

MEETING ORGANIZED TO DISCUSS DRAFT RESPONSIBLE GOLD MINING PRINCIPLES

WORLD GOLD COUNCIL – INTER AMERICAN DEVELOPMENT BANK

Lima, April 16, 2019

Participating organizations:

- a) National Society of Mining, Petroleum and Energy (SNMPE) (x 3)
- b) Better World Initiative
- c) Mining Promotion Office of the Ministry of Energy and Mines- MINEM
- d) Peruvian Society of Environmental Law -SPDA
- e) Environmental Enforcement Agency- OEFA.
- f) Embassy of Canada,
- g) Minera Buenaventura,
- h) Anglo American Mining,
- i) Minera Gold Fields,
- j) Dynacor Gold Mines,
- k) Megna Project,
- l) International Finance Corporation (IFC),
- m) Center for Sustainability Studies of the Universidad del Pacifico
- n) Metalor
- o) Swiss Better Gold Initiative.

Summary:

On April 16, 2019, a consultation meeting was held on the draft Principles of Responsible Gold Mining of the World Gold Council, with the participation of 18 representatives of the National Government, industries, non-governmental organizations (NGOs), Universities, diplomatic representatives and related institutions. The proposed principles for gold mining by the World Gold Council were analyzed.

The event was attended by Edward Bickham, representative of the World Gold Council, and was supported by Jose-Carlos de Piérola, from the Inter-American Development Bank.

The agenda had three phases. The first consisted of a presentation of the drivers for the initiative, namely increasing confidence in the gold supply chain about environmental, social and governance (ESG) standards; providing reassurance to investors; and reinforcing pressures to raise performance standards across the gold mining industry.

The second focused on analyzing the aspects of governance (Principles 1.2 and 3); the third focused on social and environmental aspects (Principles 4 to 10). After each presentation of the relevant Principles, a discussion to receive feedback from the participants took place. The opinions and questions of the participants were wide-ranging, considering local and international regulations as one of the main points to be reviewed. The dialogue and exchange of ideas between the participants and the speakers led them to touch on various topics and sub-themes that served as feedback to the Principles presented.

Governance (Principle 1,2,3)

The speaker broadly presented the World Gold Council, its conformation and challenges, having as one of its main goal of promoting demand for gold, including through including increasing transparency of information about the industry. He also pointed out that new generations are demanding higher standards on the social and environmental impacts generated by the industry, which must also be in tune with the participation of governments, companies and civil society to make these principles their own and to support their implementation. A Government representative indicated that they were very enthusiastic about the initiative.

After this start, the debate to the first three principles opened. The relevant issues in the discussion were:

- (i) The absence of consistent government participation to safeguard actions that coincide with the proposed principles. Companies cannot deliver sustainable development alone; it requires the participation of governments and civil society too;
- (ii) The development of artisanal mining in Peru; and
- (iii) How this problem should be addressed within the different instances, since it has been shown that this practice is frequently carried out illegally and informally, and that it is currently causing various environmental problems and social issues that must be resolved by the mining industry within the scope of its competencies.

Suggestions:

- To consider including the definition of a work plan to align the scope of the Principles of responsible gold mining within the three branches of government and at all levels, so that they are included within public policies. The socialization of all its components to the population, with the objective of mitigating the social conflict around extractive activity in Peru, is also an important task.
- To consider the possibility that leading gold miners should more actively supports formalization initiatives for artisanal miners. Artisanal gold mining currently generates a large number of direct jobs, but they mostly do not meet minimum social and environmental standards in their work and, where this happens on their concessions, this can create liabilities for large, formal sector by mining companies. Principle 3.3 envisages large scale miners helping responsible ASM to improve their practices and to take a route to legality.
- This suggests that the aforementioned principles could not be applied homogeneously in Peru, due to the existing social diversity, and its social conflicts.
- The inclusion of a mechanism to directly involve government participation is suggested, since there is a perception of absence of the State, which discourages community support for extractive activity.

Human and Social Rights (Principles 4,5,6,7)

These principles seek to align and help establish minimum standards linked to zero harm, occupational health, health monitoring and role support, alignment with voluntary principles on security and human rights and the Guiding Principles of the United Nations on Business and Human Rights. There was also a discussion regarding good practices on human resources management and contractors, assurance of fair remuneration, promotion of diversity and inclusion with special emphasis on the work of women in mining. Regarding Principle 7, this point was of extensive subsequent debate, in which Edward indicated that The Principles envisaged that formal sector goldmines should maintain safety and health within the workplace; generate socioeconomic opportunities for local communities, mitigate negative social and environmental impacts; work with government and local communities to discourage unsustainable levels of migration into mining areas and provide a grievance mechanism for correcting adverse impacts.

Suggestions:

- It is suggested to evaluate the use of the term "consultation" (in Spanish) in 7.5 and 7.6, given that Local Communities may understand it as "prior consultation" addressed by Article 169 of the ILO Convention. Instead, it is recommended to use terms like "suitable agreements" or "informative processes, implementation and maintenance of the constant mechanisms of participation of the surrounding communities of mining activities", under these concepts must be achieved the correct information for communities of the scope of the extractive activities in their living area.
- To consider in paragraph 7.5 (regarding the consultation of indigenous people), more precision regarding the definition of "meaningful consultations". It was suggested that, in addition to reference to free, prior and informed consent, the Principle should refer to "traditional rights" or

“collective rights”. In the second paragraph, it is suggested that the consultations be made within the framework of the provisions of the legal system of each country where the mining activity is carried out, so that it can be applied in all countries.

- In Principle 4.1, it was suggested that workers should have the right to stop work if they encounter unsafe working conditions
- The division of 7.2 was suggested, into two aspects, one related to communication with communities, and the other, focused on understanding the needs and concerns of women, and other vulnerable groups..
- To include the implementation of the complaints and grievances system as part of Corporate Social Responsibility, which must include aspects of human rights.

Environment and Biodiversity (Principles 8, 9 and 10)

Suggestions:

- In Principles 2.4, 8.1 and 10.1/2 it was suggested that the Principles should recognise the need for impact assessments to address the challenge of ‘cumulative’ impacts
- In 8.6, which indicates the prohibition of not exploring or seeking to develop new mining operations in an area designated as a world heritage site, it is suggested to include other types of areas that should not be subject to mining activity, such as national parks and other natural protected areas.
- In Principle 8.4, formal sector miners should be willing to work with government and others in helping ASM to transition from mercury use.
- Regarding 9.3, related to mine closure, it was considered important to address the verification of remediation of land and the environment as a priority. There was a specific welcome to the inclusion of preventing deforestation in Principle 9.2
- In section 10.2, which recognizes access to water as a human right, the United Nations intend the approach to refer to access to drinking (‘potable’) water, but not to the natural sources of this resource, which is where the mining activities are developed. Therefore, it was suggested to delete the first lines that indicate "recognizing that access to water is a human right and a fundamental requirement of the ecosystem," or specify the definition where the United Nations refers to access to drinking water as a service.
- In 10.3, it is not clear under which assumptions are considered “relevant” and when it is “irrelevant and how this relevance is established.

At the end of the meeting, participants thanked to have a meeting with different point of views, plurality and the possibility to share opinions.