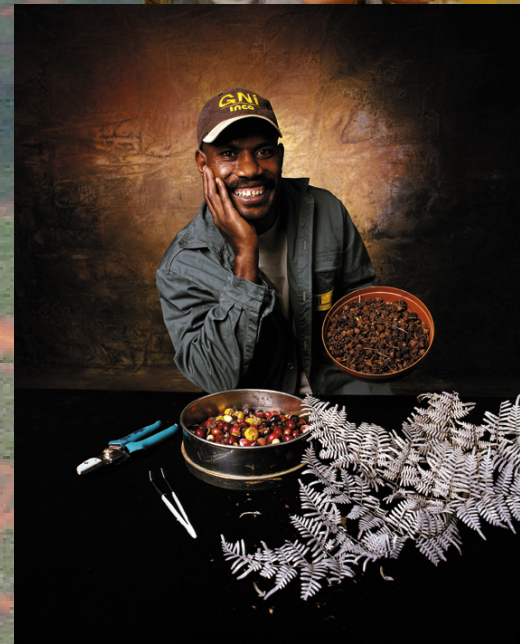


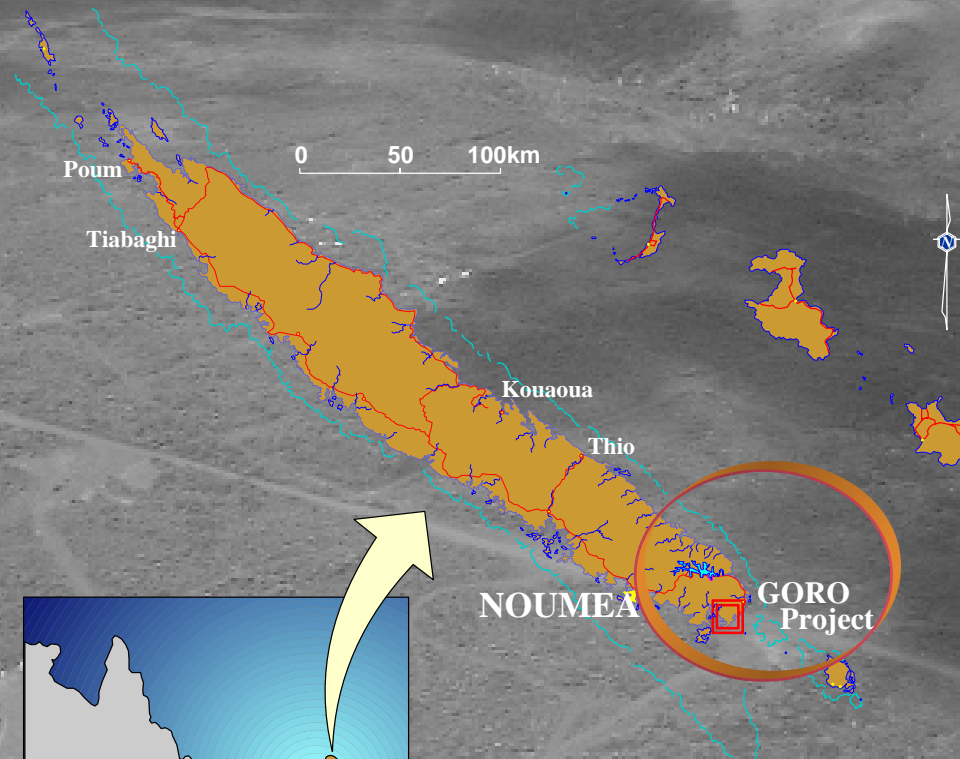
# A Community Relations Approach for The Goro Nickel Project

*Presented by  
Laurent Chatenay  
Director of Community Relations  
And Communication  
Goro Nickel S.A.*



**Inco**  
Inco Australia Management

# Project Location





# Inco in New Caledonia

In 1902, Nickel Corporation Limited & La Société Minière Calédonienne amongst the 7 founding companies of the International Nickel Company



# Inco in New Caledonia

- 1941-1946 Inco refines SLN production to support the US in their war effort
- 1968 Inco began exploring the Goro area
- 1976 Chromite exploration programme in Tiebaghi
- 1982-1990 Production of 560 000 tons of chromite concentrate
- 1992 Acquisition of mining rights on Goro in partnership with B.R.G.M.
- 1999 Construction of a pilot plant
- 2002 Construction of commercial plant suspended due to severe cost overruns; currently undergoing review and redesign



# Project Description

- Process plant production capacity : 55 500 tons of Nickel & 4 500 tons Cobalt /year
- Mining production : 4 million tons / year
- Investment around 1.8 billion US dollars
- Approximately 2 500/3 000 jobs creation (including about 800 direct)





# Human Environment

- Overall New Caledonian population estimated around 230 000
- Melanesians 44% and Europeans 34% of overall population
- 29 vernacular languages, official language is French
- 70% of Melanesians live in tribes
- There are four Melanesian tribes in the neighbourhood of our Project, populated by less than 2000 inhabitants



# Social Organisation of our Neighbours

The Melanesian society is organized according to a traditional mode with:

- Clans, which are groups of families sharing a founding ancestor
- Tribes, formed of several clans
- Customary districts, which are purely administrative
- Customary areas, which have a customary legitimacy
- A customary Senate, with elected members



# Social Organisation of our Neighbours

AREA	INSTITUTIONS	REPRESENTATIVES
New Caledonia	Customary Senate	Customary Senators
Customary areas	Area councils	District high chiefs
Customary districts	District councils	District high chiefs
Tribes	Clan chiefs councils	Tribal chiefs
clans	Clan council	Clan chiefs





# Community Relations Background

Since 1968, when Inco began exploring in the Goro area, we have had ongoing consultations with the local residents of the south of New Caledonia and the various local authorities.

In 1992, as the first feasibility was being prepared, communication expanded through formalized meetings with the potentially affected populations.

Our objective is that this consultation process will generate a Good Neighbour Agreement (GNA), which will seek to optimise local benefits from the project and build a strong and mutually beneficial relationship between Inco and communities adjacent to the Goro site.



# Community Relations Background

## “Good Neighbour Agreement” purpose

- Ensure that the affected communities are informed, involved and benefit;
- A foundation for a long-term and sustainable relationship with the directly affected people;
- Contribute to short and long-term project risk management both commercial and reputational; and

Address two sets of fears from local stakeholders: (i) of those who fear being left out of benefits from the project; and (ii) of those who fear adverse impacts on their lifestyle and/or livelihood





# Community Relations Methodology

## Consultation process:

- Early and ongoing consultation is paramount to the development of successful relationship with indigenous populations.
- Early consultation with indigenes helps identifying risks factors, allowing mitigation programs to take place at early development stage.
- Early consultation helps building trust, keeping expectation realistic and creating a sense of ownership.

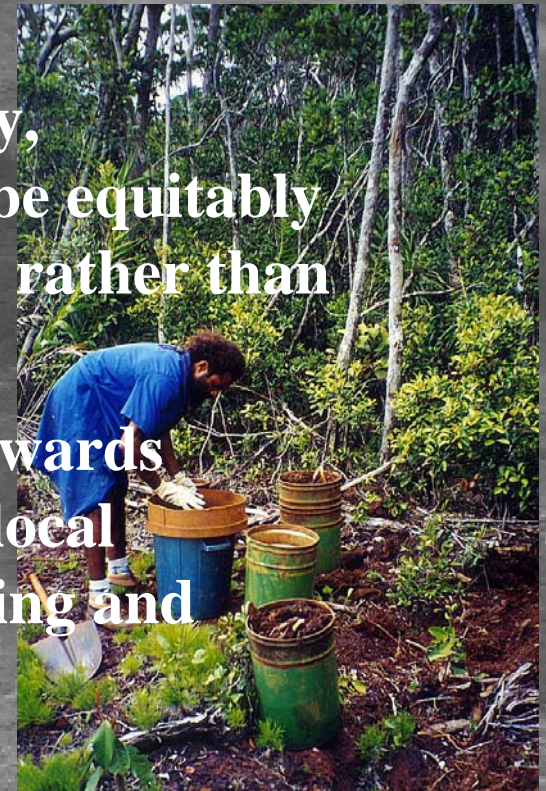




# Community Relations Methodology

## Equitable distribution of benefits:

- In order to achieve sustainable social stability, compensation to indigenous populations must be equitably distributed and benefit the larger communities rather than individuals.
- Typical social capital development actions towards neighbours include training and employment, local business participation, environmental monitoring and corporate citizen actions.



# The Consultation Process

*Information and consultation based on direct contacts, taking into account the oral tradition of the Melanesian culture*

- Regular and direct meeting with the communities
- Site and Pilot Plant visits
- Regular information sessions in tribes





# The Consultation Process

*Media information and consultation committees to address various communities needs*

- Regular articles and reports in the press
- Advertising campaign currently being finalised
- Two municipal steering committees
- Information and consultation forum





# Optimisation of Local Participation

- Training and employment programmes are designed in collaboration with local organisations to favour local participation.
- Objective is to hire more than 90% of New Caledonian residents during the operation phase
- Support and assistance to various education programmes
- Use of pilot plant as training centre



# Optimisation of Local Participation

*Prior to Project suspension:*

- *185 local suppliers  
local purchases of US\$ 30 millions*
- *89 local contractors  
local spendings of US\$ 150 millions*
- *Creation of a development fund to help our  
neighbouring communities to participate to the  
long term benefits of the project*



# Next Steps

*Managing community expectations during the current period of project suspension will require building into the GNA a programme of training/ education/employment/ small businesses development, to ensure that as far as possible this programme provides the potential for 'all' families directly affected by the project to benefit in one way or another*





# Next Steps

*The design of a GNA requires the completion of a comprehensive socio-economic impact and opportunities study, that will be carried out with the participation of the affected communities to build ownership of the outcomes and that will serve as a trust-building exercise.*



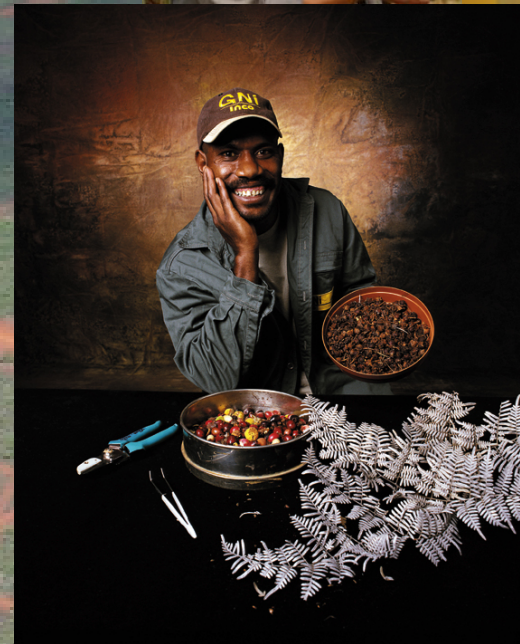
# Next Steps

*To make sure that the actions taken deliver on strategic business objectives (be that risk management, reputation assurance or legal/best practice compliance), and that social performance can be properly and rapidly measured over time.*



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