and national level and repeat the process at regular intervals;
- c. Ensure that education and training are provided for security personnel so that they are aware of the need for and nature of positive community relations, the specific circumstances under which force may be used, and the level of force appropriate for a given threat;
- d. To the extent possible, conduct due diligence on security providers to avoid retaining the services of any group or individual that has previously been responsible for violations of human rights or humanitarian law;
- e. Facilitate co-ordination among security providers, communities and company personnel so that they all understand how security protocols will be applied and that community culture and values will be respected; and
- f. Never place or pressure employees to work in areas of high risk to personal security.

4. COMMIT TO PROJECT DUE DILIGENCE AND RISK ASSESSMENT

***Objective:** To conduct an evaluation of risks, opportunities and challenges to exploration, and prepare strategies and operational plans to address them before going into the field.*

Introduction

Explorers should be well informed and prepared before going to the field in order to minimize the risks of confusion, wasted effort, unnecessary costs and possible social conflict, and to understand the potential for creating shared opportunities with local communities.

²² www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards

²³ For more information consult www.voluntaryprinciples.org and also www.miga.org/documents/VPSHR_Toolkit_v3.pdf for an implementation toolkit.

Project Due Diligence and Risk Assessment

Before committing to a new project and initiating activities on the ground, or returning to an area after an absence, explorers are advised to assemble and evaluate all available relevant information. This would include, but is not limited to, information on local and regional social, cultural, political, environmental, human rights and legal conditions, including the social and environmental consequences of any prior mining or exploration activities, and existing local, regional, and national economic development plans. Such information provides the basis on which an assessment can be made of probable issues and potential risk and forms part of the due diligence on which a reasoned decision can be made to go or not go ahead with the project.

Within the context of due diligence and risk management, explorers are advised to:

- a. Identify the area of influence of the proposed or pre-existing exploration project and the population(s) and communities of interest that could be affected, both positively and negatively, by project implementation;
- b. Pay particular attention to the following situations and assemble sufficient information to adequately understand the social, socio-political and legal implications of:
 - The presence of indigenous peoples or vulnerable minorities;
 - The presence of small scale and artisanal mining activity;
 - Proximity to parks, reserves and areas of special environmental significance, cultural and heritage value or interest, or high bio-diversity;
 - The presence of endemic diseases, social or environmental factors with the potential to affect human health and safety;
 - The legal and regulatory framework including treaties and agreements with indigenous or tribal people;
 - The character of national and local governments and indigenous peoples, where self governing, the strength of governance and the capacity of national and local institutions;
 - Regimes with an active record of human rights abuse;
 - The presence of active community level conflict or a history of conflict, particularly conflict over resource development or mining; and
 - Armed conflict, insurrection or civil war.
- c. Carefully assess and measure all risks and costs internal and external to the explorer, including risk to corporate reputation and cost of management options, and develop appropriate strategies and plans to avoid, manage or mitigate such risks; and
- d. Undertake periodic review and assessment of project risks and update risk management systems as and when necessary.

Planning and Preparation for Field Activities

In the event of a decision to proceed with exploration activities, use the results of the project due diligence and risk assessment to develop a strategy to manage issues and risks, and design a process for initial engagement with local populations and other stakeholders. To this end, explorers are encouraged to consider the need to:

- a. Provide information, instruction and, if necessary, capacity building including cultural awareness and cross-cultural communications to the project team;
- b. Provide specialist assistance to the project team to facilitate risk assessment and initial contact and consultations with local populations;
- c. Identify the procedures and timetable necessary to reach agreement with indigenous peoples, communities, groups or individuals whose permission or acceptance is required for exploration activity to take place. Explorers should take care to assess the capacity of such groups and individuals, and the resources required by them to participate in such a process;
- d. Develop and implement an action plan to manage and communicate the social, environmental, security, health and safety, and legal aspects of exploration activities in the area of influence, with provision for review and updating as experience is gained on the ground. In the case of exploration projects that have advanced to pre-feasibility or feasibility, explorers should consider negotiating an agreement that anticipates the conditions for development of a mine;
- e. Identify possible opportunities for creating early positive social and economic benefits that are consistent with the level of exploration activity, culturally appropriate and contribute to the well-being of the local community; and
- f. If found necessary, develop a plan to build capacity in groups and individuals so that they can participate in processes of consultation, communication and take advantage of social and economic benefits.

Indigenous and Tribal Peoples

Explorers should be aware that, when dealing with indigenous and tribal groups, in some countries it is necessary to meet the requirements for ‘Free Prior Informed Consent’ (FPIC) as defined in national legislation or by the provisions of international treaties such as the Indigenous and Tribal Peoples Convention (ILO 169)²⁴ and the United Nations Declaration on the Rights of Indigenous Peoples before initiating any exploration activities.²⁵ Explorers are advised to take all necessary steps to understand the position of the local indigenous or tribal group with respect to their requirements for granting access to conduct exploration activities (see also Principles 3 & 5).

5. ENGAGE HOST COMMUNITIES AND OTHER AFFECTED AND INTERESTED PARTIES

***Objective:** To interact with communities, indigenous people, organizations, groups and individuals on the basis of respect, inclusion and meaningful participation.*

²⁴ See ‘Quick Note - ILO 169 and the Private Sector’ published by the IFC in March 2007 for more information on the relevance and application of this convention to mineral exploration and mining.

²⁵ Explorers should be aware that, from the perspective of indigenous and tribal peoples, the requirements for free prior and informed consent (FPIC) and free prior and informed consultation are neither synonymous nor interchangeable. Rather, consultation is an essential component of the process of gaining consent.

Introduction

Developing and maintaining a positive, mutually beneficial relationship with local communities, indigenous and tribal peoples²⁶ (if present) and other parties in the area of influence of an exploration project (generically referred to here as stakeholders) based on respect, transparency, consultation and participation is fundamental to obtaining the social license that underpins the success of an exploration project. Experience has shown that, if there is active engagement with stakeholders from the earliest stage of exploration and greater accommodation of local concerns and community participation in decision making, there is a concomitant decrease in the risk of social conflict.

For any given project, there are often many stakeholders, ranging from those directly affected or having the ability to exert influence on the project to others who are only indirectly involved, and it will not be possible for explorers to engage with all of them all the time. The stakeholders to be engaged and the form, scope and intensity of engagement will vary with local circumstances and the stage of exploration. As such, the character of engagement is context specific, dynamic in nature, and requires constant monitoring and adjustment as exploration proceeds. In practice, engagement can range from the provision of notification and information, through consultation, to participation and an active role in aspects of project planning and decision making.

Explorers should, therefore, develop and implement management practices and programs for engagement that are appropriate for the local situation and stage of exploration, with particular emphasis on the community or communities within the immediate area of influence of any given exploration project.²⁷

Implementing Engagement

To facilitate engagement, explorers should consider the need to:

- a. Adopt, and make public, policies and procedures for community relations and stakeholder engagement, land access and compensation, disclosure of information, and dispute resolution;
- b. Identify the area of influence of exploration activities, the host community (or communities), and other parties affected by the exploration project (see also Principle 4). It is recommended that this process be repeated at each stage of exploration in order to confirm that all affected parties are involved in the engagement process;
- c. Assemble relevant information in order to understand local social, socio-political, socio-economic, and cultural characteristics, including:
 - Identification of key groups and individuals, social structure and decision making processes, and representative leaders;

²⁶ Further information on the processes associated with engagement with Canadian First Nations, Inuit and Métis may be found in such documents as 'Mineral Exploration, Mining and Aboriginal Community Engagement' (www.amebc.ca/docs/6E830BA41323EB5F.pdf) published by the Association for Mineral Exploration of British Columbia (AMEBC). Outside of Canada, the 'Akwe:Kon Guidelines' (www.cbd.int/doc/publications/akwe-brochure-en.pdf) published by the Secretariat on the Convention on Biological Diversity are most useful; others are listed in the PDAC on-line manual 'Excellence in Environmental Stewardship.'

²⁷ For more information on the range of interactions see the materials provided by the International Association of Public Participation available at <http://www.iap2.org/associations>

- Land-use, ownership and occupancy characteristics; and
- Institutional and technical capacity.

Such information provides the base on which to develop plans for engagement, communications and community relations and to identify benchmarks against which social and economic changes can be measured. This process should be repeated from time to time in order to ensure that engagement, communications and community relations are appropriate to the stage of exploration and current community conditions (see also Principle 2);

- Identify and implement a process that provides for the mutual exchange of information in a transparent, inclusive and respectful manner and that ensures community participation in decisions that affect their future in a way that is culturally appropriate for the local circumstances. Explorers should take care to ensure that all segments of the community, including vulnerable and marginalized groups, are included in this process and that they have sufficient time and capacity to conduct internal consultation among their members (see also Principle 2);
- Wherever possible, confirm commitments and accords with the community in the form of written agreements that incorporate terms which respect community values and processes for interaction and decision making. Explorers are encouraged to structure such agreements so that they become an obligation for any future owner or operator of the project and thus survive in perpetuity unless renegotiated with the community; and
- Ensure that all employees, contractors, and sub-contractors are fully aware of the mechanisms adopted for engagement, and of their role and responsibility to the community in the engagement process.

Access for Exploration Activities

Explorers should consider the need to:

- Consult with relevant parties prior to entering land for the purpose of exploration activities, and develop a process and a schedule for obtaining access to land²⁸ and providing appropriate compensation for harm arising from exploration activities. Explorers should be aware that the absence of legal title is not of itself a reason to fail to seek permission for access to land or to withhold provision of compensation for damage or harm (see also Principle 3);
- Pay reasonable costs for the resources needed to obtain permission including, where necessary, the provision of expert advice to support the community or individual land owners/occupiers in the process of negotiation and granting permission;
- Where possible, enter land and conduct physical work on the basis of an agreement²⁹ for access and compensation and a corresponding completion agreement with the appropriate group, person or persons when any stage of exploration is completed (e.g., trenches filled in and re-seeded, drill pads reclaimed, etc.). It should be anticipated that such agreements will become more elaborate as the scale and intensity of exploration, and associated social and

²⁸ Explorers should be aware that procedures for gaining access to land may vary across jurisdictions. In some jurisdictions, particularly developed countries, access to land and approval to conduct work are subject to legal requirements and government regulations.

²⁹ Agreements may take the form of a signed written document or be oral before witnesses.

- environmental impacts, advance from initial access to reconnaissance sampling and mapping, through drilling and trenching, to delineation drilling to define ore reserves; and
- d. Conduct temporary displacement of people, purchase or acquisition of surface rights to land in a manner consistent with the provisions of International Finance Corporation Performance Standard 5 (2006): Land Acquisition and Involuntary Resettlement.³⁰

Disclosure of Information

Explorers are encouraged to:

- a. Provide non-confidential information about the company and its exploration program including relevant permits, the nature and the process of exploration including risks, opportunities, and potential time lines. Such information should be in the native language of the local population, be timely, and use appropriate forms of speech so that the information is readily comprehensible to non-technical persons (see also Principle 2); and
- b. Encourage local communities to obtain independent advice on the quality, relevance and validity of the information disclosed by the company and be prepared to finance the provision of such independent advice where such need is demonstrated.

Issues Management, Grievance and Dispute Resolution

Explorers are advised to develop, in collaboration with the community, a mechanism for managing issues, grievances and disputes arising from exploration activities.³¹

Monitoring and Reporting

Explorers are encouraged to implement processes of monitoring and reporting on the social and environmental performance of exploration projects (see also Principle 2) to governments, local communities, shareholders and other interested parties.³² In doing so, it is recommended that explorers:

- a. Provide monitoring and reporting information that is timely, accurate, relevant and accessible; and
- b. Involve the local community or civil society groups in monitoring exploration activities and, where appropriate, verifying the accuracy of reports (see also Principle 2).

Exploration Specific Issues

In addition to the above items, it is recommended that explorers:

- a. Develop mechanisms to facilitate communications and the provision of information to the community and other stakeholders during extended periods of

³⁰ www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards

³¹ See 'IFC Performance Standard 1: Social and Environmental Assessment and Management System,' 'Guidance Notes for Performance Standard 1' and also 'A Guide to Designing and Implementing Grievance Mechanisms for Development Projects' available at www.cao-ombudsman.org/html-english/Grievance_mechanism2.htm

³² The Global Reporting Initiative has created a reporting template for mining, which unfortunately is unsuitable for exploration projects. It is the intention of PDAC to sponsor the development of a template specifically for exploration as part of the second phase of *e3 Plus*.

- time when the company is absent from the field location (e.g., project on hold, etc.);
- b. Develop an exit strategy appropriate to the stage of exploration and have in place a management process with sufficient resources to handle the social and environmental consequences of projects that terminate; and
 - c. Develop plans to manage relationships with the community and stakeholders that help facilitate the possible transfer of project management or ownership from one company or team to another or from exploration to mine construction.

6. CONTRIBUTE TO COMMUNITY DEVELOPMENT AND SOCIAL WELLBEING

Objective: To have measures in place which support the social and economic advancement and capacity building of communities whose lives are affected by exploration activities while respecting the communities' own vision of development.

Introduction

It is generally accepted practice within the mineral industry that local populations should benefit from mining related activities that impact them, or take place in the immediate vicinity, in ways that contribute to the economic development and social wellbeing of the community. Further, in a number of countries it is a specific requirement that indigenous peoples benefit from activities that take place on their traditional lands under the provision of national law or international conventions such as ILO 169.³³ Community benefits will vary according to the stage of exploration and level of investment by the explorer, with the employment of local people and purchase of local services and supplies the most frequent form of benefit. Explorers are advised, however, to take care not to create unrealistic expectations or situations where the provision of benefits results in dependency in the form of ongoing obligations or expenses incurred by the beneficiary, or that require the ongoing presence of the company. In practice, there is often a need to find a balance between responding to a demand for delivery of short term benefits that may not be truly sustainable and providing contributions that will survive beyond the life of an exploration project.

Policies

Explorers are advised to adopt, and make public, policies and procedures for community relations, employment, use of local suppliers and services, and community development.

Consultation and Participation

Explorers are advised to consult with the local community to establish transparent procedures for employment (see also Principle 3) and for the contracting of local services and supplies. Explorers are encouraged to enable community participation in the identification and implementation of local economic and development opportunities so

³³ See 'Quick Note - ILO 169 and the Private Sector' published by the IFC in March 2007 for more information on the relevance and application of this convention to mineral exploration and mining.

that these are compatible with the existing social structures, the local economy and any community development goals.

Delivery of Benefits

Explorers are encouraged to consider negotiating an agreement or agreements that define the nature, schedule and extent of benefit(s) to be provided to the community and to consider the following points:

- a. As a priority, in consultation with the community and, as necessary, with government and non-governmental organizations, identify the potential to augment or complement existing economic and business development or poverty reduction plans, strategies and programs and avoid duplication of effort and associated waste of resources;
- b. In the absence of an existing development plan or strategy, encourage, and if necessary assist, the community members to develop and articulate such plans or strategies for themselves;
- c. Where possible, partner with government or appropriately qualified non-governmental organizations to facilitate delivery of programs that benefit the community;
- d. With the exception of employment and payment for goods and services, limit or avoid the use of money as a vehicle for providing benefit. Rather, in consultation with the community or affected families and, where appropriate, consider providing benefits in the form of goods and services or initiatives identified as urgent or important by the community or affected individuals;³⁴
- e. In consultation with the community, identify where infrastructure required for exploration and development can also benefit the community and, if economically feasible, focus on creating such common improvements;
- f. Support and strengthen existing social structures and local authorities by engaging with them and establishing accords that define the roles and responsibilities of the various actors in the delivery of benefits. Where necessary, strengthen community social structure and governance capacity to maintain the benefits provided and manage them into the future;
- g. In collaboration with the community, identify indicators of social and/or economic wellbeing that can be used to monitor and measure the outcomes of any programs of assistance or investment made by the explorer;
- h. Where possible, establish co-operative processes with other exploration and mining companies to avoid duplication of effort and enhance benefits available to local communities;
- i. Where possible, liaise with regional and national authorities to promote implementation of existing government programs of assistance and development that would benefit the community, including (but not limited to) health and education; and
- j. Provide education and training so that local people qualify for employment during exploration and/or are eligible for permanent employment should a mine result.

³⁴ See discussions in the 'Guidelines to IFC Performance Standards' (www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards) for further information on this topic.

Monitoring and Reporting

Explorers are advised to implement processes to monitor and report on their efforts to support community wellbeing and economic development (see also Principle 2) in order to inform government, local communities, shareholders and other interested parties.³⁵ In doing so, it is recommended that explorers:

- a. Provide monitoring and reporting of information that is timely, accurate, relevant and accessible; and
- b. Wherever possible, involve the local community or civil society groups in monitoring programs of community wellbeing, support and/or economic development and in verifying the accuracy of reports.

7. PROTECT THE ENVIRONMENT

Objective: To conduct exploration activities in ways that create minimal disturbance to the environment and people.

Introduction

In most countries environmental law, regulations and guidelines exist to provide direction for exploration activities. In the absence of such instruments, explorers are advised to apply good practice as described in the PDAC on-line manual Excellence in Environmental Stewardship and, in the case of more advanced exploration projects, the Performance Standards of the International Finance Corporation (2006).³⁶

Policies and Management Processes

In preparing instruments for the management of environmental and socio-environmental matters, it is recommended that explorers follow established guidelines and also give consideration to the following:

- a. Adopt, and make public, policies and procedures for the management of environmental and social issues;
- b. Create a management and reporting structure that identifies objectives and allocates appropriate resources and responsibilities for the environmental and social aspects of exploration projects;
- c. Apply relevant national regulations, home country, or international good practice guidelines for environmental management, whichever is the highest standard of performance;
- d. Establish procedures for management of the environmental issues that are appropriate to conditions in the area of exploration. Explorers are encouraged to involve the local community in the identification and implementation of preferred environmental management options;

³⁵ The Global Reporting Initiative has developed a reporting template for mining, which unfortunately is unsuitable for exploration projects. It is the intention of PDAC to sponsor development of a template specifically for exploration.

³⁶ www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards

- e. Advance understanding amongst employees, contractors, and local populations of the potential impacts of exploration and mining on the environment and procedures to prevent, mitigate, and ameliorate adverse environmental impacts;
- f. Take reasonable steps to ensure that contractors have the capacity to implement operational controls and comply with environmental policies and procedures; and
- g. Conduct capacity building and education of community members and other stakeholders in environmental management using appropriately qualified, independent experts.

Impact Assessment and Management

Explorers should be aware of the potential impacts of their activities and apply appropriate management processes to avoid, manage or mitigate negative impacts. In doing so, Explorers should consider the need to:

- a. Conduct an initial, and then periodic, assessments³⁷ of the direct, indirect, and cumulative environmental and social impacts, risks, and hazards of exploration activities on the environment and people, and anticipate environmental and social effects should exploration lead to development of a mine (see also Principle 4);
- b. Conduct and document baseline environmental and social studies to establish pre-existing conditions against which changes can be monitored and share the results of such studies with the local community;
- c. Consult with government and the local community to identify the potential to augment or complement existing land use and development strategies or plans;
- d. Wherever possible, incorporate local or traditional knowledge and practice into baseline studies and the management of environmental issues, but also be respectful of the nature of such information and maintain confidentiality as and when requested to do so;
- e. Have in place and periodically test procedures and equipment to respond to environmental incidents;
- f. Create and implement procedures for managing chance finds of archaeological sites, artifacts or cultural items;
- g. Use processes that reduce the consumption of energy and water and provide for the safe storage and disposal of hazardous materials and residual wastes; and,
- h. Carry out continuous remediation and reclamation of lands affected by exploration activities.

Vulnerable Environments and Biodiversity

Explorers should respect and protect vulnerable environments and species, areas of biodiversity, locations with special social and cultural significance, and:

- a. Respect legally designated protected areas and promote practices that support biodiversity assessment and management;
- b. Consult with indigenous peoples and local communities to identify valued environmental and cultural heritage sites, and any other locations of importance to local people so that the exploration project is responsive to and respectful of these matters; and

³⁷ Explorers are encouraged to consider independent, third party assessment of risks, particularly in the advanced stages of exploration.

- c. Support the development and implementation of sound, inclusive and transparent approaches to land-use planning, biodiversity, conservation, climate change and mining based on the best available data, including traditional knowledge.³⁸

Monitoring and Reporting

Explorers are advised to implement processes of monitoring and reporting on environmental performance (see also Principle 2) to inform management, government, local communities, shareholders, and other interested parties³⁹. In doing so, explorers are advised to report promptly all environmental accidents or incidents to the local community and appropriate authorities and to disclose plans to manage the accident or incident. Explorers are also encouraged to consider the need to:

- a. Create a community-based process for participation in environmental monitoring and verification of environmental management performance and, where necessary, provide training and resources to community participants so that such activities are meaningful and effective; and
- b. Prepare and publish regular reports on environmental performance that, wherever reasonably possible, are validated by the community or other third-party observers or investigators.

8. SAFEGUARD THE HEALTH AND SAFETY OF WORKERS AND THE LOCAL POPULATION

Objective: To be proactive in implementing good practices for health and safety performance in all exploration activities and seek continual improvement.

Introduction

Health and safety are of immediate and personal concern to workers and local populations, as well as being a basic human right. As such, explorers should conduct their activities in ways that protect the health and safety of workers and the local population in the area of influence of their activities.

Policy and Management Process

In preparing instruments for the management of health and safety, explorers are advised to:

- a. Adopt and make publicly available policies and procedures for the management of health and safety that are based on established, proven programs;⁴⁰
- b. Apply relevant national regulations standards or home country or international good practice guidelines for health and safety management, whichever is the higher standard of performance;

³⁸ Explorers may find this is most easily accomplished through participation in local or national industry associations or working directly with local indigenous peoples.

³⁹ The Global Reporting Initiative has developed a reporting template for mining, which unfortunately is unsuitable for exploration projects. It is the intention of PDAC to sponsor development of a template specifically for exploration.

⁴⁰ Due diligence guidelines for Directors and Management of Junior Companies which can be found on-line at www.pdac.ca/e3plus under the 'Excellence in Health and Safety' e-toolkit.

- c. Adopt and implement a management structure with adequate resources, defined responsibility and accountability for health and safety performance at the corporate and project level; and
- d. Provide education, training, equipment and supplies to ensure a safe working environment and to deal with specific local health risks.

Risk Prevention

Sound health and safety programs are based on a full understanding of risks, mechanisms to avoid or manage such risks, and having such programs in place from the initiation of any exploration project. Explorers are therefore encouraged to:

- a. Assess existing and potential project related risks to the health and safety of employees and local people and develop plans and procedures to avoid, manage or mitigate these risks (see also Principle 4);
- b. Develop site- or project- specific checklists that emphasize the management of local risks and hazards;
- c. Provide health and safety information and training that is culturally and linguistically appropriate to the local population;
- d. Adopt and make public policies and procedures for the transportation of persons, equipment and hazardous materials to and from exploration work sites and have in place provision for appropriate action should there be an accident involving persons or the release of hazardous material;
- e. Take reasonable steps to verify that drivers, aircraft pilots and boat operators employed or contracted to provide transportation to and from exploration work sites are appropriately qualified for the tasks they are expected to perform;
- f. Take reasonable steps to verify that contractors are able to meet the health and safety standards required and that vehicles, aircraft and boats used to access exploration work sites are properly equipped and maintained;
- g. Establish the capacity to deal with accidents and to deliver emergency medical assistance in the absence of delivery of similar programs by other agencies and co-ordinate the delivery of such assistance with the host community and, where possible, government or non-governmental organizations;
- h. Periodically test procedures to respond to emergencies; and,
- i. Review and, where necessary, revise policies and procedures in the light of experience gained from every test, incident, or accident.

Monitoring and Reporting

Explorers are advised to implement procedures for monitoring and reporting on health and safety performance (see also Principle 2) in order to inform management, government, local communities, shareholders and other interested parties.⁴¹ In doing so, explorers should promptly report any accident or health incident to the local community and appropriate authorities and assist with any rescue, containment or preventative measures that are visibly required, or required by the authorities, or otherwise deemed essential to remedy the incident and prevent its recurrence. Explorers should also consider the need to:

⁴¹ The Global Reporting Initiative has developed a reporting template for mining, which unfortunately is unsuitable for exploration projects. It is the intention of PDAC to sponsor development of a template specifically for exploration.

- a. Monitor, investigate and report on accidents and incidents in a manner that encourages continuous learning and improvement of health and safety performance; and
- b. Prepare periodic reports on health and safety performance and make such reports available to all interested parties.