

THE PROSPECTORS AND DEVELOPERS ASSOCIATION OF CANADA

FRAMEWORK FOR RESPONSIBLE EXPLORATION: PART 1

PRINCIPLES AND PERFORMANCE GUIDELINES

A. PURPOSE

The Prospectors and Developers Association of Canada (PDAC) has created the present document to assist its members identify and apply good practice that would support responsible mineral exploration activity¹ while conforming to the principles of sustainable development, as well as providing a sound base for subsequent action should a mine be brought into production. The content of this document has been assembled to guide the actions of explorers and should not be construed as standards of performance. Rather, the intention is to encourage implementation of good practices and provoke innovation that will improve social, environmental and economic performance while enhancing shareholder value.

The overall purpose is to provide Principles that all explorers should aspire to, together with Performance Guidelines, which illustrate what is required to convert the Principles into action. As such, it is anticipated that, while the Principles will be common to all situations implementation of the Guidelines will vary in terms of scope and intensity depending on individual project characteristics, which will differ from place to place and over time. Practitioners are encouraged to use judgment and discretion when applying the Guidelines based on a project by project assessment of needs.

B. GENERAL STATEMENTS

1. These Principles and Performance Guidelines are intended to complement established norms for corporate behavior as exemplified by the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Global Compact, the Performance Standards on Social and Environmental Sustainability and the Environmental Health and Safety Guidelines of the International Finance Corporation, the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights

¹ Exploration is considered to encompass those activities involved in the search for, discovery, definition, economic and technical evaluation of mineral deposits beginning with conceptual planning and extending through reconnaissance, prospecting, ore deposit identification and measurement, environmental and social baseline surveys for impact assessment, and ends with the initiation of financial feasibility studies.

- the Equator Principles, among others², by addressing issues that are specific to mineral exploration.
2. Explorers should understand that the minimal requirement is to conduct their activities in conformity with:
 - Laws and regulations of the host country and those of the explorer's home country;
 - International treaties and accords ratified or supported by the host country and those of the explorer's home country; and
 - International standards and good practice associated with human rights and the social and environmental aspects of mineral exploration.
 3. Explorers are individually responsible to carry out the due diligence necessary to be informed as to the laws, regulations, treaties and accords that are relevant at any time or place with respect to their activities as well as the international standards of practice associated with human rights, social and environmental management.
 4. The Principles and Performance Guidelines strive to answer the 'why?' and 'what?' of applying good practice in mineral exploration. The 'how to' of applying good practice will be supported by the PDAC's *Environmental Excellence in Exploration (e3)* and the *Exploration Health and Safety* on-line manual, which will be integrated into the *Framework for Responsible Exploration*.
 5. The Principles have equal weight and value and have been given numbers in the present document solely to facilitate communications. Explorers should have the Principles in mind at all times.
 6. The Performance Guidelines describe in largely general terms what is recommended of mineral exploration teams to convert the Principles into practice in their normal course of business. Moreover, many elements of the Guidelines will be common and constant aspects of exploration planning and implementation to the extent that they may be considered components of corporate culture. However, it is not expected that all aspects of the Guidelines would be implemented in their entirety at all times in every exploration project. Rather, explorers are encouraged to manage each project in response to the unique characteristics encountered on the ground (legal regime, social and cultural characteristics, physical and biological environment, stage of exploration, and area of influence). Such project specific characteristics permit recognition of context and hence the scope and relevance of individual elements of the Guidelines and the relative intensity with which they should be applied. Details

² See 'Sustainable development and corporate social responsibility: Tools, codes and standards for the mineral exploration industry.', published by PDAC and available at <http://www.pdac.ca/pdac/publications/pdf/sd-csr-publication-final.pdf> for a list of relevant instruments.

of how such optimization may be accomplished are largely contained in other, more extensive sources of information such as e3.

7. For the Principles and Guidelines to be fully effective, explorers must require that contractors and sub-contractors working on their behalf accept and adhere to the relevant principles and guidelines
8. These Principles and Guidelines are intended for the use and guidance of exploration companies, contractors and subcontractors to exploration companies, communities affected by exploration activities, indigenous³ groups affected by exploration projects, civil society groups interested in exploration projects, governments at all levels and any other stakeholders.
9. The PDAC will develop recommended guidelines and standardized formats for reporting on social and environmental performance of mineral exploration as part of the overall PDAC *Framework for Responsible Exploration*. Consideration will also be given to developing a process of verification.
10. The present edition of the Principles and Guidelines is regarded as a ‘living document’ and subject to modification and improvement as experience is gained and circumstances change. Accordingly, the PDAC will establish an ongoing mechanism for review and revision that incorporates the views and opinions of all interested parties.

³ In Canada, Australia and some other countries the term aboriginal is used instead of indigenous and in Canada would include the groups who self identify as First Nations, Inuit and Metis..

C. PRINCIPLES FOR THE RESPONSIBLE OPERATION OF MINERAL EXPLORATION PROJECTS

THE PRINCIPLES⁴:

1. Commit to ethical business practices

Objective: Establish and maintain ethical business practices and sound management systems that include sustainable development as a factor in business decision making

2. Respect human rights

Objective: Actively respect human rights through the implementation of policies and procedures based on the principles of the United Nations Declaration on Human Rights and other relevant instruments in all dealings with individuals, communities, employees and all others affected by exploration activities.

3. Commit to project due diligence and risk assessment

Objective: Conduct appropriate project due-diligence, risk assessment and preparation of plans and strategies to address cultural, heritage, social, environmental, human rights, legal and policy issues and community expectations, based on sound information before going onto the ground.

4. Engage host communities and other affected and interested parties

Objective: Interact with host communities, communities affected by exploration activities, and other interested parties on the basis of respect, inclusion and participation, and provide timely, effective and transparent arrangements for communication, consultation, participation and reporting.

5. Contribute to community development and well being

Objective: Contribute to the social and economic development and institutional capacity building of the communities that are influenced by and related to exploration activities, and as appropriate to other parties, while respecting the communities' own vision of development.

6. Protect the environment

Objective: Conduct exploration activities in ways that create minimal impact on the environment (including people) by implementing good practices based on clear and established policies, strategies and plans, and by continuous learning and improvement.

7. Safeguard the health and safety of workers and the local population

Objective: Establish and implement policies and good practice for health and safety performance in all exploration activities and seek continual improvement.

⁴ The Principles have equal weight and importance and are numbered only to facilitate communication.

D. PERFORMANCE GUIDELINES FOR THE RESPONSIBLE OPERATION OF MINERAL EXPLORATION PROJECTS

THE GUIDELINES

1. – ETHICAL BUSINESS PRACTICES

Objective: Establish and maintain ethical business practices⁵ and sound management systems that include sustainable development⁶ as a factor in business decision making

Preamble

To be viewed as socially legitimate, credible and trustworthy actors, explorers should develop and implement appropriate policies and procedures for ethical business practices and sound management systems at both the corporate and project level. Ethical business practices include those described in these Performance Guidelines and good practice guidance provided in e3.

Corporate and Project Level Practice

It is recommended that from the outset explorers should:

1. Develop, implement and publicize 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;
2. Comply with or exceed the requirements of host country laws and regulations, including their international commitments, and international good practice, whatever is the higher;
3. Identify and apply the least socially or environmentally invasive or destructive field procedures consistent with achieving the objectives of any given exploration program or campaign;
4. Where necessary, seek the assistance of specialists to fill capacity gaps in the management of social, environmental, human rights and security issues, and the application of traditional knowledge;
5. 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; and
6. 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 mitigate

Relationship with Contractors

⁵ See also the OECD Guidelines for Multinational Enterprises at www.oecd.org/dat/investment/guidelines

⁶ In the context of exploration, consideration of sustainable development is regarded as comprising actions and activities to protect and preserve the environment and actions, activities and investments in and for the community that improve the well being of the community or the ability of the community to manage its own affairs now and into the future, that are self sustaining within the administrative capacity of the community and do not depend on external sources for ongoing maintenance.

Explorers should bind contractors and sub-contractors to company 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 have in place a process for monitoring and enforcing compliance.

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 conflict of interest. In pursuit of this end it is recommended that explorers consider the following actions:

1. Adopt and publicize policies and procedures to eliminate bribery, corruption and conflict of interest;
2. 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;
3. Promote and apply practices that enhance the transparency of their activities in respect to payments to third parties and all agencies of government;
4. Encourage the reporting of incidents of bribery and corruption by adopting and publicizing policies and procedures that facilitate and legitimize the action of 'whistle blowers'; and
5. Carry out all business activities in a transparent and ethical manner.

Transparency

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 ethical behavior of the explorer with respect to the environmental or social performance of a project. To meet such ends, it is recommended that explorers consider the following actions:

1. Adopt and publicize policies and procedures for transparency and the availability of full, true and plain disclosure of information to interested parties and affected populations;
2. Clearly and consciously establish a distinction in communications between those intended to satisfy public relations and those for community relations so that the latter is relevant to and easily understood by local populations;
3. Provide complete and timely disclosure of information using language and mechanisms that facilitate access and comprehension by interested parties and local populations (jargon free, non-technical vocabulary, language of receiving population, etc) using appropriate mechanisms to distribute such information that facilitate equal and open access to such information;
4. Provide full, true and plain disclosure of project related social and environmental information to local communities, shareholders, and other stakeholders together with strategies and/or plans to manage and/or mitigate such risks;

5. Provide timely, complete and objective reporting on all activities in a standard format that allows comparison of company performance over time; and
6. Adopt processes that are both internal and external, preferably involving independent third parties, to verify company actions and compliance with corporate policies and objectives for transparency and applicable industry good practice.

2. – HUMAN RIGHTS:

***Objective:** Actively respect human rights through the implementation of policies and procedures based on the principles of the United Nations Declaration on Human Rights and other relevant instruments, in all dealings with individuals, communities, employees and all others affected by exploration activities.*

Preamble

Constructive management of human rights issues, including the use of security forces in a responsible manner, is a matter of importance to explorers since society expects private enterprise to respect human rights and, in effect, ‘do no harm’. Failure to do so will impact on such aspects as social acceptance of a project, corporate reputation and, by extension, economic risk. Explorers should therefore respect social, cultural and economic rights as well as civil and political rights of all local populations where exploration activities take place by means of policies and procedures based on the principles of the United Nations Universal Declaration of Human Rights. More particularly, explorers should consider the following points:

General Aspects

Explorers should:

1. Adopt and publicize 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 project specific policies and procedures that are relevant to the social and cultural context in which the project is located;
2. Conduct an initial and subsequent regular periodic review and evaluation (risk assessment) of human rights needs and issues at the project, regional and national level;
3. Draw on the experience and resources of responsible civil society groups to assist in identifying optimal strategies for the management of human rights issues and apply third party assessment of human rights performance during all exploration activities;
4. Under no circumstances obtain a benefit or gain from violations of fundamental human rights issues;
5. Collaborate with local, regional or national initiatives that advance the promotion and protection of fundamental human rights⁷; and

⁷ Explorers may find that this is most effectively accomplished through participation in local or national industry associations.

6. Bind contractors and sub-contractors to the same standards by making these issues a matter of performance compliance in all contracts for services and supplies.

Employment

With respect to employment, explorers should:

1. Provide a safe and healthy work place and protect the health and safety of all workers, contractors and sub-contractors and affected communities from risks and hazards arising from exploration activities;
2. Provide equal opportunity for employment, training and advancement, fair compensation for work consistent with local standards, and permit the free association of workers;
3. Implement policies and practices designed to eliminate harassment and discrimination and provide for constructive engagement with employees on matters of mutual concern;
4. Provide all benefits, such as health insurance, as are required by local employment law and regulation; and
5. Never use forced or child labor

Communities

In all dealings with communities, explorers should:

1. 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 standards⁸. 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, explorers should treat the situation as if the rights of the indigenous or tribal people were fully recognized in law and proceed accordingly;
2. Wherever possible, 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 appropriate⁹. Explorers should be aware that on occasion the owner and occupier/user of land may be different entities and that wherever possible such permission should be obtained from both of them.
3. 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

⁸ 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

⁹ Explorers should be aware that procedures for gaining access to land may vary among jurisdictions. In some jurisdictions, particularly developed countries, access to land and approval to conduct work are subject to legal requirements and government regulations.

- local population and keep it confidential unless permission has been given to disclose it to a third party.
4. Be mindful that the disturbance or displacement of people should not take place without their prior permission and of the obligation to protect sources of food and water;
 5. In consultation with the community develop a process to compensate fairly for adverse effects on the community or individuals when they cannot be avoided;
 6. If the potential for a mine becomes probable, consult with the affected community and appropriate levels of government to identify strategies to effectively manage the social consequences and, in particular, in-migration to the area;
 7. Avoid the displacement or resettlement of people. However, should the purchase or formal acquisition of land or the physical or economic displacement of people (both 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 and be conducted in a manner consistent with the provisions of International Finance Corporation Performance Standard 5 (2006): Land Acquisition and Involuntary Resettlement.

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 are oriented specifically to the mining, oil and gas sectors¹⁰. More particularly, explorers should consider the need to:

1. Adopt and publicize policies and procedures for the hire and use of security forces and security personnel during exploration such that they are only employed in activities that are preventive or defensive in nature;
2. Conduct an initial and subsequent regular periodic review and evaluation of security requirements at the project, regional and national level;
3. Ensure that education and training are provided so that security personnel are aware of the nature of positive community relations, the specific circumstances under which force may be used and the level of force appropriate for a given threat. Such education and training should include material that would prevent security personnel from knowingly violating the human rights of individuals or groups;
4. 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;
5. Facilitate co-ordination between security providers, communities and company personnel to ensure alignment of understanding of the application of security protocols and respect for community culture and values; and
6. Never place or pressure employees to work in areas of high risk to personal security.

¹⁰ For more information consult www.voluntaryprinciples.org

3. – PROJECT DUE DILIGENCE AND RISK ASSESSMENT:

***Objective:** Conduct appropriate project due-diligence, risk assessment and preparation of plans and strategies to address social, cultural, heritage, environmental, human rights, legal and policy issues, and community expectations, based on sound information before going onto the ground.*

Preamble

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

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 should 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:

1. Explorers should identify the area of influence of the proposed or existing exploration project and the population(s) and communities of interest that would be affected, both positively and negatively, by project implementation;
2. Explorers are advised to 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, whether legal or not;
 - Proximity to parks, reserves and areas of special environmental significance, cultural and heritage value or interest, or high bio-diversity;
 - The legal and regulatory framework including treaties existing or under negotiation with indigenous or tribal people;
 - The character of national and local governments and indigenous peoples where self governing, the strength of governance and 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;

3. Explorers should carefully assess and measure all risks and costs internal and external to the organization, including risk to corporate reputation and cost of management options, and develop appropriate strategies and plans to avoid, manage or mitigate such risks; and
4. Explorers are strongly recommended to 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 'go' decision, 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 should consider the need to:

1. Provide information, instruction and, if necessary, capacity building including cultural awareness and cross cultural communications to the field team;
2. Provide specialist assistance to the field team to facilitate risk assessment and initial contact and consultations with local populations;
3. 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;
4. 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 update as experience is gained on the ground. In advanced exploration projects, explorers should consider negotiating an agreement that anticipates the conditions for development of a mine;
5. 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
6. 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 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)¹¹ and the United Nations Declaration on the Rights of Indigenous Peoples before initiating any exploration activities¹². Explorers should in any case take all necessary steps to understand the

¹¹ 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.

¹² 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

position of the local indigenous or tribal group with respect to their requirements for granting access to conduct exploration activities.

Interaction with Governments

Explorers should respect the role of government and 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 development¹³.

Involvement of Civil Society

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

4. – COMMUNITY ENGAGEMENT:

***Objective:** Interact with host communities, communities affected by exploration activities, and other interested parties on the basis of respect, inclusion and participation, and provide timely, effective and transparent arrangements for communication, consultation, participation and reporting.*

Preamble

Developing and maintaining a positive, mutually beneficial relationship with local communities, indigenous and tribal peoples¹⁴ (if present) and other parties in the area of influence of an exploration project (here generically termed stakeholders) based on respect, transparency, consultation and participation is fundamental for the success of an exploration project. Experience has shown that if there is active engagement with the community from the earliest stage of exploration, greater accommodation of local concerns and community participation in decision making, there is a concomitant decrease in the risk of social conflict. To achieve this end, explorers should develop and implement a process of engagement with particular emphasis on the community or communities within the immediate area of influence of any given exploration project.

It should be understood that the form, nature and level of intensity of engagement will vary with the stage of exploration, proximity to the location of exploration activities, community expectations and protocols, and the relative significance of any given group

synonymous nor interchangeable. Rather, consultation is an essential component of the process of gaining consent.

¹³ In many cases, explorers will find it most practical to undertake such activities by joining and supporting national and regional industry associations or similar private sector advocacy groups.

¹⁴ Further information on the processes associated with engagement with Canadian First Nations Inuit and Metis may be found in such documents as the Engagement Handbook prepared by AMEBC, for international situations the Akwe:Kon Guidelines published by the Secretariat on the Convention on Biological Diversity is most useful: others are listed in e3.

or individual within the area of influence of an exploration project. As such, the character of engagement is dynamic in nature and requires continuous monitoring and revision as exploration proceeds. In practice, engagement can range from the provision of information, through consultation to participation and an active role in project planning and decision making¹⁵.

Implementing Engagement

To facilitate engagement explorers should consider the need to:

1. Adopt and publicize policies and procedures for community relations and stakeholder engagement, land access and compensation, disclosure of information, and dispute resolution;
2. Identify the area of influence of exploration activities and the host community (or communities) and other parties affected by the exploration project. It is recommended that this exercise be repeated at each stage of exploration in order to confirm that all affected parties are involved in the engagement process;
3. 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 including identification of representative leaders, land use, ownership and occupancy characteristics, and technical capacity as the base on which to develop plans for engagement, communications and community relations as well as benchmarks against which social and economic changes can be measured. This process should be repeated at intervals in order to ensure that engagement, communications and community relations is relevant to the stage of exploration and current community conditions;
4. Identify and implement a process that provides for the mutual exchange of information in a transparent, inclusive and respectful manner, and ensures community participation in all 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;
5. 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. Such agreements should include language that makes them an obligation for any future owner or operator of the project and thus survive in perpetuity unless renegotiated with the community;
6. Be consistent in word and action when multiple communities are involved; and
7. 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

¹⁵ For more information on the range of interactions see the 'Spectrum of Participation' published by the International Association of Public Participation (2007)

Access for Exploration Activities

Explorers should consider the need to:

1. In consultation with relevant parties, develop a process and a schedule for the purpose of obtaining access to land¹⁶ and providing compensation for harm arising from exploration activities prior to entering land or any such activity taking place. Explorers should be aware that the absence of legal title is not a reason to fail to seek permission for access to land or to withhold provision of compensation for damage or harm.
2. Pay reasonable costs for the resources needed to obtain permission including, where necessary, the provision of expert advice to support the community in the process of negotiation and granting permission.
3. Where possible, enter land and conduct physical work on the basis of an agreement¹⁷ 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 is anticipated that such agreements would become more elaborate as the scale and intensity of exploration, and associated social and environmental impact, advances from initial access to conducting reconnaissance sampling and mapping through drilling and trenching to delineation drilling to define ore reserves.
4. In general, explorers should limit monetary compensation to situations where tangible services or products are involved. For access to land and compensation for harm caused by exploration activities compensation in the form of goods, commodities or services is recommended; and
5. Should people be temporarily displaced or surface rights to land be purchased or otherwise formally acquired, explorers should conduct such temporary displacement, purchase or acquisition in a manner consistent with the provisions of International Finance Corporation Performance Standard 5 (2006): Land Acquisition and Involuntary Resettlement.

Disclosure of Information

Explorers should:

1. Provide information about the company and its exploration program including relevant permits, the nature and process of exploration, potential time lines, baseline and impact studies and both the risks of negative social and environmental impacts and realistic estimate of the form and timetable for opportunities and benefits from exploration and mining, should a mine eventuate. Such information should be in the native language of the local population and use appropriate forms of speech so that the information is readily comprehensible to non-technical persons;
2. Encourage local communities to access independent advice on the quality, relevance and validity of the information disclosed by the company. Explorers

¹⁶ Explorers should be aware that procedures for gaining access to land may vary among and between jurisdictions. In some jurisdictions, particularly developed countries, access to land and approval to conduct work are subject to legal requirements and government regulations.

¹⁷ Agreements may take the form of a signed written document or be oral before witnesses.

- should be prepared to finance the provision of independent advice to the community and individual landowners where exploration takes place; and,
3. Acknowledge when and where confidential information is withheld.

Issues Management, Grievance and Dispute Resolution

Explorers are encouraged to develop, in collaboration with the community, an extra-legal mechanism for managing issues, grievances and disputes arising from the conduct of exploration activities. In the event of complex or intractable grievances or disputes provision should exist for recourse to first independent mediation and then the courts as a final resort should the initial process fail to lead to a solution acceptable to the parties to the issue, grievance or dispute¹⁸;

Monitoring and Reporting

Explorers are advised to implement processes of monitoring and reporting on the social, environmental and economic performance of exploration projects to government, local communities, shareholders and other interested parties¹⁹. In doing so, it is recommended that explorers consider the need to:

1. Provide monitoring and reporting information that is timely, accurate, relevant and accessible; and
2. Involve the local community or civil society groups in monitoring exploration activities and verifying the accuracy of reports;

Exploration Specific Issues

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

1. Develop mechanisms to manage communications and the provision of information to the community and other local stakeholders during extended periods of time when the company is absent from the field location (project on hold, etc);
2. 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 aspects of projects that terminate or fail; and
3. 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

5. – COMMUNITY DEVELOPMENT AND WELL-BEING:

***Objective:** Contribute to the social and economic development and institutional capacity building of the communities that are influenced by and related to exploration activities,*

¹⁸ See IFC Performance Standard 1: Social and Environmental Assessment and Management System, and Guidance Notes for Performance Standard 1

¹⁹ 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.

and as appropriate to other parties, while respecting the communities own vision of development.

Preamble

It is generally accepted practice within the mining industry that local populations should benefit from activities that impact them or take place in the immediate vicinity in ways that contribute to the economic development and social well-being 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. It is anticipated that community benefits will vary in form with the stage of exploration and level of investment by the explorer. 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 recommended to adopt and publicize policies and procedures for community relations, employment, use of local suppliers and services, and community development

Consultation and Participation

Explorers should consult with the local community to establish inclusive procedures for employment and the contracting of local services and supplies. Explorers are advised to enable community participation in the identification and implementation of processes that maximize sustainable local economic opportunities so that these opportunities are compatible with the existing social structures, the local economy and any community development goals.

Delivery of Benefit

The provision of material benefits beyond employment and purchases from local suppliers and service providers normally becomes part of exploration projects after the commencement of drilling to define and delineate subsurface mineralization. In providing benefit to the local community, explorers are encouraged to consider negotiating an agreement or agreements that define the nature, schedule and extent of benefit(s) to be provided and consider the following points: :

1. As a priority, in consultation with the community and, as necessary, government and non-governmental organizations, identify the potential to augment or compliment existing economic and business development or poverty reduction plans, strategies and programs and avoid duplication of effort and associated waste of resources;
2. In the absence of an existing development plan or strategy, provide support for the community to develop and articulate such plans or strategies for themselves;

3. Where possible partner with government or appropriately qualified non-governmental organizations to facilitate delivery of programs that benefit the community;
4. 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 'in-kind' contributions of goods and services or initiatives identified as urgent or important by the community or affected individuals²⁰;
5. In consultation with the community, identify where infrastructure required for exploration and development can also benefit the community and place emphasis on creating such common improvements;
6. Support and strengthen existing social structures and 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;
7. In collaboration with the community, identify indicators of well-being or economic status that can be used to monitor and measure the outcomes of any programs of assistance or investment made by the explorer;
8. Where possible, establish co-operative processes with other exploration and mining companies to avoid duplication of effort and enhance benefits available to local communities.
9. Assist the community in liaison with regional and national authorities to gain access to existing government programs of assistance and development, including (but not limited to) health and education; and
10. Provide education and training so that local people can become eligible for advancement in employment during exploration and/or eligible for permanent employment should a mine eventuate.

Monitoring and Reporting

Explorers are advised to implement processes of monitoring and reporting on their efforts to support community well-being and economic development to inform government, local communities, shareholders and other interested parties²¹. In doing so, it is recommended that explorers:

1. Provide monitoring and reporting information that is timely, accurate, relevant and accessible; and
2. Involve the local community or civil society groups in monitoring programs of community well being, support and/or economic development and verifying the accuracy of reports;

²⁰ See discussions in the Guidelines to IFC Performance Standards for further information on this topic.

²¹ 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.

6. – ENVIRONMENTAL PROTECTION:

***Objective:** Conduct exploration activities in ways that create minimal impact on the environment (including people) by implementing good practices based on clear and established policies, strategies, plans, and by continuous learning and improvement.*

Preamble

In most countries environmental law, regulations and guidelines exist that provide direction for the conduct of exploration activities. In the absence of such instruments, explorers are advised to apply good practice as exemplified by the instructional information provided by e3 and, in the case of more advanced exploration projects, the Performance Standards of the International Finance Corporation (2006).

Policies and Management Process

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:

1. Adopt and publicize policies and procedures for the management of environmental and social issues;
2. Create a management and reporting structure with assignment of resources and responsibilities for the environmental and social aspects of exploration projects;
3. Apply relevant national regulations, home country or international good practice guidelines for environmental management, whichever is the highest standard of performance ;
4. Apply procedures for management of the environment that are relevant to conditions in the area of exploration and implement systems focused on continual improvement and participative processes to review, prevent, mitigate and ameliorate adverse environmental impacts;
5. Advance understanding of the potential impacts of exploration and mining on the environment among employees, contractors and local populations; and
6. 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 impacts of their activities and apply relevant management processes to avoid, manage or mitigate negative impacts. To do so, explorers should consider the need to:

1. Conduct an initial and then periodic assessments²² of the direct, indirect and cumulative environmental and social impacts, risks and hazards of exploration activities on the environment and people and anticipate what may be the environmental and social effects should exploration lead to development of a mine;

²² Explorers are encouraged to consider independent, third part assessment of risks, particularly in the advanced stages of exploration.

2. Conduct and document baseline environmental and social studies to establish pre-existing conditions against which changes can be monitored, including surveys to identify cultural heritage sites, and share the results of such studies with the local community;
3. Consult with government and the local community to identify the potential to augment or compliment existing land use and development strategies or plans;
4. Consult with indigenous peoples and local communities to identify environmental and cultural heritage sites, issues and priorities of consequence to them and ensure that the exploration project is responsive to and respectful of these matters;
5. 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 keep it confidential as and when requested to do so;
6. Have in place and periodically test procedures and equipment to respond to environmental incidents;
7. Create and implement procedures for the management of chance finds of archaeological sites, artifacts or cultural items;
8. Apply procedures that reduce the consumption of energy and water and provide for the safe storage and disposal of hazardous materials and residual wastes; and,
9. Carry out continuous remediation and reclamation of lands affected by exploration activities.

Vulnerable Environments and Biodiversity

Explorers should respect and protect vulnerable environments, species and social organizations, such as indigenous populations, and:

1. Respect legally designated protected areas and promote practices that support biodiversity assessment and management; and
2. 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 knowledge²³.

Monitoring and Reporting

Explorers are advised to implement processes of monitoring and reporting on environmental performance to inform management, government, local communities, shareholders and other interested parties²⁴. In doing so, explorers should promptly report all environmental accidents or incidents to the local community and relevant authorities and disclose plans to manage the response to the accident or incident. Explorers should also consider the need to;

1. Create a community based process for participative environmental monitoring and verification of environmental management performance and where necessary

²³ Explorers may find this is most easily accomplished through participation in local or national industry associations or working directly with local indigenous peoples.

²⁴ 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.

- provide training and resources to community participants so that such participation is meaningful and effective; and
2. Prepare and publish regular periodic reports on environmental performance that are validated by the community or other third party observers or investigators.

7. – HEALTH AND SAFETY:

***Objective:** Establish and implement policies and good practice for health and safety performance in all exploration activities and seek continual improvement.*

Preamble

Health and safety are of immediate and personal concern to workers and local populations as well as being relevant to human rights. 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 should:

1. Adopt and publicize policies and procedures for the management of health and safety that are based on established, proven programs²⁵;
2. Apply relevant national regulations standards or home country or international good practice guidelines for health and safety managements, whichever is the higher standard of performance;
3. 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
4. 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:

1. 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;
2. Develop site or project specific check lists to give emphasis to the management of local risks and hazards;
3. Provide health and safety information and training that is culturally and linguistically appropriate to the local population;
4. Adopt and publicize policies and procedures for the transport of persons, equipment and hazardous materials to and from work sites and have in place

²⁵ Explorers are encouraged to consult e3 for more information and also the PDAC Health and Safety Due Diligence Guidelines for Directors and Management of Junior Companies

- provision for appropriate action should there be accidental release of hazardous material;
5. Take reasonable steps to verify that drivers, airplane pilots and boat operators employed or contracted to provide transport to and from exploration work sites are appropriately qualified for the tasks they are expected to perform;
 6. Take reasonable steps to verify that contractors are able to meet the health and safety standards required and that vehicles, airplanes and boats used to access exploration work sites are properly equipped and maintained; and
 7. Establish the capacity to deal with accidents and 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 organisations;

Monitoring and Reporting

Explorers are advised to implement processes of monitoring and reporting on health and safety performance to inform management, government, local communities, shareholders and other interested parties²⁶. In doing so, explorers should promptly report any accident or health incident to the local community and relevant authorities and assist with any rescue, containment or preventative measures that are required by the authorities or deemed necessary. Explorers should also consider the need to;

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

²⁶ 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.