Remarks of David L. Deisley, Executive Vice President, Corporate Affairs and General Counsel, Goldcorp Inc. CSR Challenges of project development in developing countries: The Goldcorp perspective

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GOOD MORNING. I APPRECIATE THE INVITATION TO SHARE WITH YOU GOLDCORP’S PERSPECTIVES ON CORPORATE SOCIAL RESPONSIBILITY. I AM ESPECIALLY HONORED TO BE PARTICIPATING ON THIS DISTINGUISHED PANEL. AS THE TURNOUT AND ACTIVITY AT THE CONVENTION DEMONSTRATES, THESE ARE EXCITING TIMES FOR CANADA’S PROSPECTORS AND DEVELOPERS NATIONALLY AND INTERNATIONALLY. WITH THE SIGNIFICANT OPPORTUNITIES AVAILABLE TO US IN THE MINING COMMUNITY, COME SIGNIFICANT AND REWARDING CHALLENGES.

MY OBJECTIVE TODAY IS TO DISCUSS WHAT I BELIEVE TO BE THE DEFINING CHALLENGE AND OPPORTUNITY FOR OUR INDUSTRY – SUCCESSFUL ENGAGEMENT WITH ALL STAKEHOLDERS.

AS EVERY PROSPECTOR KNOWS, A SUCCESSFUL MINER MUST SET UP OPERATIONS WHERE THE MINERALS ARE LOCATED. WE DON’T HAVE THE CONVENIENCE OF MOVING THE RESOURCE BODY OR CLOSING OPERATIONS IN ONE LOCALE BECAUSE BUSINESS CONDITIONS ARE BETTER IN A DIFFERENT JURISDICTION. THE REALITY IS THAT MANY OF THE LOCATIONS IN WHICH WE PROSPECT FOR, DEVELOP, AND OPERATE MINES ARE CHARACTERIZED BY SOCIAL, POLITICAL, AND GOVERNANCE CHALLENGES. THIS IS THE REALITY NOT ONLY IN “DEVELOPING COUNTRIES” BUT ALSO IN CERTAIN AREAS, TYPICALLY REMOTE, OF CANADA AND THE UNITED STATES OF AMERICA.

AT GOLDCORP, WE ARE COMMITTED TO CONTRIBUTING TO SUSTAINABLE PROSPERITY FOR ALL OF OUR STAKEHOLDERS – OUR SHAREHOLDERS, EMPLOYEES, SUPPLIERS OF GOODS AND SERVICES, AND THE NATIONAL AND LOCAL COMMUNITIES IN WHICH WE OPERATE. FOR US, THAT MEANS WORKING IN PARTNERSHIP WITH ALL STAKEHOLDERS SO THAT THE INVESTMENT WE MAKE IS AN EFFECTIVE CATALYST FOR BENEFITS THAT ARE SUSTAINABLE – AND THAT THESE BENEFITS ARE NOT DEPENDENT UPON THE CONTINUED OPERATION OF OUR MINES. WE BELIEVE THAT ACHIEVING THIS GOAL IS NOT ONLY POSSIBLE, BUT THAT IT IS GOOD BUSINESS.

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TO PROVIDE PERSPECTIVE ON MY COMMENTS, IT IS IMPORTANT TO KNOW WHERE GOLDCORP OPERATES. WE ARE FOCUSED ON INVESTMENTS IN THE AMERICAS, WITH 10 OPERATING PROPERTIES,
AND SIX SIGNIFICANT DEVELOPMENT PROJECTS. IN 2011, WE PROJECT THAT MORE THAN HALF OF OUR PRODUCTION WILL COME FROM JURISDICTIONS OTHER THAN CANADA AND THE UNITED STATES.

SLIDE 3

GOLDCORP MANAGES ITS BUSINESS BASED ON SIX PILLARS:

PEOPLE – THE MOST IMPORTANT PILLAR OF OUR ORGANIZATION EVERYTHING WE DO BEGINS WITH OUR PEOPLE

SAFETY – GOLDCORP IS COMMITTED TO MAKING OUR MINES “SAFE ENOUGH FOR OUR FAMILIES”

PARTNERSHIPS – ARE THE FOUNDATION OF CONSTRUCTIVE, CREATIVE, AND SUSTAINABLE DEVELOPMENT TO FOSTER ESTABLISHMENT AND GROWTH OF ROBUST ENGAGEMENT WITH OUR STAKEHOLDERS.

GOLDCORP’S CONVICTION IS THAT IF THE COMPANY MANAGES THESE THREE PILLARS SUCCESSFULLY, THE RESULTS WITH RESPECT TO MARGINS, RESERVES, AND PRODUCTION WILL FOLLOW.

SLIDE 4

AS I STATED AT THE OUTSET, GOLDCORP’S OBJECTIVE IS TO GENERATE SUSTAINABLE PROSPERITY THROUGH OUR BUSINESS OPERATIONS. GOLDCORP IS COMMITTED TO CONDUCTING OUR BUSINESS RESPONSIBLY AT ALL TIMES, WHICH MEANS RESPECTING THE SAFETY AND HEALTH OF OUR EMPLOYEES, PROTECTING THE ENVIRONMENT, RESPECTING THE HUMAN RIGHTS OF OUR EMPLOYEES AND THE RESIDENTS OF THE COMMUNITIES IN WHICH WE OPERATE, AND CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT THOSE COMMUNITIES. THIS COMMITMENT IS EXPRESSED IN GOLDCORP’S CORPORATE SOCIAL RESPONSIBILITY POLICY WHICH IS ROOTED IN OUR COMPANY VALUES, WHICH ARE GUIDED BY INTERNATIONAL STANDARDS AND BEST PRACTICES, AND ARE DRIVEN BY OUR ASPIRATION FOR EXCELLENCE IN THE OVERALL PERFORMANCE OF OUR BUSINESS. GOLDCORP IS DRIVEN TO BE RESPONSIBLE, RESPECTED, AND WELCOMED.

SLIDE 5

GOLDCORP ALSO IS ENGAGED WITH THE INTERNATIONAL COMMUNITY THROUGH PARTICIPATION IN A VARIETY OF INDUSTRY ORGANIZATIONS AND INITIATIVES.
AS A BUSINESS, GOLDCORP HAS A SIGNIFICANT ECONOMIC IMPACT THROUGH EMPLOYMENT AND PURCHASES OF GOODS AND SERVICES. WE ARE PARTICULARLY PROUD OF THE FACT THAT 82% OF OUR EMPLOYEES ARE RESIDENTS OF THE LOCAL OR REGIONAL AREAS IN WHICH WE OPERATE.

AT THE OFFICIAL INAUGURATION OF OUR PEÑASQUITO MINE WHICH IS LOCATED IN ZACATECAS STATE, IN MEXICO, LAST MARCH, MEXICO’S PRESIDENT FELIPE CALDERON CAPTURED ELOQUENTLY THE IMPORTANCE OF THIS ECONOMIC INVESTMENT TO THE PEOPLE OF MEXICO. PRESIDENT CALDERON NOTED THAT MANY FAMILIES IN MEXICO HAVE AT LEAST ONE MEMBER LIVING “ON THE OTHER SIDE” IN ORDER TO EARN A LIVING TO SUPPORT THEIR FAMILIES IN MEXICO. THIS REALITY, IN HIS WORDS, “DIVIDES FAMILIES, AND IMPOVERISHES COMMUNITIES AND THEIR LEADERS.” IT IS BETTER, PRESIDENT CALDERON SAID, FOR CAPITAL FROM ABROAD TO COME TO MEXICO TO BE INVESTED THERE TO IMPROVE THE MEXICAN ECONOMY, TO GENERATE JOBS IN MEXICO, TO GENERATE OPPORTUNITIES FOR LOCAL GROWTH, SO THAT THE PEOPLE OF MEXICO DO NOT HAVE TO BE SEPARATED FROM THEIR FAMILIES AND THEIR COMMUNITIES TO HAVE THE OPPORTUNITY TO EARN A DECENT WAGE. TO GIVE YOU SOME PERSPECTIVE, ACCORDING TO A STUDY PUBLISHED BY THE MEXICAN GOVERNMENT, IN 2010 GOLDCORP WAS THE #1 ECONOMIC CONTRIBUTOR TO MEXICAN GDP BY FOREIGN INVESTORS, AHEAD OF FORD AND WALMART.

WE RECOGNIZE THAT JOBS, LOCAL PURCHASING, AND THE PAYMENT OF TAXES AND ROYALTIES ARE NECESSARY, BUT NOT SUFFICIENT ELEMENTS OF A COMMITMENT TO SUSTAINABLE PROSPERITY BECAUSE THEY ARE DEPENDENT ON OUR OPERATIONS. SO WE FOCUS OUR EFFORTS ON BUILDING LOCAL CAPACITY. EXAMPLES INCLUDE PHYSICAL INFRASTRUCTURE, SUCH AS SCHOOLS AND HOSPITALS, AND ACCESS TO EDUCATION AND SKILLS TRAINING, AND MICROFINANCING FOR SMALL BUSINESSES BUT PERHAPS MORE IMPORTANT IS THE GOVERNANCE CAPACITY DEVELOPED BY ENGAGING LOCAL COMMUNITIES IN DEFINING LOCAL NEEDS, SETTING PRIORITIES, PLANNING DEVELOPMENT, AND COLLABORATIVELY IMPLEMENTING THE DEVELOPMENT PLAN.
ANOTHER EXAMPLE IS DEVELOPING AN AWARENESS OF AND RESPECT FOR HUMAN RIGHTS. IN 2008, A GROUP OF ITS SHAREHOLDERS FOR WHOM SOCIAL RESPONSIBILITY IS A KEY INVESTMENT CRITERION APPROACHED GOLDCORP AND PROPOSED THAT WE UNDERTAKE A HUMAN RIGHTS IMPACT ASSESSMENT WITH RESPECT TO THE COMPANY’S OPERATIONS AT ITS MARLIN MINE IN GUATEMALA. A MEMORANDUM OF UNDERSTANDING WAS PREPARED AND AGREED TO BY THE COMPANY AND THE SHAREHOLDERS. THE ASSESSMENT HAD TWO GOALS: IMPROVE HUMAN RIGHTS PERFORMANCE OF THE MARLIN MINE AND INFORM GOLDCORP GLOBALLY BASED ON THE EXPERIENCES AT THE MARLIN MINE.

SLIDE 9

THE PROCESS WAS MANAGED BY A STEERING COMMITTEE COMPRISED OF A REPRESENTATIVE OF THE SHAREHOLDERS, A GUATEMALAN CITIZEN WHO IS THE FOUNDER OF ACCION CIUDADANA, AN ORGANIZATION ADVOCATING FOR TRANSPARENCY IN GUATEMALA, AND ME. WE DEVELOPED A SCOPE OF WORK AND ISSUED AN RFP. MORE THAN 40 PROPOSALS WERE RECEIVED. THE STEERING COMMITTEE SELECTED ON COMMON GROUND CONSULTANTS TO PERFORM THE ASSESSMENT.

SLIDE 10

DURING A PERIOD OF 18 MONTHS, OCG GATHERED INFORMATION FROM OVER 700 SOURCES, INCLUDING 189 INDIVIDUAL INTERVIEWS, 9 GROUP INTERVIEWS WITH 84 PARTICIPANTS AND 10 FOCUS GROUPS WITH 95 PARTICIPANTS. THE INITIAL ASSESSMENT DESIGN HAD TO BE REVISED DUE TO THE REALITY THAT THE ASSESSMENT BECAME A PROXY FOR THE DEBATE OVER GUATEMALA’S MINING POLICY AND THE MARLIN MINE. THE PLANS TO ENGAGE THE LOCAL COMMUNITIES IN OPEN AND TRANSPARENT FORUMS WERE NOT POSSIBLE DUE TO THE INTENSITY OF THE CONFLICT GENERATED AT THE LOCAL LEVEL. HOWEVER, AS THE NUMBER AND DIVERSITY OF SOURCES INDICATE, OCG WAS ABLE TO OBTAIN MEANINGFUL ACCESS TO LOCAL SOURCES OF INFORMATION.

THE ASSESSMENT WAS STRUCTURED ON THE PROTECT, RESPECT AND REMEDY FRAMEWORK CHAMPIONED BY UN SPECIAL REPRESENTATIVE JOHN RUGGIE. IN THIS FRAMEWORK, THE STATE HAS THE OBLIGATION TO “PROTECT” HUMAN RIGHTS; BUSINESS HAS THE OBLIGATION TO “RESPECT” HUMAN RIGHTS AND BOTH PARTIES ARE RESPONSIBLE FOR PROVIDING “ACCESS TO REMEDIES.” TO UNDERSTAND THE RECOMMENDATIONS OF THE ASSESSMENT, FIVE SPECIFIC TERMS WERE DEFINED.
VIOLATION – ONLY THE STATE CAN VIOLATE HUMAN RIGHTS

INFRINGEMENT – WHERE A COMPANY TAKES ACTION THAT WORSENS A HUMAN RIGHTS SITUATION – AN EXAMPLE MIGHT BE UNSAFE WORKING CONDITIONS FOR EMPLOYEES

FAILURE TO RESPECT – WHERE A COMPANY THROUGH INACTION CREATES THE POTENTIAL WORSENING A HUMAN RIGHTS SITUATION – AN EXAMPLE MIGHT BE WHERE A COMPANY FAILS TO UNDERSTAND LOCAL CULTURES AND TRADITIONS AND AS A RESULT IMPLEMENTS POLICIES OR PRACTICES THAT ARE INCONSISTENT WITH THOSE CULTURES AND TRADITIONS.

RESPECT – WHERE THROUGH APPROPRIATE DUE DILIGENCE A COMPANY MANAGES EFFECTIVELY EXISTING HUMAN RIGHTS RISKS – FOR EXAMPLE A COMPANY ESTABLISHES AN EFFECTIVE COMMUNITY DISPUTE RESOLUTION PROCESS IN A COUNTRY IN WHICH THE INTEGRITY OF THE JUDICIAL SYSTEM IS WEAK.

ENHANCEMENT OR IMPROVEMENT – WHERE A COMPANY’S ACTIONS IMPROVE THE HUMAN RIGHTS SITUATION – FOR EXAMPLE TRAINING AND HIRING INDIGENOUS PEOPLE IN A SETTING IN WHICH THEIR RIGHT TO EMPLOYMENT HAVE NOT BEEN RESPECTED.

SLIDE 12

THROUGH INITIAL SCOPING RESEARCH, OCG IDENTIFIED 7 KEY ISSUES THAT WERE ASSESSED. OF THESE, CONSULTATION MERITS FURTHER EXPLANATION. GUATEMALA IS A SIGNATORY TO CONVENTION 169 OF THE INTERNATIONAL LABOR ORGANIZATION WHICH PROVIDES FOR THE PROTECTION OF THE RIGHTS OF INDIGENOUS PEOPLE. SINCE CONVENTION 169 WAS ISSUED, THE UNDERSTANDING OF THE RIGHT TO BE CONSULTED IN INTERNATIONAL HUMAN RIGHTS LAW HAS EVOLVED. THE MOST RECENT STATEMENT OF THIS PRINCIPLE – REFERRED TO AS FREE, PRIOR AND INFORMED CONSENT – IS FOUND IN THE UNITED NATIONS DECLARATION OF THE RIGHTS OF INDIGENOUS PEOPLE WHICH, WHILE NOT A LEGALLY BINDING CONVENTION, HAS NOW BEEN APPROVED BY ALL MEMBERS OF THE UNITED NATIONS. SIGNIFICANT DISCUSSIONS CONTINUE REGARDING WHAT IS REQUIRED TO RESPECT THIS RIGHT. HOWEVER, MY UNDERSTANDING IS THAT THE OBJECTIVE IS TO ACHIEVE OPEN, TRANSPARENT AND MEANINGFUL DIALOGUE AMONG INDIGENOUS PEOPLE AND GOVERNMENT SO THAT THE LEGITIMATE INTERESTS OF INDIGENOUS PEOPLE ARE CONSIDERED BY GOVERNMENT IN CARRYING OUT ITS FUNCTIONS. CLEARLY, THE CONCEPT THAT FREE, PRIOR AND INFORMED CONSENT REQUIRES AN
AFFIRMATIVE VOTE OF INDIGENOUS COMMUNITIES OR THAT SUCH COMMUNITIES HAVE A RIGHT TO SAY NO TO GOVERNMENT ACTION THAT AFFECTS THEM ARE NOT SUPPORTED BY EITHER ILO 169 OR UN DRIP.

AFTER 18 MONTHS OF FIELD WORK, EVALUATION, AND WRITING, OCG PUBLISHED THE HRA ON MAY 17, 2010. PRESENTATIONS WERE MADE TO GOLDCORP, TO ITS EMPLOYEES IN GUATEMALA, TO THE LOCAL COMMUNITIES, TO CIVIL SOCIETY, AND TO GOVERNMENT. I HAD THE HONOR AND PLEASURE TO MEET WITH NEARLY 40 TRADITIONAL MAYORS OF THE COMMUNITIES THAT COMPRISE THE MUNICIPALITY OF SAN MIGUEL IXTAHUACÁN. THE MESSAGE FROM THAT GROUP WAS ONE OF APPRECIATION FOR HAVING ASKED FOR THE OPPORTUNITY TO PRESENT THE RESULTS OF THE ASSESSMENT TO THEM IN PERSON. FUNDAMENTALLY, THE MESSAGE IS SIMPLE: RESPECT IS APPRECIATED.

SLIDE 13

GOLDCORP RESPONDED TO THE 67 SPECIFIC RECOMMENDATIONS OF THE OCG REPORT IN JUNE 2010 AND PROVIDED AN UPDATE TO THE IMPLEMENTATION OF THE RECOMMENDATIONS IN OCTOBER 2010. AS OF TODAY, 15 RECOMMENDATIONS HAVE BEEN FULLY IMPLEMENTED, 48 ARE UNDERWAY, AND ONLY 4 ARE OUTSTANDING.

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AMONG THE RECOMMENDATIONS THAT HAVE BEEN IMPLEMENTED ARE THE ADOPTION OF A CORPORATE SOCIAL RESPONSIBILITY POLICY AND

SLIDE 15

A HUMAN RIGHTS POLICY BY GOLDCORP. THESE POLICIES WERE APPROVED IN OCTOBER 2010 AND ARE AVAILABLE TO THE PUBLIC ON OUR WEBSITE.

SLIDE 16

DIALOGO HAS A DUAL AGENDA: TO ADDRESS SHORT-TERM ISSUES SUCH AS THE PETITION PENDING BEFORE THE IACHR AS WELL AS LONGER-TERM ISSUES RELATED TO THE DEVELOPMENT OF THE MUNICIPALITIES OF SAN MIGUEL IXTAHUACÁN AND SIPACAPA.

OTHER RECENT DEVELOPMENTS IN GUATEMALA INCLUDE THE INITIATION OF A COLLABORATIVE PROCESS TO IMPLEMENT THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE IN GUATEMALA AND THE INITIATION OF A CONSULTATION PROCESS TO DEVELOP A REGULATORY BASIS FOR THE IMPLEMENTATION OF CONVENTION 169 IN GUATEMALA. IN MY VIEW, DEVELOPMENTS SUCH AS THESE ARE EXAMPLES OF IMPROVED CAPACITY THAT ARE SUSTAINABLE. GOLDCORP IS PLEASED TO BE SUPPORTING ALL OF THESE INITIATIVES.

SLIDE 17

THE EXPERIENCE OF THE MARLIN HUMAN RIGHTS ASSESSMENT PROCESS ALSO CAUSED ME TO REFLECT ON WHAT IS NEEDED TO SUSTAIN THESE INITIATIVES AND ACHIEVE GREATER SUSTAINABLE PROSPERITY. RECENTLY, AN ARTICLE APPEARED IN FORBES MAGAZINE ENTITLED “RESPONSIBLE MINING: COMPANIES CAN'T GO IT ALONE.” THE AUTHOR ARGUES THAT: “INTERNATIONAL MINING FIRMS OPERATING IN TROUBLED AND POORLY-GOVERNED COUNTRIES ENCOUNTER PROBLEMS FAR TOO COMPLEX TO RESOLVE BY THEMSELVES.” THIS IS A CONCLUSION THAT I AGREE WITH. HOWEVER, I DISAGREE WITH THE AUTHOR’S PROPOSED SOLUTION, WHICH IS THAT “OVERSIGHT AND REGULATION BY COMPANIES' OWN HOME GOVERNMENTS” IS REQUIRED.

IN MY VIEW, CURRENTLY NGOS AND SOME GOVERNMENTAL OFFICIALS VIEW THEIR FUNCTION AS ONE OF BEING ADVOCATES. THE RESULT OF THIS IS CONFLICT, NOT COLLABORATION. IF WE ARE TO SUCCESSFULLY TRANSFORM THE POWER OF BUSINESS INTO LONG-TERM SUSTAINABLE PROSPERITY, EFFECTIVE PARTNERSHIPS IN WHICH EACH OF THE PILLARS OF SOCIETY – GOVERNMENT, CIVIL SOCIETY, AND BUSINESS – CONTRIBUTE THEIR DISTINCT EXPERTISE AND ABILITIES TO CREATE SOMETHING BETTER. BUSINESS EXCELS IN INNOVATION AND ENTREPRENEURSHIP. GOVERNMENTS UNDERSTAND HOW TO ESTABLISH OPEN, TRANSPARENT, AND FUNCTIONAL CIVIL SYSTEMS THAT ARE RESPONSIVE TO THE NEEDS OF THEIR CITIZENS. CIVIL SOCIETY HAS THE CAPACITY TO HARNESS RESOURCES THAT ARE NEEDED TO FILL THE INEVITABLE GAPS BETWEEN GOVERNMENT AND BUSINESS.

SLIDE 18
I agree with the author of a recent policy brief issued by the Danish Institute for International Studies entitled “A Missed Opportunity: Mining for Sustainable Development.” The author states:

“Translating resource wealth into sustainable development requires a change in orientation of the NGO and donor communities. They should focus on the end goal of changing the mining activities in resource rich developing countries into industries that promote pro-poor public and corporate governance, and then they should help address some of the constraints of the industry.” Failing to actively engage with mining companies, and I believe business in general, “denies an important development option to countries that are often very poor and have no other generators of economic development.”

Goldcorp, the Cree nation of Wemindji, the Grand Council of the Crees (Eeyou Istchee) and the Cree Regional Authority recently signed a collaboration agreement with respect to the development of Goldcorp’s Éléonore project in Quebec. Goldcorp recognizes and respects Cree rights and interests in the area of the Éléonore gold project and the Crees recognize and support Goldcorp’s rights and interests in the development and operation of the project. By entering into the agreement, the Crees have demonstrated their commitment to collaborate with Goldcorp in the development and operation of a new gold mine in Cree territory. The agreement will be in effect for the life of the mine. It includes provisions regarding the participation of the Crees in the development of the Éléonore gold project throughout the life of the mine, including employment and business opportunities and training and education initiatives. The agreement aligns Goldcorp and Cree interests in the economic success of the project, and ensures that the Crees will receive financial benefits from the development and operation of the mine. The agreement also reflects Goldcorp’s commitment to protecting the environment and supporting the Crees’ social and cultural practices in a spirit of continued collaboration. Both parties anticipate that they will be able to work together with the Province of Quebec in its implementation of the Plan Nord to further leverage the benefits of the Éléonore project. This is an excellent example of collaborative partnerships that benefit all stakeholders.
MY MESSAGE TO THE GOVERNMENTS OF OUR HOME AND HOST COUNTRIES AND ESPECIALLY TO CIVIL SOCIETY – NGOS AND DONOR ORGANIZATIONS – IS THIS: MINING COMPANIES BELIEVE THAT CORPORATE SOCIAL RESPONSIBILITY IS GOOD BUSINESS, BUT WE NEED PARTNERS AND COLLABORATION IN MAKING OUR SKILLS AND CONTRIBUTIONS EFFECTIVE CATALYSTS FOR SUSTAINABLE PROSPERITY. MY CHALLENGE AND MY INVITATION IS TO JOIN GOLDCORP IN FORGING PARTNERSHIPS THAT BRING THE DISTINCT AND NECESSARY TALENTS OF EACH OF INDUSTRY, GOVERNMENT, AND CIVIL SOCIETY TOGETHER TO ENHANCE SUSTAINABLE PROSPERITY FOR ALL STAKEHOLDERS.