

## COMMUNITY UPDATE – JUNE 2008

The purpose of this communication is to update the representatives of the communities and NGOs that welcomed the shareholder group in February 2008.

### Introduction

A number of organizations and individuals have raised questions about the human rights impact assessment (HRIA) process that shareholders have requested Goldcorp to conduct. We wanted to take the time to describe in more detail the reasons why shareholders asked Goldcorp to conduct a HRIA in Guatemala, as well as explain the purpose, timeline, and current status of the process.

### History

In February 2008, representatives of socially responsible investment institutions and research organizations travelled to Guatemala and spent ten days meeting with non-governmental organizations, communities, Goldcorp officials, and government representatives. The purpose of the visit was: (1) to learn more about the impacts of the Marlin mine on local communities; and (2) to consider how shareholders could respond to such concerns. The following groups participated in the tour:

#### Shareholders:

- The Ethical Funds Company
- Public Service Alliance of Canada (PSAC) Staff Pension Fund
- National Pension System's Ethical Council (Sweden)

#### Shareholder representatives/research firms:

- Shareholder Association for Research and Education (SHARE)
- Jantzi Research
- GES Investment Services (Sweden)
- PSAC Humanity Fund

While visiting Guatemala, the group heard from communities and local organizations about their experience of the mine and its operations. The impacts described by community members varied, some people described impacts on their houses and private property, on their ability to access water, and on the security of their families in the community. Some community members were critical of the mine and the company, and explained to the group that they felt they were not adequately compensated for their land or informed of the full impact the mine would have on their lives. Other community members felt they had benefited from mine through skills development or small business loans.

The stories and experiences gathered by the investor group over ten days provided only a snapshot of the multiple impacts felt by local communities. Many of the participants in the group felt that a complete picture of the impacts of the mine would be a useful next step in documenting community concerns. Such an assessment would provide a mechanism that shareholders could use to encourage Goldcorp to address some of the complaints and issues that had been described to the group during our Guatemala visit.

## The Shareholder Proposal

The shareholders felt that the most effective way of asking Goldcorp to closely examine and address the issues brought to our attention, was by filing a shareholder proposal. A shareholder proposal is a mechanism used by small shareholders to inform company management of their concerns and to ask the company to take an action to address those concerns. Once a proposal is submitted to the company, the company must allow all of its shareholders to vote on the proposal. This process is similar to a referendum where voters say yes or no to a particular question or proposal; if more than half of the shareholders vote 'yes', the company must comply with the request in the proposal. However, if the company can reach an agreement with the shareholders, the shareholders can withdraw the proposal and the company can avoid the vote.

The proposal was submitted by The Ethical Funds Company, the Public Service Alliance of Canada (PSAC) Staff Pension Fund, and the 1<sup>st</sup> and 4<sup>th</sup> Swedish National Pension Funds. It requested that Goldcorp conduct an independent assessment of the mine's impact on human rights. The Shareholder Association for Research and Education (SHARE) and GES Investment Services participated as advisors to the PSAC Staff Fund and the 1<sup>st</sup> and 4<sup>th</sup> Swedish National Pension Funds, respectively.

The shareholders asked for an assessment of *human rights* impacts because we believe the term 'human rights' covers most of the concerns raised by the individuals and organizations we met with in Guatemala, including the right to personal security, water, safety, housing etc. The shareholders asked Goldcorp to establish a transparent consultation process to select an independent party to carry out the assessment. In addition, we requested that the HRIA include:

- An assessment of current local conditions regarding human rights;
- Consultation with stakeholders to verify the human rights concerns & challenges;
- An analysis of human rights impacts as a result of the company's operations;
- Recommendations on how to address the human rights impacts; and
- A management plan for implementing the recommendations.

We acknowledge that human rights impact assessment methodologies are new and evolving. We believe, however, that the assessment will be valuable in identifying, documenting – and hopefully addressing – the human rights concerns that have been raised by community members.

Some stakeholders and community members have questioned why local communities were not consulted about the shareholder proposal. Communities in Guatemala were not consulted prior to making the request to Goldcorp because of the short time frame between the date shareholder representatives returned from Guatemala (February 20) and the deadline for filing the shareholder proposal (February 25). The shareholders did not consult with *either* the company or local communities prior to filing the proposal because of this time constraint, and because we did not want another year to pass without the company taking concrete action on these important issues.

After filing the proposal, the shareholder group met with Goldcorp to discuss our request. After some discussion, Goldcorp agreed to conduct the impact assessment and asked the shareholders to withdraw the proposal. It is possible that the company would have agreed to our request without the proposal, but we did not wish to risk witnessing another year pass without action taking place.

The shareholders and the company developed a memorandum of understanding outlining the basic timeline and expectations for the assessment. A copy of the agreement is provided below.

# **Memorandum of Understanding between Goldcorp and the Shareholders**

## **Purpose of Goldcorp's HRIA in Guatemala**

The purpose of the HRIA is to improve the opportunity for Goldcorp to continue to operate profitably in Guatemala by ensuring that the company has in place and is implementing effectively, policies and procedures designed to mitigate the risks of potential conflicts with internationally-recognized human rights standards and norms, given the context in Guatemala. The term "human rights" includes economic, social, civil, cultural, and political rights as well as the right to food and water, housing, safety and security as defined by internationally agreed upon United Nations conventions.

The assessment will review the company's policies and procedures relevant to the respect for human rights and assess the current status of the implementation and the impacts of those policies, procedures, and practices. Ideally, the HRIA will inform company policies, procedures, and performance in other countries where human rights issues are a concern.

## **Principles**

The process will be guided by the tenets of transparency, independence, and inclusivity, as defined by:

- **Transparency.** Information on the assessment mechanisms, stages and processes will be made available to all stakeholders in a timely and understandable manner. Progress reports will refer to the process of the assessment, e.g. who the assessor has met, where and when the meetings have taken place, future meetings planned, etc. As well, a summary of the final report's findings and recommendations, and the company's response to the assessment will be made public. Any member of the steering committee acting in good faith and for good cause may designate specific factual information developed during the assessment process as confidential.
- **Independence.** The assessment process and the assessor(s) chosen to perform the assessment will be independent. Independence means that there shall be no material relationship (other than the performance of the assessment) between the assessor and the stakeholders and that the assessor is free from external control in the performance of the assessment. As described below, the assessment process will be overseen by a steering committee. The steering committee will ensure that the assessor is professional and credible to the various stakeholders. Part of this assurance will come from the peer review process, by which experts in the field of human rights assessments will review the assessment prior to the finalization of the assessment findings and recommendations.
- **Inclusivity.** The assessment will engage, to the best of the assessor's ability, all of the various stakeholders impacted by the company's activities in Guatemala.

The process will be overseen by a steering committee that will set the scope and timelines of the assessment, will select the assessor(s), and will be responsible for managing the assessment process. The steering committee will consist of a minimum of three people with representation from the company, the shareholder group, and a third party representative, preferably a Guatemalan, considered to be independent and credible by reasonable stakeholders. All decisions of the steering committee, including a decision to add other members to the steering committee, will be made by mutual consent of the steering committee members. The qualified assessor will be chosen by the steering committee and will be independent from all stakeholders, including the company and its shareholders. The assessor or assessment team must include someone with extensive human rights assessment experience.

## **Assessment Steps**

The assessment will follow this general progression:

1. Choose steering committee. April 30, 2008.
2. Steering committee sets the scope and sets timelines for completion of interim steps and issues an RFP (request for proposal) for the undertaking of the HRIA. Target date for completion: June 30, 2008.
3. Steering committee chooses the assessor(s) and identifies candidates for a peer review process. Target date for completion: July 31, 2008.
4. Assessment process begins. Target date for completion: August 11, 2008.
5. Assessment completed and report presented to steering committee (includes a peer review process). Target date for completion: December 1, 2008.
6. Company responds to report findings and recommendations. Target date for completion: December 31, 2008.
7. The company will publicly disclose an action plan for implementing the recommendations, as well as a rationale if the company's plan does not provide for implementation of all recommendations. Target date for completion: February 15, 2009.

## **Project Status**

### **The following tasks have been completed**

1. The selection of the Steering Committee members:
  - Manfredo Marroquin, Executive Director of the NGO, Accion Ciudadana. Local organization for Transparency Internacional in Guatemala. This NGO is dedicated to monitoring the government for corruption.
  - Bill Brassington, Public Service Alliance of Canada (PSAC) Staff Pension Fund (representing the shareholder group)
  - David Diesley, Vice President and General Counsel, Goldcorp Inc.
2. Distributed a request for proposals for a Guatemala country profile to identify and describe the human rights and socio-economic context in Guatemala.

### **Next tasks to be completed**

1. Establish a protocol for communication and consultation between the Steering Committee, impacted communities and other interested parties.
2. Select an organization to provide the country profile.
3. Develop criteria for defining the attributes of the assessor and the assessment methodology.
4. Distribute a request for proposals for the assessment.
5. Select the assessor.