

4. COMMIT TO PROJECT DUE DILIGENCE AND RISK ASSESSMENT

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

Introduction

It is recommended that explorers be well informed and prepared before going to the field in order to minimize the risks of miscommunication, unnecessary costs, and conflict, and to understand the potential for creating 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 are encouraged to assemble and evaluate all relevant information. This should include, but is not limited to, information on

local and regional social, cultural, political, environmental, and human rights issues; 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 potential issues or risks. This information forms part of the due diligence on which a reasoned decision can be made by the company whether or not to go ahead with the project.

Within the context of due diligence and risk assessment, explorers are encouraged to:

- a.** Identify the area of impact of the proposed or pre-existing exploration project and the population(s) and communities that could be affected, both positively and negatively, by project implementation;
- b.** Pay particular attention to the following situations and assemble information

to adequately understand the social, political and legal implications of:

- The presence of indigenous peoples or vulnerable groups;
- 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 **biodiversity**;
- The presence of endemic diseases, or other social or environmental factors with the potential to affect human health and safety;
- The legal and regulatory framework including treaties and previous agreements with local communities and indigenous peoples;
- The character of national and local governments, including self-governing indigenous peoples, the strength of governance, and the capacity of national and local institutions;

- Human rights abuses in the area documented in the public record;
 - The presence of **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 risks 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 necessary.

Explorers must follow all laws and regulations of the countries in which they are operating, including those pertaining to land access and use. Some jurisdictions require that projects obtain the **free,**

prior, and informed consent (FPIC) of indigenous peoples. Explorers are strongly advised to consult up-to-date sources of information on the legal requirements of the country, region and local area in which they will be operating. Explorers should take all necessary steps to understand how local and indigenous people would like to be engaged. More information on community engagement can be found in the *e3 Plus* Excellence in Social Responsibility Toolkit.

Planning and Preparation for Field Activities

In the event of a decision to proceed with exploration activities, it is recommended that explorers 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 communities and other affected and interested parties. To this end, explorers are encouraged to:

- a.** Provide information, instruction and, if necessary, **capacity-building**, including

- cultural awareness and cross-cultural communication, to the project team;
- b.** Provide specialist assistance to the project team to facilitate initial contact and engagement with local communities and stakeholders;
 - c.** Identify procedures and timetables to facilitate engagement with stakeholders and other affected and interested parties. Explorers are encouraged to assess the capacity of such groups and individuals and the resources required by them to participate in engagement;
 - d.** Develop and implement an action plan to manage and communicate the social, environmental, security, health and safety, and legal aspects of the project with provisions for review and updating as experience is gained on the ground;
 - 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 wellbeing of the **local community**;
and

- f.** If necessary, discuss options with the local communities to build their capacity in order to facilitate their full participation in the engagement process and in the opportunities for social and economic benefit.