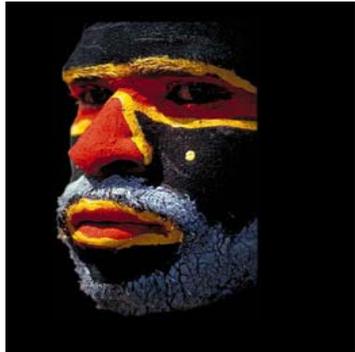


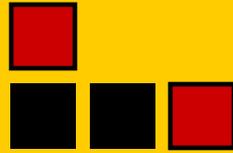
Research Studies on Building Social License within Mineral Exploration

Jacquie Nelsen
Malcolm Scoble

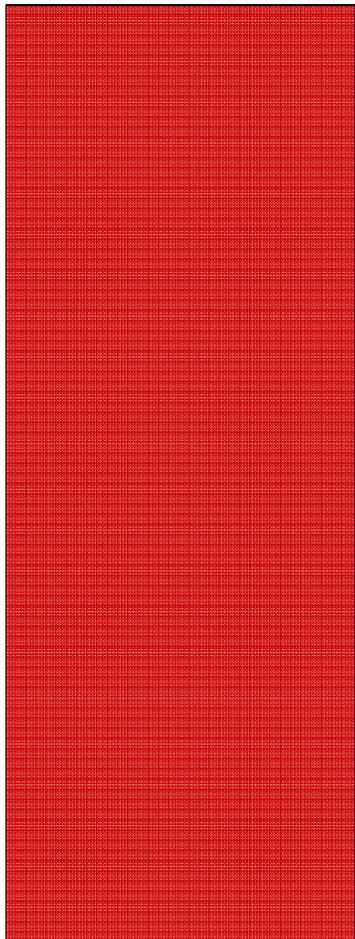
SDIMI Conference 2007
Milos, Greece
June 17-20

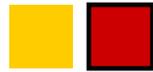
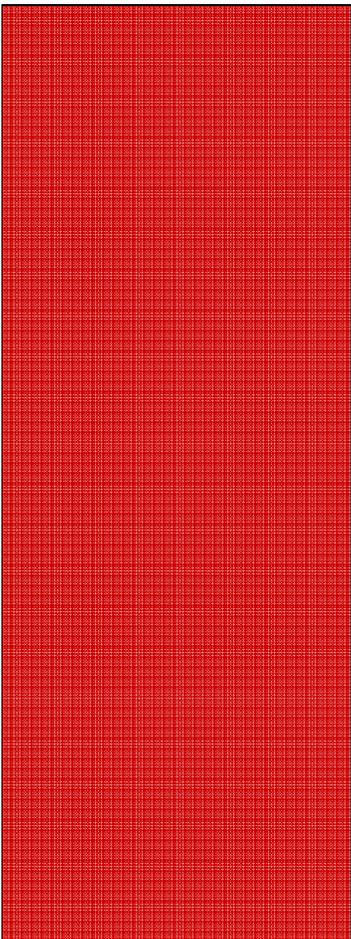
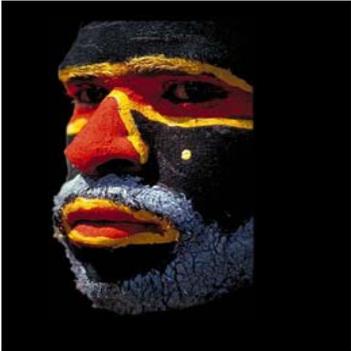


Agenda



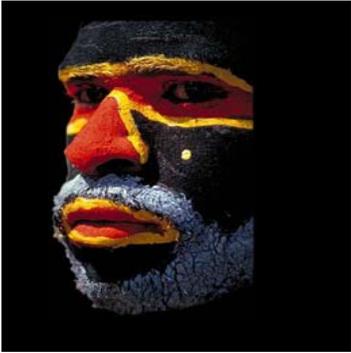
1. Introduction
2. What is social license to operate?
3. Why is social license to operate important?
4. Social license industry survey
5. How do we earn a social license to operate?
6. Situational Analysis
 - i. PEST Analysis
 - ii. SWOT Analysis
7. Conclusions





Introduction

- Survey conducted in 2005/06 revealed 80% of respondents had heard of the term SLO.
- There was no real consensus on:
 - who has it
 - how it is earned
 - what is required to earn it
 - how to maintain it
- Survey indicated that industry required a template from which to:
 - embark on a process to acquire SLO
 - benchmark and understand what SLO is
 - understand when it was earned and what's required to maintain it

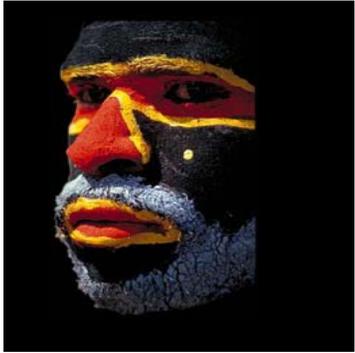


Introduction

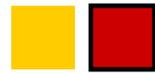
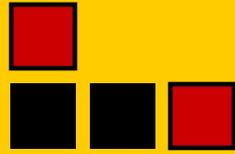


Project Credibility

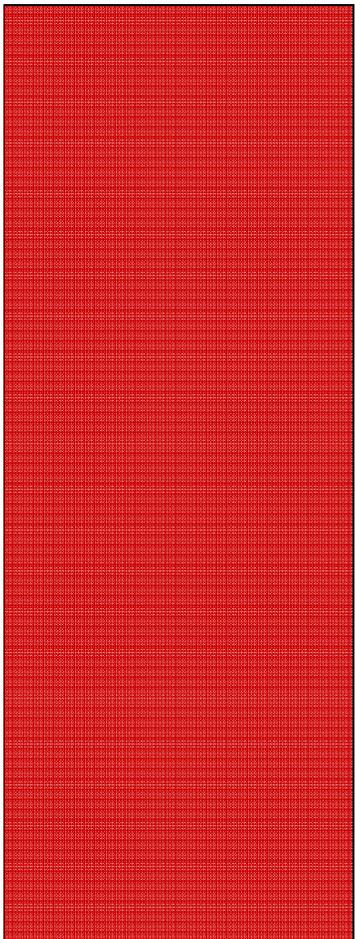
- Exploration Template was designed in collaboration with Placer Dome Inc (Barrick Gold).
- Aims to establish an effective communications and engagement process with local communities to assist in building and earning a Social License.
- The template provides practical assistance in conducting situational analysis
- It was intended to be a precursor to any pre-feasibility study, for companies to develop an integrated relationship with stakeholders

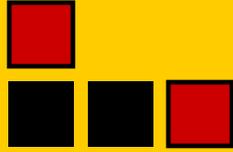
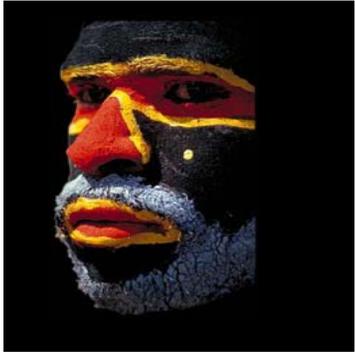


What is Social License to Operate (SLO)?



- Social license can be defined as a set of concepts, values, tools and practices that represent a way of viewing reality for industry and stakeholders.
- Its purpose is to create a forum for negotiation whereby the parties involved are heard, understood and respected.
- It is a means to earn accountability, credibility, flexibility and capacity for both stakeholders and industry.

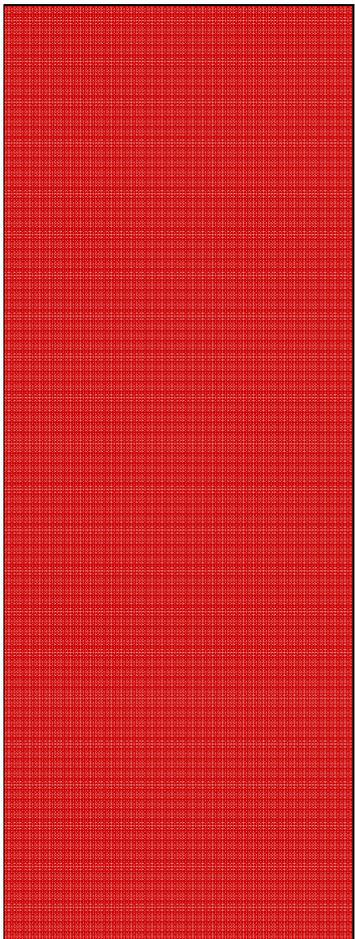


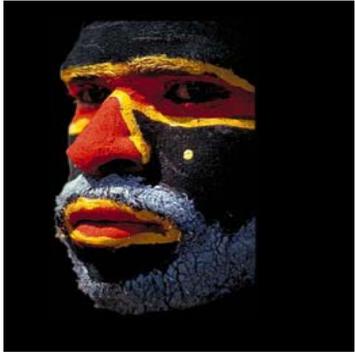


What is Social License to Operate (SLO)?

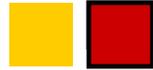
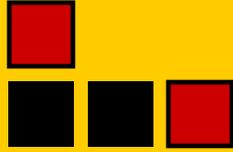


- A **social permit**
- It is **granted** by stakeholders
- It is not a “one-size-fits-all” approach
- It cannot be transferred from region to region
- It is not written on paper
- It is **reputational**, however one bad experience can result in it being revoked

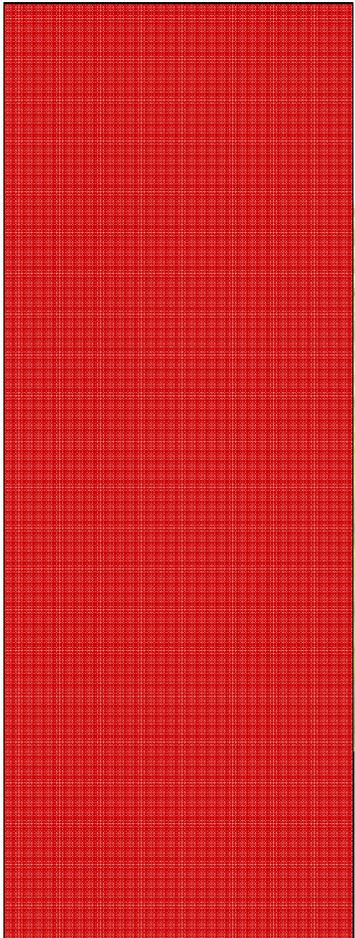
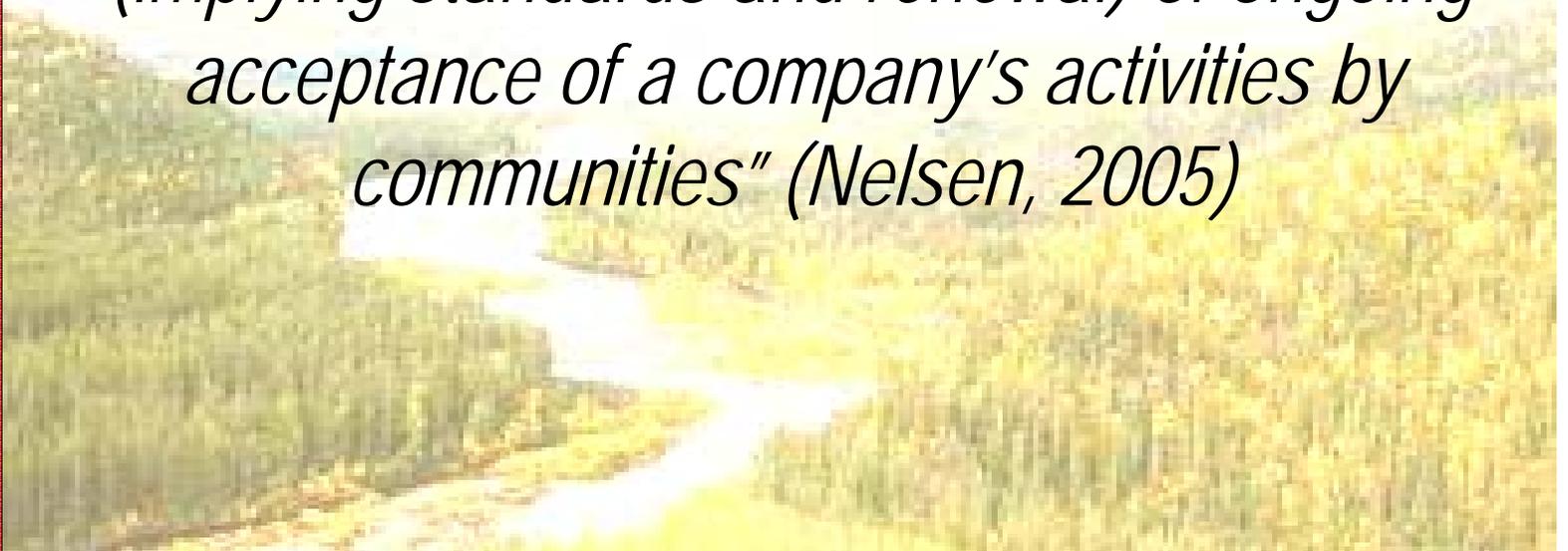


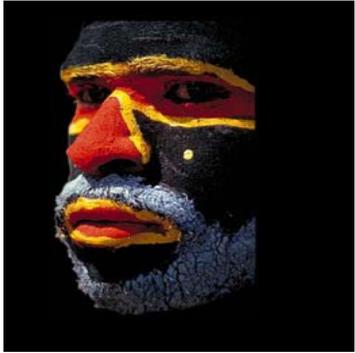


What is Social License to Operate?

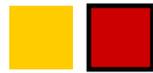
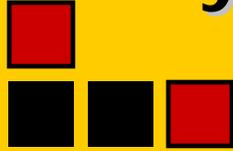


“An intangible, non-permanent measure (implying standards and renewal) of ongoing acceptance of a company’s activities by communities” (Nelsen, 2005)

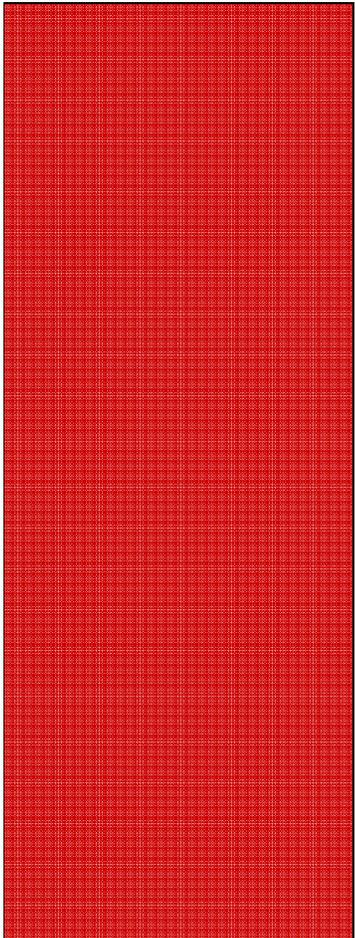


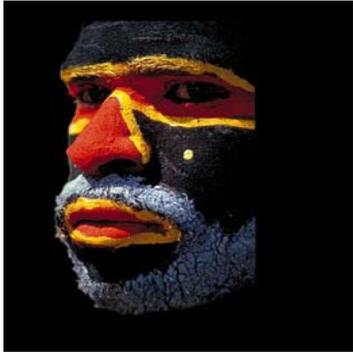


Why is Social License to Operate Important?

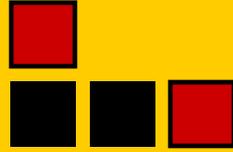


- Identified the need to define and Quantify Social License to Operate
- Important – Corporate Accountability, Credibility & Capacity
- It is a source of Competitive Advantage
- Minimize project **risk**
- A **genuine opportunity** to transform mining into an activity that is recognized to promote economic and social development of associated communities

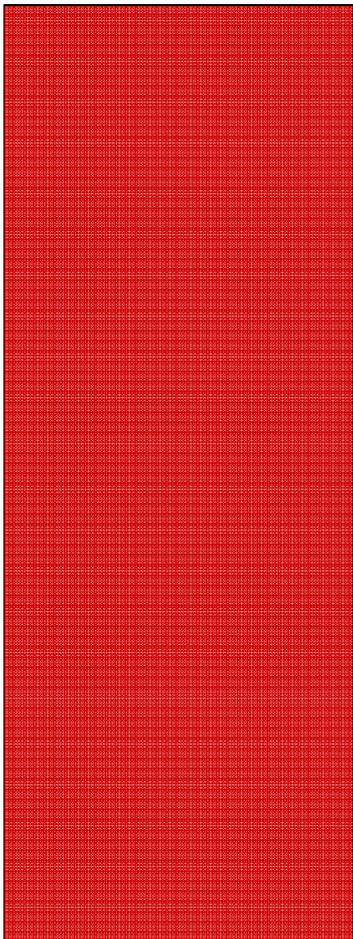


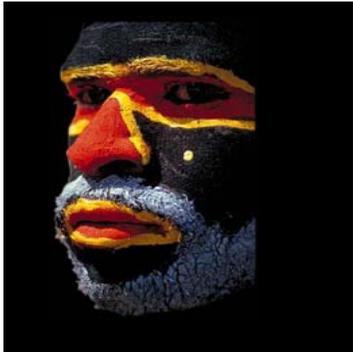


Social License to Operate Industry Survey

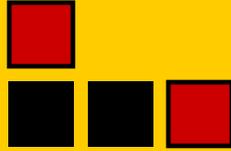


- The survey indicated that companies need to pay particular attention to:
 - Understanding culture, customs, language, and history of the communities;
 - Effective education of local communities about the project; and,
 - Ensuring open communication with all affected communities.
- Implicit understanding that SLO requires an element of 'renewability'-it is not static or fixed at a single point in time nor is it necessarily transferred through company acquisitions.

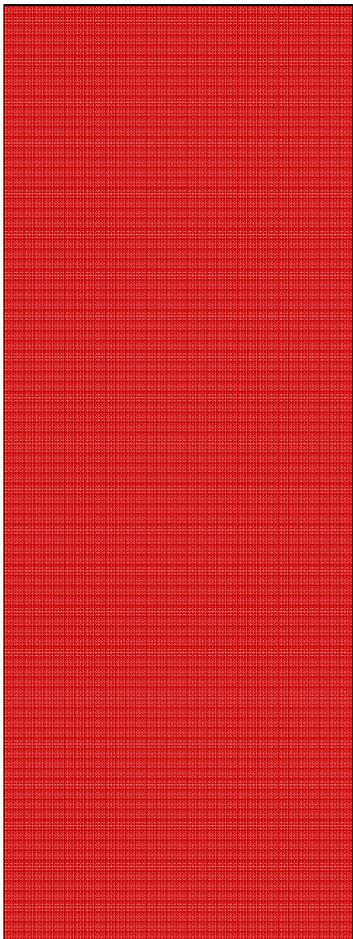
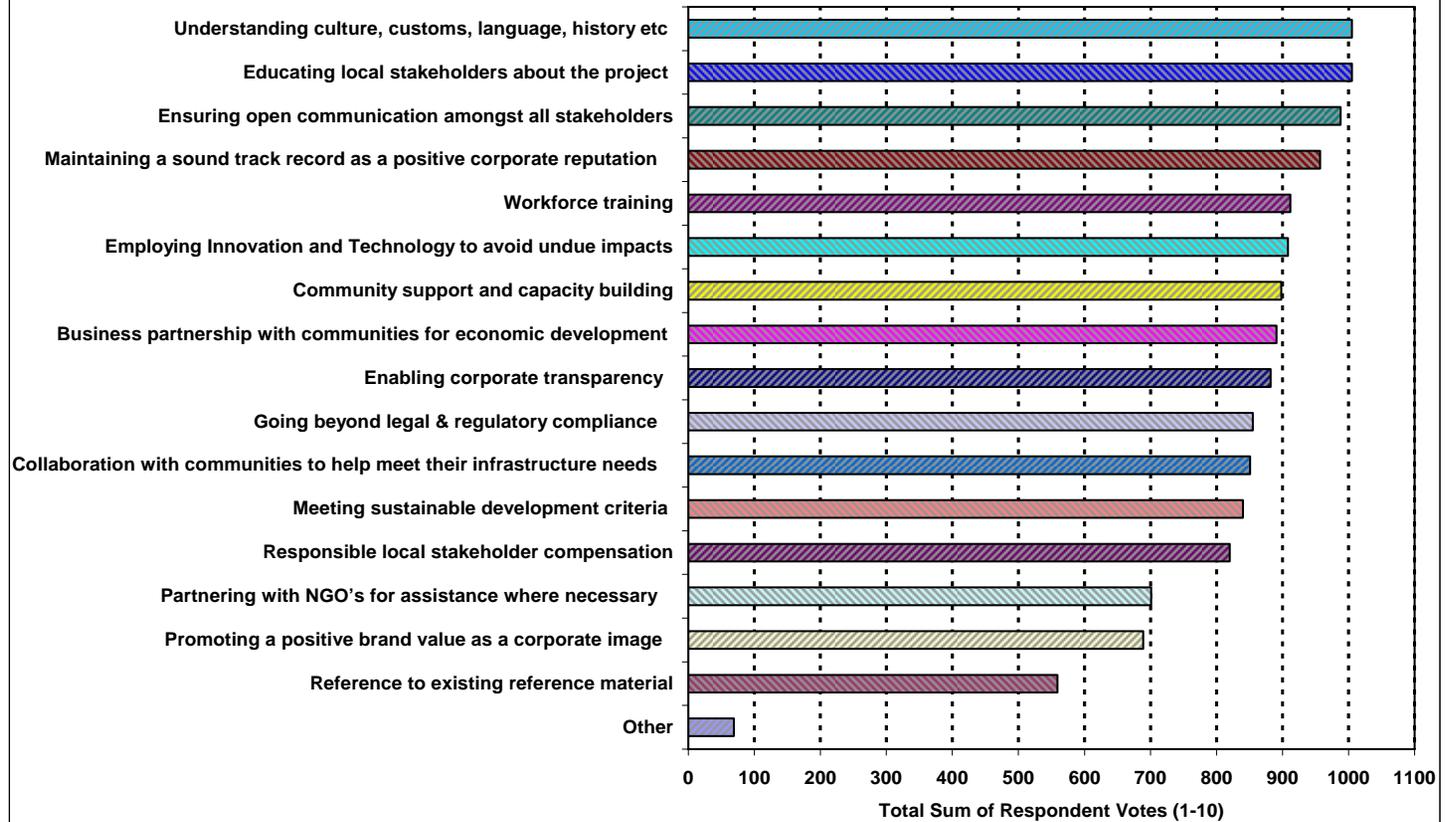


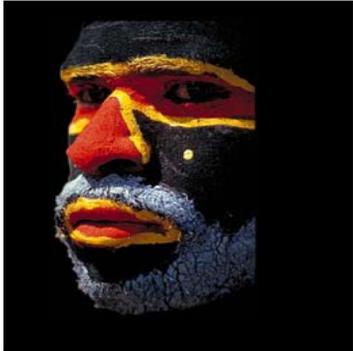


How do we earn a Social License to Operate?

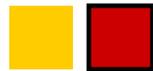
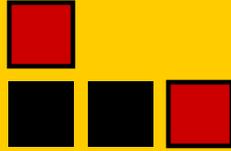


How do we acquire a Social License?





How do we earn a Social License to Operate?

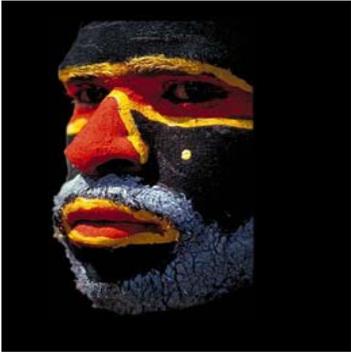


Placer Dome
"Exploration Social License Guideline"

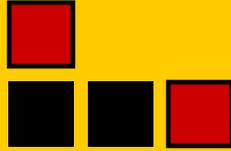
Start at the
exploration phase

It is generally the
initial contact with
local communities
which forms the
cornerstone of
effective
communication and
trust building.

- A framework is required to guide companies through a process to ensure the acquisition of SLO.
- A stakeholder analysis must be completed to ensure congruency between a company's plans and affected stakeholders.
- **Situational Analysis** provides this tool.



How do we earn a Social License to Operate?



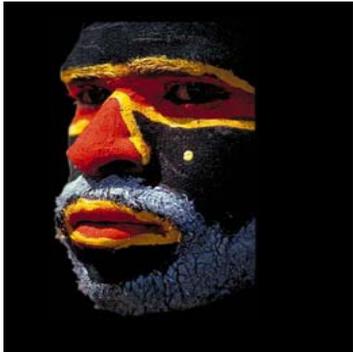
1950's MBA
Programs

Used by a Variety of
Industries

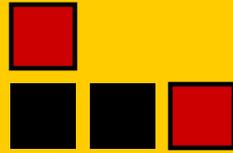
Well-established
Strategic Mgmt Tool

Situational Analysis is:

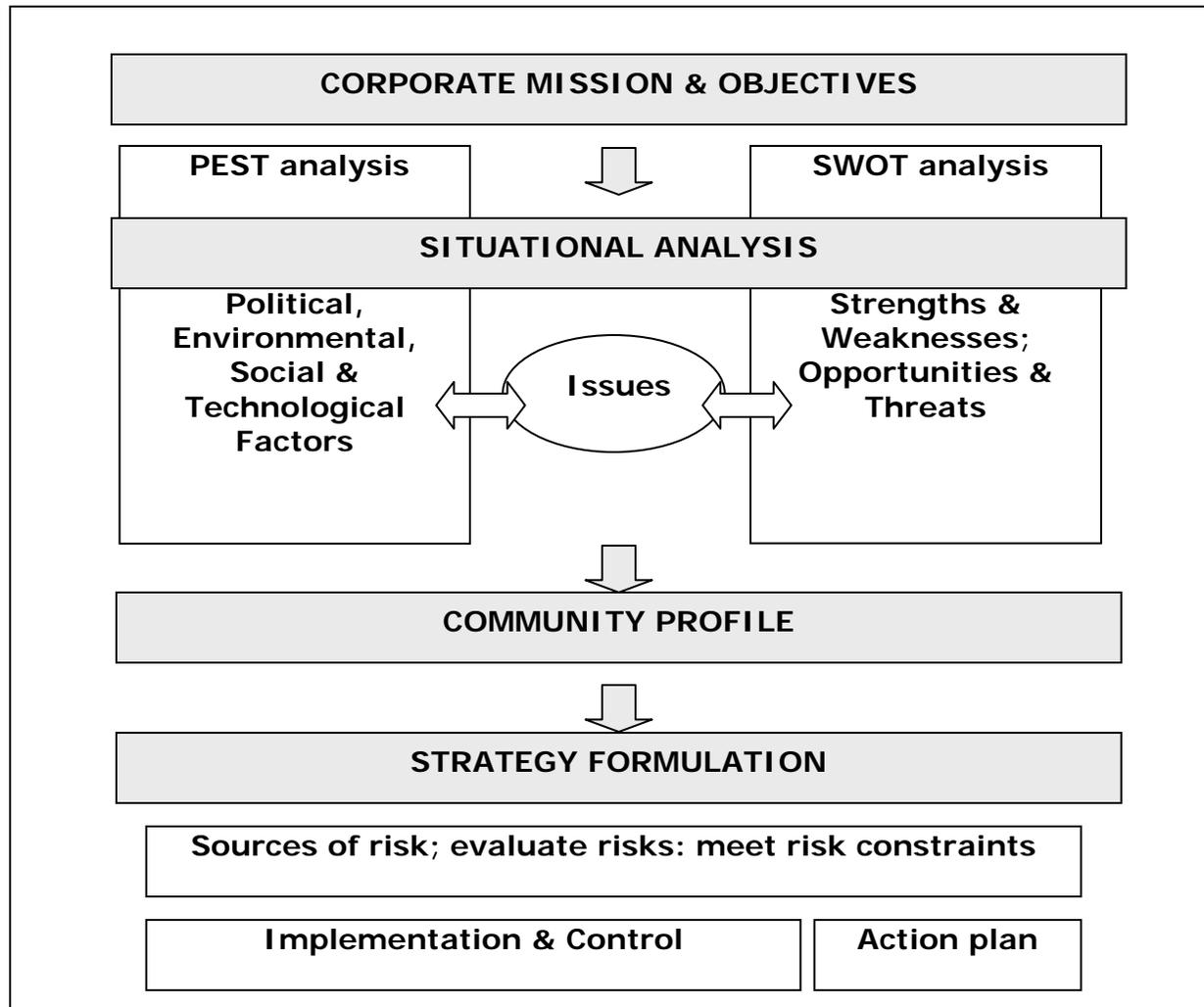
- an in-depth process to develop an understanding of the needs of specific audiences in a specific setting.
- it involves a combination of **data gathering techniques** - mass media reviews, direct field observations and interviews.
- an 'environmental' scan
- typical phases are:
 - literature review
 - PEST analysis
 - SWOT analysis
 - strategy formulation

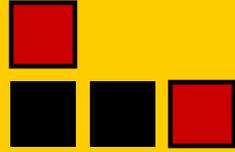
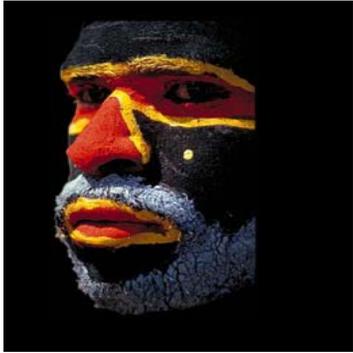


How do we earn a Social License to Operate?



- Exploration Social License Guideline
- 1 Situational Analysis
 - 2 Team & Strategy Dev
 - 3 NGO Relationships
 - 4 Community Resilience
 - 5 Consultation
 - 6 Community Indicators





Situational Analysis Tools

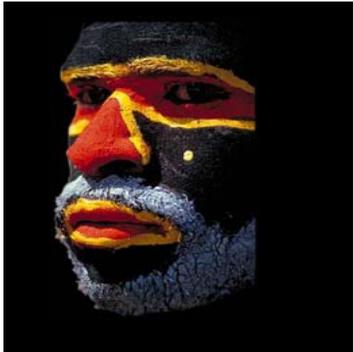
PEST Analysis



A way to manage large volumes of diverse situational information

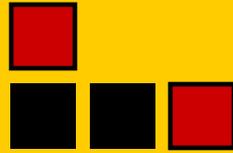
PEST Analysis:

- simple tool
- provides insight into the 'big picture' of the **Political, Economic, Social** and **Technological (PEST)** environment
- from the onset of project development
- cost effective
- macro analysis
- used to develop a strategy for managing risk and optimizing the socio-economic benefits to the communities



Situational Analysis Tools

PEST Analysis



What is the current state of the region's environmental law, regulations and governmental administration and what are the implications for the exploration team and its program?

POLITICAL

- GOVERNMENT TYPE & STABILITY
- FREEDOM OF PRESS, RULE OF LAW, LEVELS OF BUREAUCRACY & CORRUPTION
- REGULATION & DE-REGULATION TRENDS
- SOCIAL & EMPLOYMENT LEGISLATION
- TAX POLICY, TRADE & TARIFF CONTROLS
- ENVIRONMENTAL & CONSUMER-PROTECTION LEGISLATION
- LIKELY CHANGES IN POLITICAL ENVIRONMENT

SOCIAL-CULTURAL

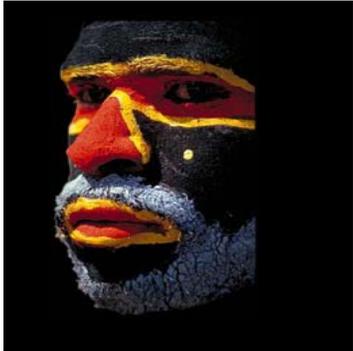
- POPULATION GROWTH & AGE PROFILE
- HEALTH, EDUCATION, SOCIAL MOBILITY: ATTITUDES TO THESE POPULATION EMPLOYMENT PATTERNS, JOB MARKET, ATTITUDES TO WORK PRESS ATTITUDES, PUBLIC OPINION, SOCIAL ATTITUDES & SOCIAL TABOOS
- LIFESTYLE CHOICES, ATTITUDES TO THESE SOCIO-CULTURAL CHANGES

ECONOMIC

- STAGE OF BUSINESS CYCLE
- CURRENT & PROJECT ECONOMIC GROWTH, INFLATION AND INTEREST RATES
- UNEMPLOYMENT,
- LABOR SUPPLY, COSTS
- LEVELS OF DISPOSABLE INCOME & INCOME DISTRIBUTION
- IMPACT OF GLOBALIZATION
- LIKELY IMPACT OF TECHNOLOGICAL OR OTHER CHANGE ON ECONOMY
- LIKELY CHANGES IN THE ECONOMIC ENVIRONMENT

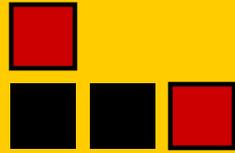
TECHNOLOGICAL

- IMPACT OF EMERGING TECHNOLOGIES
- IMPACT OF INTERNET, REDUCTION IN COMMUNICATIONS COSTS & INCREASED REMOTE WORKING
- RESEARCH & DEVELOPMENT ACTIVITY
- IMPACT OF TECHNOLOGY TRANSFER



Situational Analysis Tools

PEST Analysis



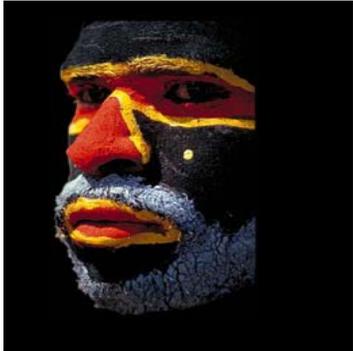
Helps to establish relationships between elements to determine their effect on one another

Example:

Placer Dome Project X

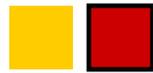
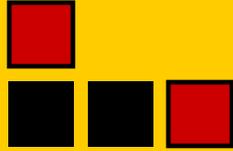
CDO and Community Appraisals

- Community Profile
 - Community Resilience (Adaptability)
 - Consultation
 - Community Indicators (Warnings)
- Strategy Formulation
 - Identify Sources of Risk
 - Evaluate Risks
 - Meet Risk Constraints



Situational Analysis Tools

SWOT Analysis

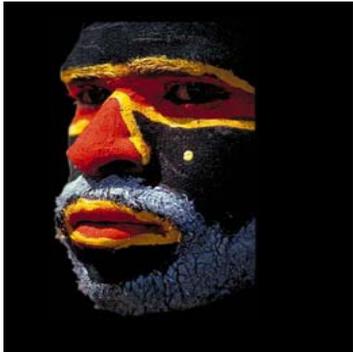


SWOT analysis:

- subjective micro-environmental assessment of data.
- a planning tool that follows PEST Analysis
- evaluates the **Strengths**, **Weaknesses (INTERNAL)**, and **Opportunities** and **Threats (EXTERNAL)** of a potential mining project (**SWOT**)
- from the onset of project development

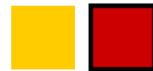
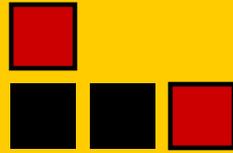
Link PEST & SWOT

Internal & External
Analysis



Situational Analysis Tools

SWOT Analysis



STRENGTHS

ADVANTAGES OF PROPOSITION?
CAPABILITIES?
COMPETITIVE ADVANTAGES?
RESOURCES, ASSETS, PEOPLE?
EXPERIENCE, KNOWLEDGE, DATA?
FINANCIAL RESERVES, LIKELY RETURNS?
MARKETING-REACH, DISTRIBUTION, AWARENESS?
INNOVATIVE ASPECTS?
LOCATION & GEOGRAPHICAL?
PRICE, VALUE, QUALITY?

WEAKNESSES

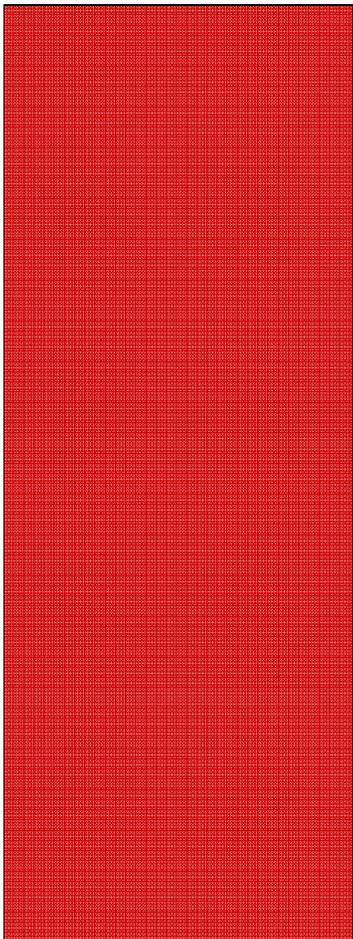
DISADVANTAGES OF PROPOSITION?
GAPS IN CAPABILITIES?
LACK OF COMPETITIVE STRENGTH?
REPUTATION, PRESENCE & REACH?
FINANCIALS?
OWN KNOWN VULNERABILITIES?
TIMESCALES, DEADLINES & PRESSURES?
CASHFLOW, START-UP CASH-DRAIN?
RELIABILITY OF DATA, PLAN
PREDICTABILITY?
MORALE, COMMITMENT, LEADERSHIP?

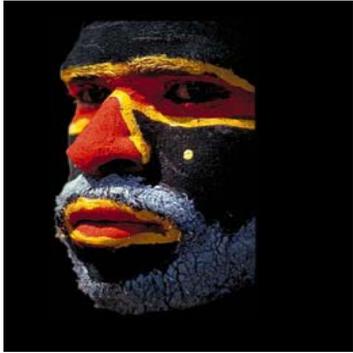
OPPORTUNITIES

MARKET DEVELOPMENTS?
COMPETITORS' VULNERABILITIES?
INDUSTRY OR LIFESTYLE TRENDS?
TECHNOLOGY DEVELOPMENT & INNOVATION?
GLOBAL INFLUENCES?
NEW MARKETS, VERTICAL, HORIZONTAL?
NICHE TARGET MARKETS?
GEOGRAPHICAL, EXPORT, IMPORT?
INFORMATION & RESEARCH?

THREATS

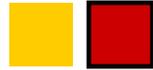
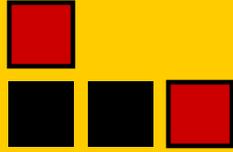
POLITICAL, LEGISLATIVE EFFECTS?
ENVIRONMENTAL EFFECTS?
IT DEVELOPMENTS?
COMPETITOR INTENTIONS - VARIOUS?
MARKET DEMAND?
NEW TECHNOLOGIES, SERVICES?
VITAL CONTRACTS & PARTNERS?
SUSTAINING INTERNAL CAPABILITIES?
INSURMOUNTABLE WEAKNESSES?
LOSS OF KEY STAFF?
SUSTAINABLE FINANCIAL BACKING? ?





Situational Analysis Tools

SWOT Analysis



NGO Relationships

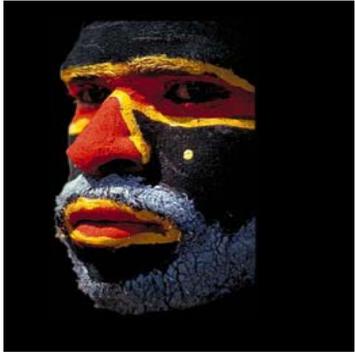
Team & Strategy
Development

Examples:
Polaris Minerals
Corporation

Nova Gold
Resources

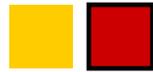
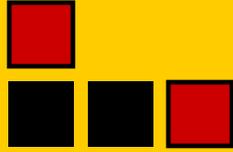
Teck Cominco
Pogo Project

- Examples include:
 - **Strength**-prior NGO relationships
 - **Weakness**-prior environmental legacy issues
 - **Opportunity**-preferred status as operator of choice
 - **Threat**-poor public perception from past exploration projects apparent in the region; or a high risk of volatility in government policy.

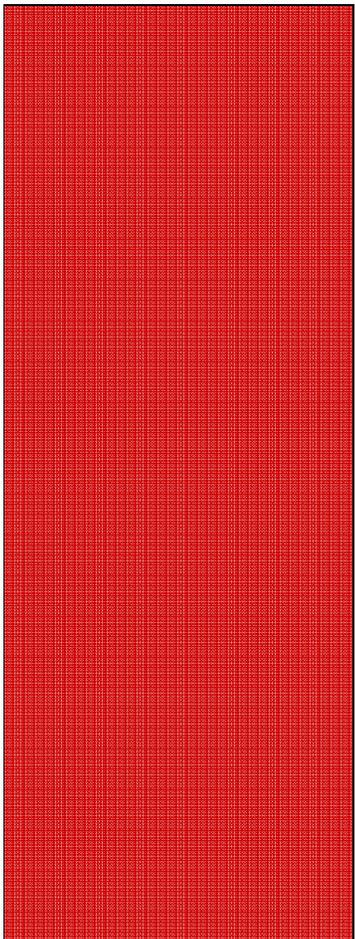


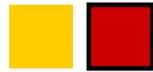
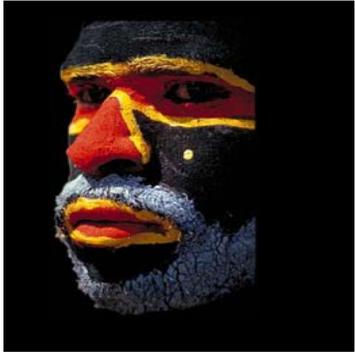
Situational Analysis Tools

SWOT Analysis



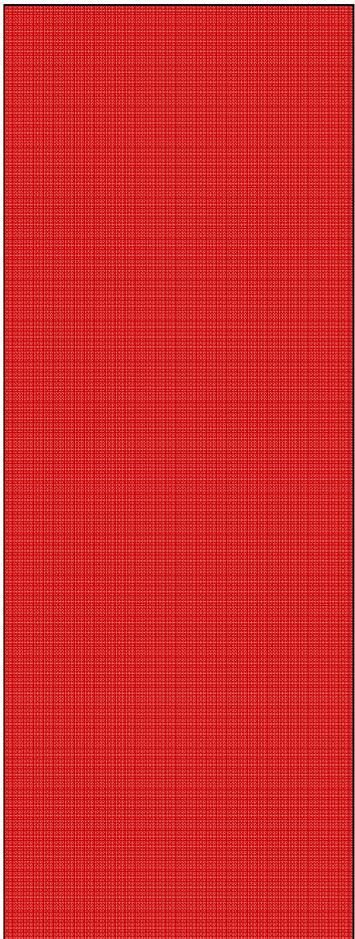
- SWOT analysis can help turn weaknesses and threats into strengths or opportunities.
- It helps establish a strategy for managing risk and adjusting planning decisions and actions.
- It is a potential framework for determining the key planning elements that relate to working effectively with communities.

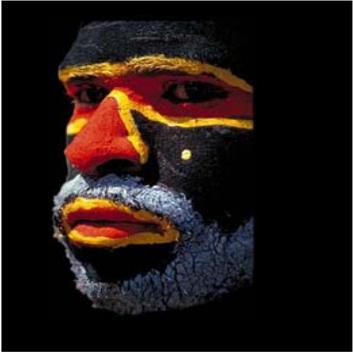




Situational Analysis

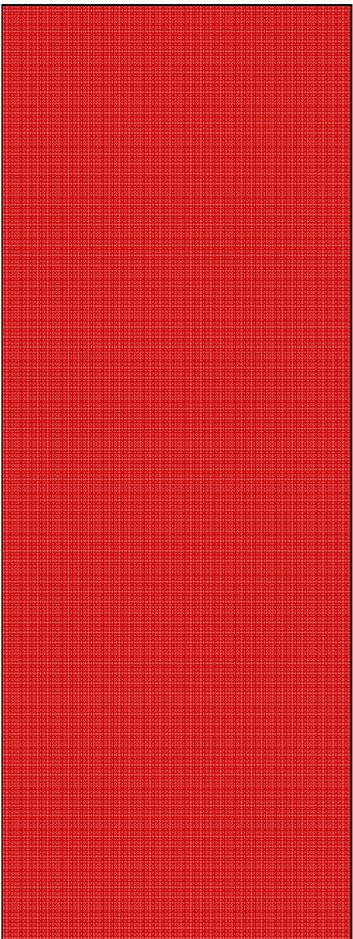
- Situation Analysis is just a set of frameworks used to guide the discovery process.
- It is a series of questions or discussion points that can be used to brainstorm ideas, thereby allowing for the collective evaluation of risk within an ETA.

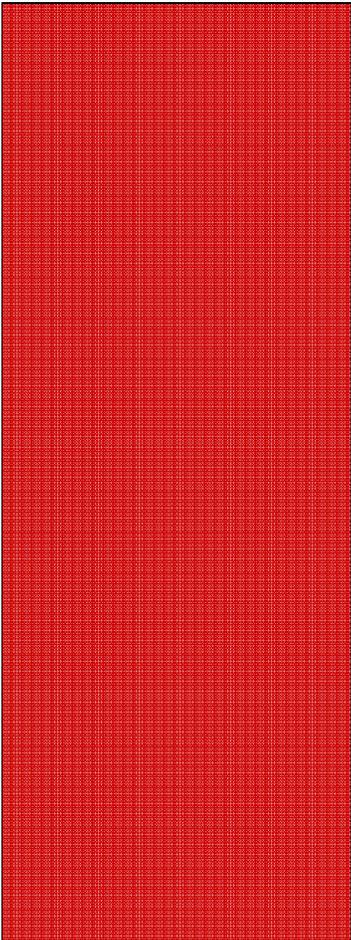
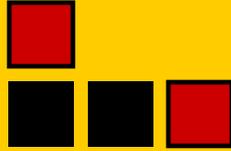
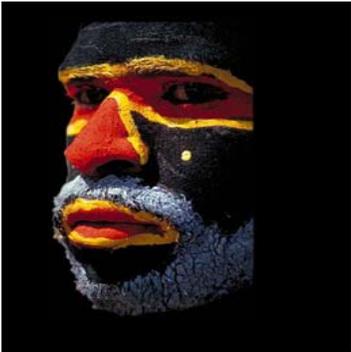




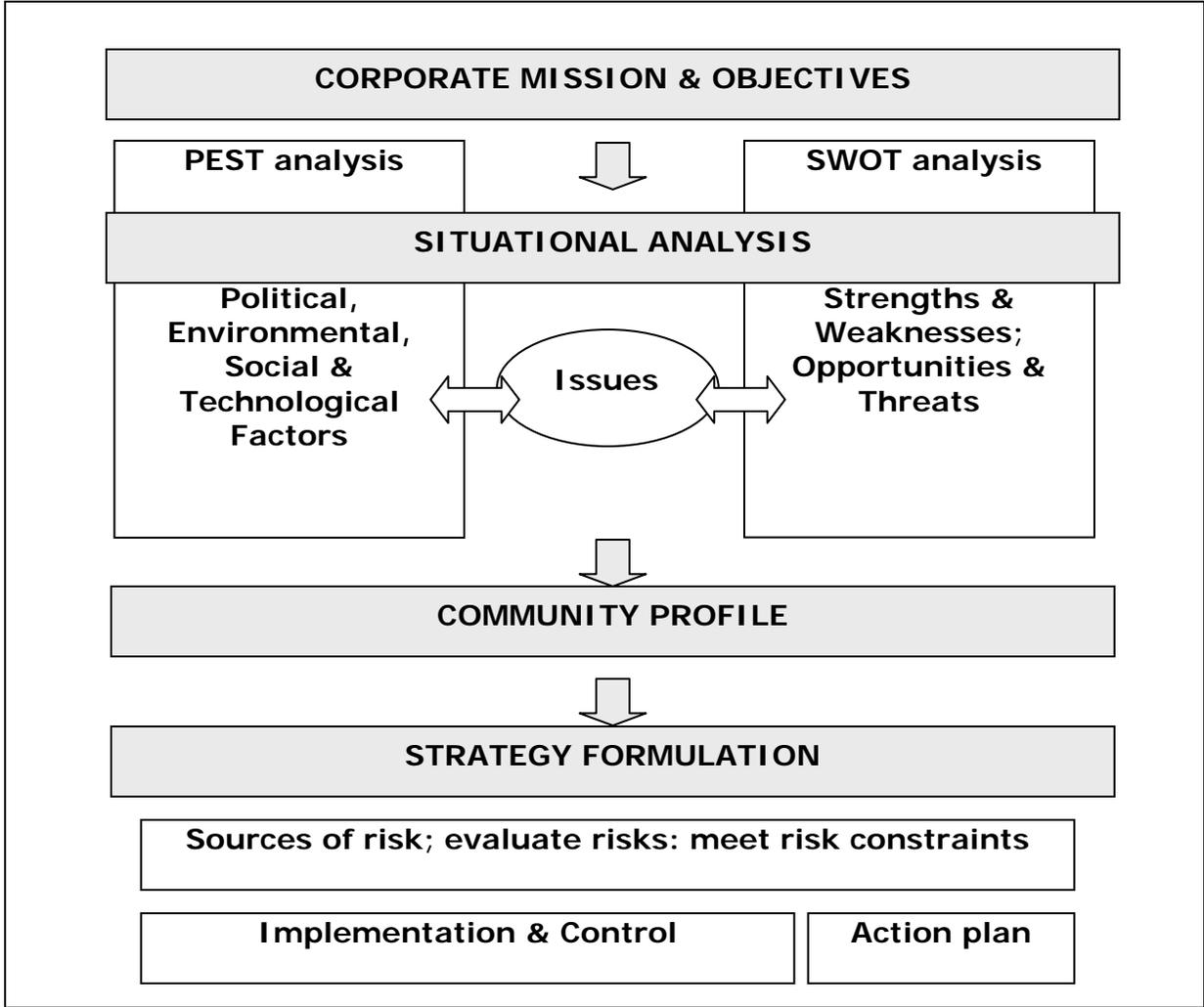
Situational Analysis

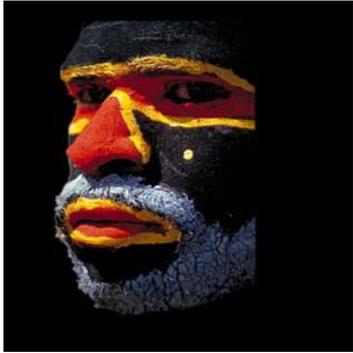
- Process provides a clear understanding of the sources of risk, issues and potential actions needed to convert weaknesses and threats into opportunities.
- Situational Analysis can therefore be a tool in the development of a strategy to deal with the particular project environment, and ensure corporate social responsibility.





Conclusions

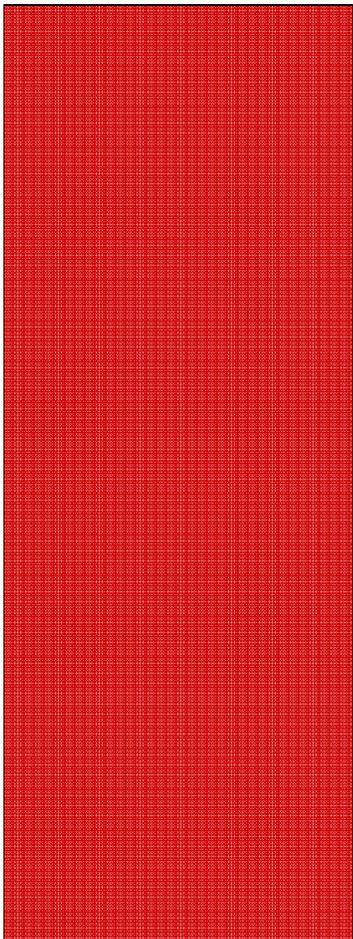


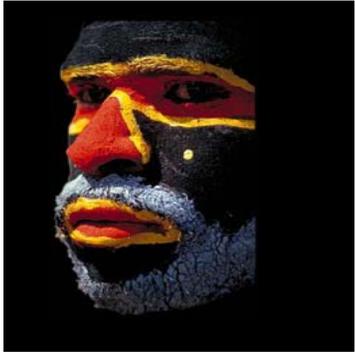


Conclusions



- Industry in general is becoming well aware of the need to earn the support of communities around potential exploration activities and the concept of Social License as a part of Corporate Social Responsibility.
- The use of situational analysis (PEST and SWOT) is a logical means to provide exploration and mining companies with the foundation from which to build a strategy for the acquisition of a Social License.

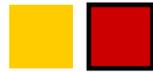
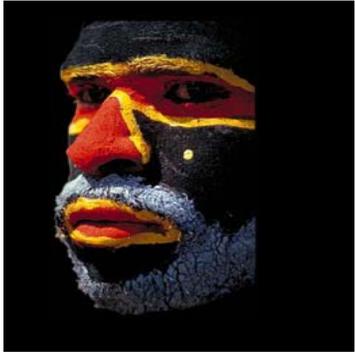




Conclusions

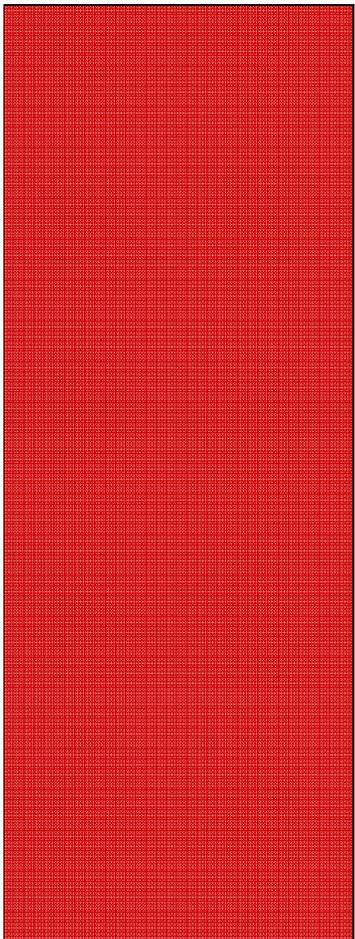


- Preliminary use of these tools within an exploration template provides a starting point, but more importantly helps identify and define how to move forward, ensuring fully engaged and committed participation by all stakeholders.
- Situational Analysis is the “full situation of inquiry”, going beyond just ‘knowing the situation’ to being fully situated.
- Being “in tune” with environment will ensure SLO remains in place during the Life of Mine Cycle.



Acknowledgements

- N.B. Keevil Institute of Mining Engineering Faculty & Graduate Students
- Placer Dome Inc.
- Ame BC, MEG, Infomine, CIM, PDAC, SME, BCMA, and EMPR



Questions

