Social acceptance of the Mining and metal industry:
Chile’s experience in generating social acceptance

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October 26, 2016

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CHILE IN NUMBERS

SUSTAINED ECONOMIC GROWTH

POPULATION 2014 (e)
17,8 millions

TERRITORIAL AREA
756.950 km²

US$240.216 millions
GDP 2015

10% of GDP
Mining represent 10% of GDP 2015

Source: Banco Central de Chile, INE and FMI
* Trimestre diciembre 2015 - febrero 2016 (INE)
PARTICIPATION IN GLOBAL PRODUCTION

Source: World Metal Statistics
02 | BACKGROUND

PATH OF SOCIAL ACCEPTANCE IN MINING

1994
Creation of the environmental law. Community participation with EIA

2009
Chile ratifies convention N°169 ILO about indigenous people

2011
Creation of mine closure law

2010
Creation of Ministry of Environment, Environmental Superintendence (SMA), Environmental Assessment Service (SEA)

2012
Creation of Environmental Courts

2013
SEIA Regulation (DS 40)
SMA begins overseeing
LAW ON GENERAL ENVIRONMENTAL BASES

“The right to live in an environment free of pollution”

The project needs to be submitted to the Environmental Impact Assessment System if it is likely to cause environmental impacts.

Need of community participation when it pose a risk to population’s health or significant alteration of peoples lives’ systems, among others.

INDIGENOUS CONSULTATION: Convention Nº 169

“Based on respect to indigenous identity, tradition, values and institutions”

- Companies are forced to consult indigenous people about the projects that might affect them (DS 40/2013)
- They must reach consensus before approval
03 CURRENT SITUATION

REGULATORY FRAMEWORK

Chilean laws to increase environmental protection, community involvement and social acceptance

Law on General Environmental Bases

Standard for smelter emissions

Indigenous consultation

Mine closure Law
SOCIAL LICENCE TO OPERATE

“Without social license, there is no mining”

- Abstract license, “given” by the people
- Social license is dynamic and impermanent

CASES OF SOCIAL CONFLICTS IN CHILE

36 cases of mining conflicts in Chile. Most famous ones:

- Project “El Morro”
- Project “Pascua-Lama”
- Tailing dam “Los Pelambres”

Fuente: Manifestación contra minera San Jorge, Argentina

Fuente: Cochilco
04 WHAT HAVE WE LEARNED?

FACTORS THAT DETERMINES THE RELATION

1. Identification of actors and area of influence
2. Early consultation and participation
3. Company’s reputation
4. Knowledge of community’s culture
5. Expectation and benefits distribution
6. Development of local capacities
7. Natural resources availability and distribution
1. Identification of actors and area of influence

Exclusion of key players in the multi-stakeholders spaces may limit the possibilities of building shared visions for local conflict management.

2. Early consultation and participation

**Benefits of early consultation**

- More informed communities
- Generate ongoing dialogue processes
- Negotiations
- Balancing expectations of both actors
- Knowing perceptions and reactions of the community
- Ability to make joint decisions
- Discuss mitigations and compensation measures
3. Company’s reputation

Intangible asset

The attitude of communities may depend on the history of the company about their previous relationships.

4. Knowledge of community’s culture

“LOCAL IS NOT DILUTED GLOBAL”

Every community has its own organizational structure and cultural heritage. Every area has their own working dynamics and politics, which are not the same as the global tendencies.
5. Expectations and benefits distribution

*Generate a collective vision over the territory*

Communities generally create high expectations that cannot be met, which may trigger social conflicts.

6. Development of local capacities

*Generate added value*

It is necessary to create other sources of economic development other than mining, to sustain the community once mining activity is over.
7. Natural resources availability and distribution

Be aware that resources are scarce

RISK AND OPORTUNITIES

Shared value  Institutionality  Cooperative interaction  Communities Empowerment

Centralization  Power asymmetries  Welfarism  Lost of cultural heritage
05 WHAT ARE WE DOING?

WORLD CLASS SUPPLIERS PROGRAM

Big Problems
- Impact search
- Large Suppliers
- Local content
- Integration SME solutions
- Build success cases

Worldclass program 2.0
- Level expectations
- Increase scale
- Associativity
- Incorporate more mines
- Common problems of mining
- Work in the gaps

Medium mining incorporation
- Greater flexibility and speed
- Natural laboratory
- Facilitate scaling

Research centers
- Large long-term issues
- Absorption of advanced human capital
- Human capital formation
- Incorporation of local suppliers in the development

Source: Alta Ley
INTERNATIONAL PROMOTION

SUPPLIERS OF GOODS AND SERVICES FOR MINING

- Program led by the Ministry of Mining, with the participation of associations of mining suppliers.
- Its aim is to contribute to the internationalization of mining suppliers to gain access to new and better niche markets, positioning Chile as a provider of goods, technology and services for mining world class.

Source: Cochilco

LITHIUM CASE: SHARED VALUE

The belonging of the territory is recognized to the indigenous people and/or other communities living in the project’s area

Fuente: Nueva minería
THANK YOU

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October 26, 2016