



PLACER DOME INC.

Role of Mining Companies in Development

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What is a Mining Company?

- 1) A single purpose “legal person”
- 2) An association bound by a “social contract”
- 3) A “community of persons” with shared values and a common vision.

Every mining company combines all three characteristics in varying degrees.

Corporate Role: Narrow Definition

“Maximize the return on capital within the constraints of statutory law, ethical custom and public perception”

(Milton Friedman)

- The corporation as a “legal person” is entitled to certain rights (property, association) and freedoms (to invest, do business and profit) which should not be unduly impeded by regulation or eroded by taxation.
- The implicit “social contract” is that corporations are permitted their rights and freedoms in return for maximizing the creation of wealth.

Corporate Role: Narrow Definition (2)

“Maximize the return on capital within the constraints of statutory law, ethical custom and public perception”

(Milton Friedman)

- The “community of persons” within the corporation are obligated to place wealth creation at the top of their hierarchy of values.
- Wealth distribution, environmental stewardship and community development are secondary concerns that must be related to the primary corporate objective, thus relegating primary responsibility for these concerns to government and/or civil society, as regulator or adversary.

Corporate Role: Broad Definition

“Enhance the long-term benefit to investors, employees, consumers and communities in any society where it operates”

(Thomas Donaldson)

- The corporation as a “legal person” not only has certain rights and freedoms, but also obligations to provide benefits to stakeholders as well as shareholders.
- The implicit “social contract” requires not only that corporations create wealth, but that they encourage the equitable distribution of wealth, preserve environmental values and promote social progress.

Corporate Role: Broad Definition (2)

“Enhance the long-term benefit to investors, employees, consumers and communities in any society where it operates”

(Thomas Donaldson)

- The “community of persons” in the corporation are empowered to act on their basic values, such as honesty, integrity, fairness and altruism.
- Wealth distribution, environmental stewardship and community development are integrated and harmonized equally with wealth creation. Corporate self-regulation is prior to and may displace government regulation. Civil society organizations are potential partners to achieve shared objectives.

Essential Role of Mining Companies

Wealth Creation

- Apply capital, technology and labour to the extraction and beneficiation of mineral resources

Wealth Distribution

- Channel economic benefits in the form of wages, taxes, procurement, and donations

Environmental Stewardship

- Manage impacts on land, water, air, flora and fauna

Community Development

- Stimulate social changes related to employment, education, health, and general well-being

Expanded Role of Mining Companies

Lead Role or Supporting Role?

		Government <ul style="list-style-type: none"> • National • Provincial • Local 	Multilateral and Bilateral Institutions	Civil Society	Private Sector
Human Structure	Good & Clean Governance				
	Justice System				
	Financial System				
	Social Safety Net				
Human	Education				
	Health & Population				
	Civil Rights				
	Cultural Issues				
Physical	Water & Sewerage				
	Energy				
	Roads, Transportation & Telecommunications				
	Environment				
Economy	Rural Economy				
	Urban Economy				
	Resource Economy				
	International Economy				

Sustainable Development Challenge

“Sustainable Development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs”

(Brundtland Report)

“The right result requires the right process”

- Many companies have an engineering mentality. They decide the desired outcome and then develop a process to achieve that result.
- Sustainable Development is a process of integrating and harmonizing different desires, perspectives and values to produce a result which no single actor can envision.
- Capacity Challenge: Inculcate a process orientation.

“Net Present Value \neq Intergenerational Equity”

- How can mining companies develop investment and production strategies that best respect the economic, environmental and social needs of future generations while least eroding present day wealth creation?
- Capacity Challenge: Calculate net present value with an adequate internalization of future environmental and social costs.

“Mines close but corporate responsibility endures”

- Corporations by virtue of being ‘immortal’ legal persons are able to bear responsibility during a number of human generations.
- Does accepting responsibility for the future entail admitting responsibility for the past?
- Capacity Challenge: Long term visions and plans.

Role of Mining Companies in Development: Summary (1)

Develop a corporate self-definition: “legal person”, “social contract”, “community of persons”

→ Statement of corporate mission, sustainable development objectives, core values, code of practice

Role of Mining Companies in Development: Summary (2)

Develop a strategic position with respect to wealth distribution, environmental protection and community development

→ Avoid the extremes of “abdicating responsibility” and of “becoming paternalistic”

Role of Mining Companies in Development: Summary (3)

Develop a long-term perspective for the optimal outcomes of each stage of mining, from exploration, through feasibility, construction and operations to closure.

→ Consider sub-optimal outcomes to be costs that must eventually be internalized.

Role of Mining Companies in Development: Summary (4)

Design and implement programs that efficiently achieve equitable wealth distribution, environmental protection and social progress, with the least erosion of net-present value.

→ Develop partnerships with governments, international institutions and civil society organizations to achieve common objectives and to share the burden.

Conclusion: the Company's Role in Development is Best Defined by Engaging Stakeholders

Sustainability Policy



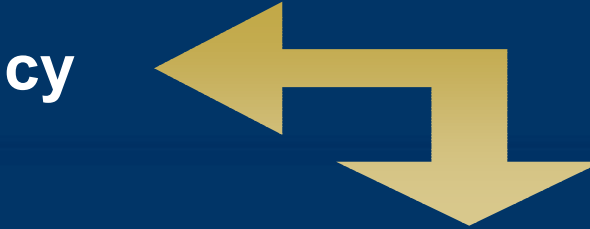
Action Plans



Implementation



Reporting



Four Integrated Dimensions of Mining

Wealth Creation.....Wealth Distribution..... Environmental Impact.....Community Change

These responses to mining are inevitable and inextricable, may involve a high or low level of planning and conscious control, and may produce positive or negative outcomes.

The fundamental role of mining companies is to deal effectively with these four dimensions of mining activity.

Mineral wealth consists of these four aspects taken together.