

Presentation for



A Global Approach for Social Responsibility

June 5, 2014

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OVERVIEW

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- INFLUENCERS
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- ENVIRONMENT & SOCIAL
- FOUR PILLARS
- CULTURE



INTRODUCTION



INTRODUCTION

4/14/14 Open Government - Extractives Survey

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Extractive Industries Public Perceptions Survey



You can download the [Summary Findings](#) here

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About the Survey

Countries

- Global
- Australia
- Canada
- Colombia
- Ghana
- India
- Indonesia
- Mozambique
- Tanzania
- Tunisia
- Uganda

Colombia

Ghana

India

Indonesia

Mozambique

Senegal

South Africa

Tanzania

Tunisia

Uganda

Zambia

www.surveyextractives.com/extractives/ 1/15

INTRODUCTION



INTRODUCTION



The Pascua-Lama project was expected to be producing this year, but now the company doesn't expect it to happen until mid-2016.

MINING

Supreme Court of Chile leaves Barrick project idle for anti-pollution upgrade

This is expected to be a major project for Barrick.

NEW PROSPECT

Ottawa rejects gold-copper mine again

Environmental concerns doom Taseko project; B.C. energy minister feels 'terrible' for people of Cariboo

MATTHEW ROBINSON
OTTAWA

The federal government again rejected a proposed gold-copper mine in B.C.'s Cariboo region on Monday, citing environmental concerns.

The approval environmentalists of Barrick Gold's New Prosperity project could not be justified, according to a decision by cabinet that was announced by Environment Minister Louis Alphonso.

The decision comes after an October 2014 environmental assessment panel report found serious flaws in the Vancouver-based company's project.

After considering the assessment, the federal government agreed with its conclusions, according to a Canadian Environmental Assessment Agency report.

"The government of Canada will make decisions based on the best available scientific evidence while balancing economic and environmental considerations," said Minister Alphonso in the release.

But a \$1-billion, 18-year-old project in the Cariboo region of B.C. has not moved forward since the province's Supreme Court ruled against it in 2011. The project is the New Prosperity mine, which would have cost \$1.5 billion to build and operate for 18 years. It would have produced 300,000 tonnes of gold and 100,000 tonnes of copper.

The decision was a "terrible disappointment" for Barrick, said the company's president, Robert Gray. "We fundamentally disagreed with the decision made by the government of Canada, and we would say that this is not the end of the project," he said.

Taseko's newly rejected proposal was the second proposal for the mine, and the issue was strongly supported by the provincial government.

B.C. Energy Minister Peter O'Neil said the decision was "a terrible disappointment" for Barrick, but added that the province would continue to support the project.

"We're disappointed, but we're not surprised," he said. "The province has been very clear that we need to protect the environment and the people of the Cariboo." He said the province would continue to work with Barrick on other projects in the region.

Gray said the decision was a "major setback" for Barrick, but added that the company would continue to work with the province on other projects in the region. "We're disappointed, but we're not surprised," he said. "The province has been very clear that we need to protect the environment and the people of the Cariboo." He said the province would continue to work with Barrick on other projects in the region.

SKATEBOARDS & SKI HILLS
Helmet rules raised at Whistler, new UBC skatepark. » A3

SHARK BITTEN
San Jose pounces in third period to snatch Game 1 win. » D7

THE VANCOUVER SUN

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BREAKING NEWS | VANCOUVERSUN.COM
SERIOUSLY WESTCOAST SINCE 1912
THURSDAY, MAY 2, 2013 | FINAL EDITION

First Nation threatens to shut down mine

Think-tank warns of 'catastrophic' uprising

PETER O'NEIL
VANCOUVER

OTTAWA — A threat by a B.C. First Nation to shut down a B.C. mine is a small sign of a potentially "catastrophic" uprising in Canada if aboriginals don't become full participants in

natural-resource extraction, a prominent think-tank warned Wednesday.

On Tuesday, the Wet'swetwet First Nation threatened to shut down the \$450-million expansion of the Hochschild Minto mill, copper-refining operation in Canada (if aboriginals don't become full participants in

Wet'swetwet on Chief Karen Owen said Wednesday the mine's access road and power transmission line cross her band's reserve near Owen Lake.

She said the Wet'swetwet would likely start by changing a bid on mine workers and contractors using the road. But if

the band's demand for jobs for its members are not met, she threatened more drastic action.

"If we have to, the hydro lines will come down," she vowed.

The warning of possible violence across Canada comes from Douglas Black, a professor emeritus at Queen's University in Kingston, Ontario, in one of two reports on resource development said First Nations pol-

ished by the Macdonald-Laurier Institute, report Canadians should take heed of the U.S. More movement that had protests across Canada against federal inaction on key issues.

Continued on B4

MINING

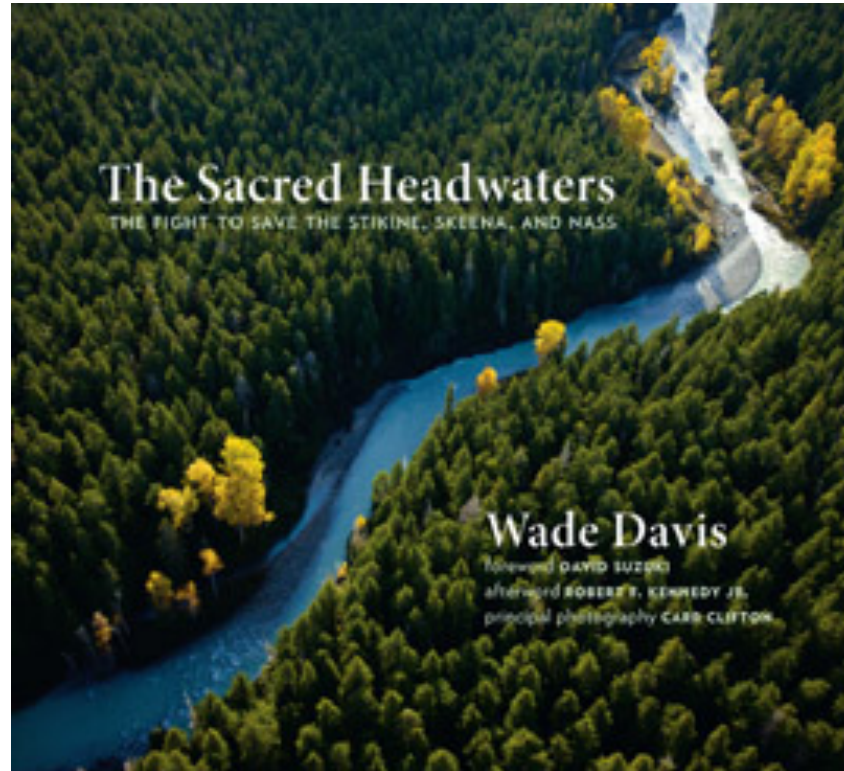
Goldcorp loses court case over Mexican land lease

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INTRODUCTION



INFLUENCERS



INFLUENCERS

PROGRESS PRIDE INTEGRITY SUPPORT
ACCOUNTABILITY TEAMWORK TRUST
RESPECT COURAGE LEADERSHIP DIVERSITY
HONESTY PASSION COMMUNICATION
INTEGRITY HONESTY
LEADERSHIP RESPECT
QUALITY COMMITMENT RELIABILITY
PERFECTION VISION PROGRESS CAPABILITY
POTENTIAL EXCELLENCE OPENNESS
SUPPORT CONFIDENCE SIMPLICITY

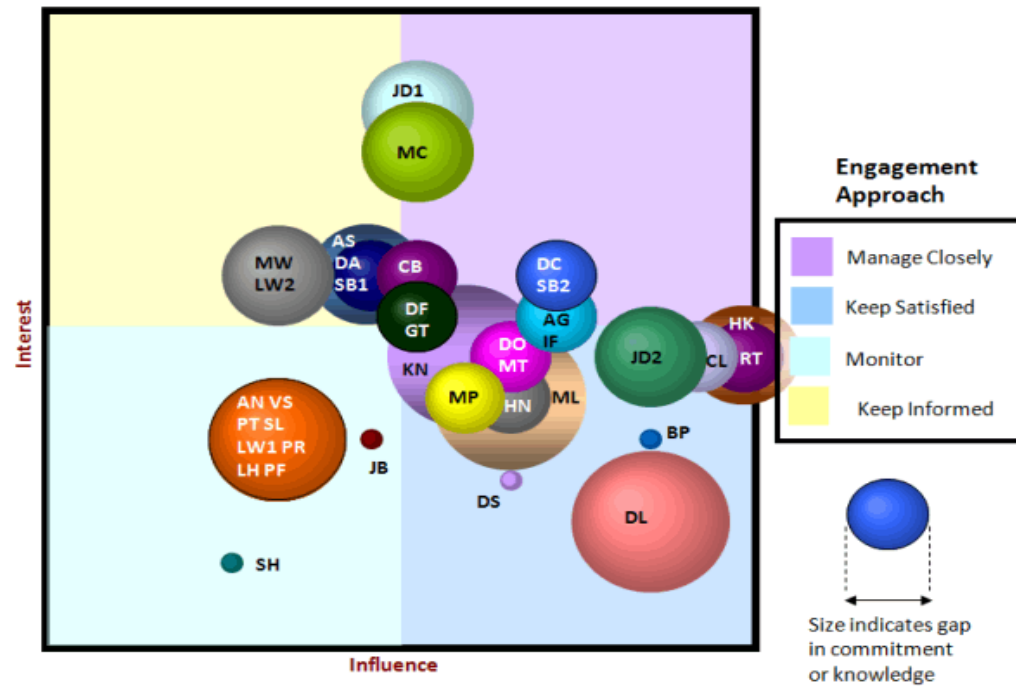
VALUES

BELIEFS

THE CHALLENGE



WHY DO WE NEED A GLOBAL APPROACH TO SOCIAL RESPONSIBILITY?



WHY DO WE NEED THIS?

"The most successful leaders will not necessarily be those with the highest IQ," he says. "Of course, they will need to be intelligent. But they'll also need to have a high level of cultural and emotional intelligence."

Bill George, Harvard Business School
Julia Hanna, Developing the Global Leader, HBR October 25, 2012



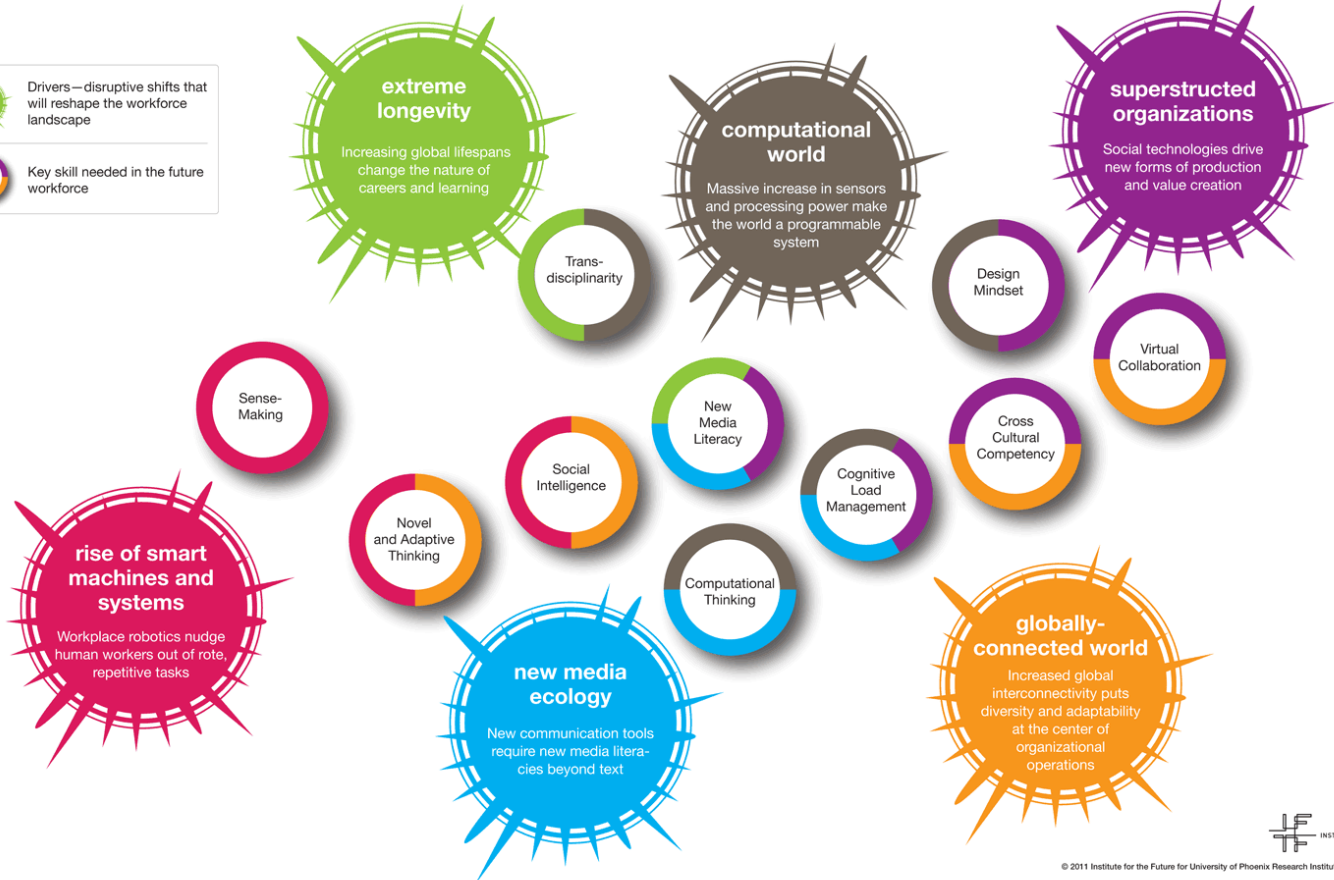
**Harvard
Business
Review**

Future Work Skills 2020

While all six drivers are important in shaping the landscape in which each skill emerges, the color-coding and placement here indicate which drivers have particular relevance to the development of each of the skills.

KEY

-  Drivers—disruptive shifts that will reshape the workforce landscape
-  Key skill needed in the future workforce



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ENVIRONMENT & SOCIAL RISKS

PNAS Early Edition



Conflict translates environmental and social risk into business costs

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Contributed by Anthony J. Bebbington, March 19, 2014 (sent for review January 10, 2014)

Sustainability science has grown as a field of inquiry, but has said little about the role of large-scale private sector actors in socio-ecological systems change. However, the shaping of global trends and transitions depends greatly on the private sector and its development impact. Market-based and command-and-control policy instruments have, along with corporate citizenship, been the predominant means for bringing sustainable development priorities into private sector decision-making. This research identifies conflict as a further means through which environmental and social risks are translated into business costs and decision making. Through in-depth interviews with finance, legal, and sustainability professionals in the extractive industries, and empirical case analysis of 50 projects worldwide, this research reports on the financial value at stake when conflict erupts with local communities. Over the past decade, high commodity prices have fueled the expansion of mining and hydrocarbon extraction. These developments profoundly transform environments, communities, and economies, and frequently generate social conflict. Our analysis shows that mining and hydrocarbon companies fail to factor in the full scale of the costs of conflict, for example, as a result of conflict, a major, world-class mining project with capital expenditure of between US\$3 and US\$5 billion was reported to suffer roughly US\$20 million per week of delayed production in net present value terms. Clear analysis of the costs of conflict provides sustainability professionals with a strengthened basis to influence corporate decision making, particularly when linked to corporate values. Perverse outcomes of over-emphasizing a cost analysis are also discussed.

regulation

Large-scale natural resource extraction projects (including exploration and processing activities) profoundly transform environments, communities, and economies, and often generate social conflict (2, 3). Previous studies of resource extraction and conflict have highlighted the relationship between mining and hydrocarbon resources and broader civil conflict (4, 5) and individual cases of project level conflict (6, 7). In this study, we investigate the importance of company–community conflict in the context of regulation of the sustainability performance of mining and hydrocarbon companies. We estimate the cost of social conflict to companies, determine how companies interpret this conflict, and explain how they respond to conflict. Cases were undertaken broadly in the negative impacts of company–community conflict on a company’s tangible and intangible assets, including value erosion. Conflict is defined as the coexistence of aspirations, interests, and world views that cannot be met simultaneously, or that actors do not perceive as being subject to simultaneous satisfaction, and is viewed in this assessment as ranging from low-level tension to escalated situations involving a complex relationship breakdown or violence (8).

There is growing appreciation that unmitigated environmental and social risks have the potential to negatively influence the financial success of large-scale developments in the extractive industries. A 2008 study of 190 projects operated by the major

international oil companies showed that the time taken for projects to come on-line nearly doubled in the preceding decade, causing significant increases in costs (9), although this increase reflects project remoteness, scale, technical difficulty, and input price, as well as social conflict. A follow-up of a subset of those projects found that nonchemical risks accounted for nearly one-half of the total risks faced by these companies, and that risks related to company relationships with other social actors constituted the single largest category (10). A separate empirical study of 19 publicly traded junior gold-mining companies found two-thirds of the market capitalization of these firms was a function of the firm’s stakeholder engagement practices, whereas only one-third was a function of the value of gold in the ground (11).

In its analysis of socio-ecological systems (SES), the sustainability science literature has said little about the large-scale private sector as an important actor within, and regulator of, SES behavior. A review of the 450 sustainability science articles published in PNAS, for example, finds just 23 referring to “corporate,” “industry,” “private sector,” or “company” in their texts. An extensive word cloud produced by a historical review of 20,000 papers related to sustainability science (12) notes just five terms implying a focus on the private sector (“corporate social,”

Significance

In this report we investigate company–community conflict and its role in the regulation of sustainability performance in the extractive industries. We estimate the cost of conflict to companies and identify conflict as an important means through which environmental and social risks are translated into business costs and decision-making. The paper clarifies the relationship between the environmental and social risk experienced—and interpreted—by local communities, and the business risks experienced—and interpreted—by corporations. Findings reveal that, at least for the case of the extractive industries, these two types of risk can co-constitute each other. The central importance of corporate strategy and behavior for sustainability science is highlighted.

An earlier version of this research, with a more limited dataset, was presented at the First International Seminar on Social Responsibility in Mining, October 19–21, 2011, Santiago, Chile. A working paper with an expanded discussion of interview findings was published by the Corporate Social Responsibility Institute of the Harvard Kennedy School.

Author contributions: D.M.F., R.D., and A.J.B. designed research; D.M.F., R.D., A.J.B., D.K., and M.S. performed research; D.M.F., R.D., A.J.B., S.H.A., D.K., and M.S. analyzed data; and D.M.F., R.D., A.J.B., S.H.A., D.K., and M.S. wrote the paper.

Conflict of interest statement: D.M.F., S.H.A., and D.K. have undertaken funded research and consulting on behalf of mining and hydrocarbon companies as well as for governments and civil society organizations, however, external funding was not received for this research. Funding available online through the PNAS open access option. To whom correspondence may be addressed: E-mail: d.franks@uq.edu.au or abebbington@uq.edu.au. This article is available as part of the online collection at www.pnas.org/lookup/suppl/doi:10.1073/pnas.1402193111/-/DCSupplemental.

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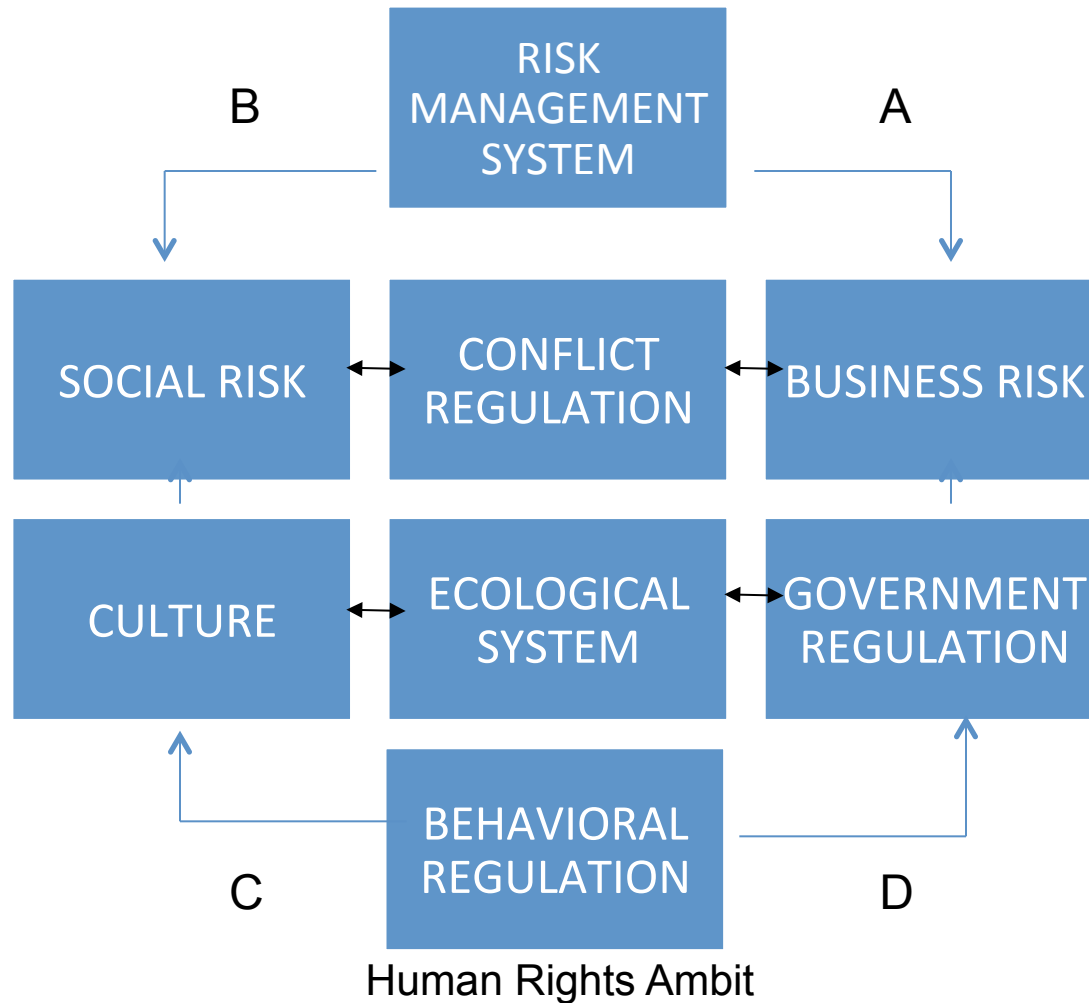
PNAS Early Edition | 1 of 6

ENVIRONMENTAL & SOCIAL RISKS

“Conflict translates into environmental and social risk into business cost”, Daniel M. Franks, et al, Queensland University - 2014

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SOCIO-ECOLOGICAL SYSTEMS



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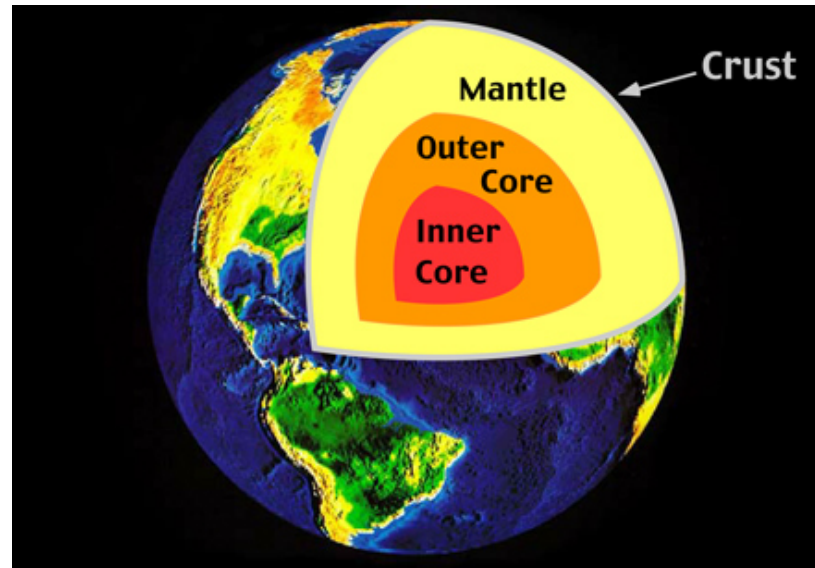
THE FOUR PILLARS



CULTURE

“Culture is the learned and shared patterns of beliefs, behaviours, and values of groups of interacting people.”

(Bennett, 1998)



THE STORY



QUESTIONS & COMMENTS



