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The Gold Mining Industry: Reputation & Issues

A Survey of Senior Stakeholders & Opinion Formers



Highlights Report of Findings
November 2013

Foreword from the World Gold Council

Thank you, on behalf of the World Gold Council, for participating in our Opinion Former Survey, conducted by GlobeScan, on perceptions of the gold mining industry and the challenges it faces. A summary of the results, based on interviews with a diverse range of stakeholders, is presented in this document.

We are encouraged by the strong perception that the large-scale gold mining industry's corporate responsibility performance has moved in a positive direction in the last decade. Similarly the high ratings on issues like workplace safety, local employment, employment conditions and contributing to national economic development are welcome and reflect a lot of hard work put in by companies at site level. We recognise, however, the perception that more needs to be done on 'social license' and some environmental issues and that there is an expectation that the industry has room to improve on how it works with potential partners such as communities and NGOs.

Concerns were raised in the research about the sometimes related issues of natural resources and unlawful armed conflict and artisanal gold mining. The World Gold Council and our member companies have been working with a wide range of stakeholders to develop the Conflict-Free Gold Standard during 2013. This provides a common approach by which gold producers can assess and provide assurance that their gold has been extracted in a manner that does not cause, support or benefit armed conflict or contribute to serious human rights abuses or breaches of humanitarian law. It was launched in October 2012 and a number of companies are working to implement it during 2013. The process operationalises the OECD Due Diligence Guidance on the Responsible Sourcing of Minerals from Conflict-Affected and High Risk Areas. We were closely involved in the development of the Gold Supplement to the Guidance and strongly support the call it contains for the increased formalisation of artisanal and small-scale mining through government-led, multi-stakeholder processes. The survey's findings support this collaborative approach.

We have recently produced two reports looking at gold's socio-economic contribution globally. 'Responsible Gold Mining and Value Distribution' explores the economic contribution made by fifteen leading gold mining companies across 28 countries and the distribution of value between governments, suppliers and employees on a country-by-country basis. This has just been featured on the EITI website. The second report "The direct economic impact of gold", commissioned from PwC, provides an independent assessment of the gold industry's contribution to the global economy, estimating that to be in the region of \$210 billion in 2012 alone. Both reports are available at www.gold.org.

Our aim is to stimulate a continuing discussion about the importance of collaborative relationships in maximising the potential for responsible gold mining to contribute to good economic and development outcomes. I hope that you will participate in that discussion.

Please let me know if you would like to receive relevant World Gold Council information and follow our progress via www.gold.org.

A handwritten signature in dark ink, appearing to read 'Terry Heymann', with a long horizontal stroke extending to the right.

Terry Heymann
Managing Director, Gold for Development

Introduction

The World Gold Council commissioned GlobeScan to conduct an in-depth study into global stakeholder perceptions of the gold mining industry, and the challenges it faces now and in future years. The findings will be used by the World Gold Council to inform its strategy and to support member companies in their own strategic planning.

The main objectives of this stakeholder study were to identify and understand:

- Perceptions of gold mining companies;
- Current and future issues facing the gold mining industry;
- How to continue to make progress towards a more sustainable industry.

The findings in this report are based on research that took place from April to July 2013. Telephone interviews were conducted with nearly 170 senior stakeholders and opinion formers, across twelve countries, and seven stakeholder groups. Additional in-depth, qualitative interviews were conducted with 20 respondents, to explore further some of the insights.

GlobeScan would like to thank all the stakeholders who contributed to the study. All the participants, across different geographies and audiences, gave highly informative, thoughtful responses to our questions and shared a wealth of insights. This report distils the findings from these interviews into a top-line summary.

Respondents

Senior stakeholders were interviewed from a range of positions including from within government, both elected and non-elected, civil society, including NGOs, academia and think tanks, media, and international organisations. Geographies covered included both influencer and producer countries – from both the political ‘north’ and ‘south’. All of those interviewed were selected and screened in terms of their knowledge of and interest in the gold mining sector and its relationship to society.

169 Executive Interviews	Sample Size
Influencers: UK, Germany, MLOs	37
Producer ‘North’: Canada, USA, Australia	46
Producer LatAm: Mexico, Peru, Brazil	36
Producer Africa: Tanzania, Ghana, South Africa	38
Indonesia	12

169 Executive Interviews	Sample Size
Government : Elected and non-elected	70
Civil Society: NGOs, Academics, Think tanks	56
Media	27
International Organisations	16

Note

- All figures in charts and tables are expressed in percentages, unless otherwise noted. Total percentages may not add to 100 because of rounding.
- When comparing results across the four stakeholder groups (Government, Civil Society, Media, International Organisations), readers should keep in mind the relatively small sample sizes and the impact that this has on statistical significance.
- Stakeholders were selected on a non-random basis and their views cannot be regarded as representative of any specific population, cohort or universe. Instead, the information reported should be viewed as an indication of what attitudes exist within a particular sector.
- Survey questions appear as a footnote to each chart.
- Quotes that appear in this report reflect comments made by survey respondents.

Executive Summary

Reputation & Responsibility in the Gold Mining Industry

- Amongst senior stakeholders, the mining industry overall has a similar reputation to that of oil and gas, chemicals, and financial services – each of which have faced reputational challenges in recent years.
- The reputation of the gold mining industry is perceived as more positive than that of diamond and coal mining, but less positive than iron ore.
- More than eight in ten opinion formers say the gold mining industry is more 'responsible' than it was ten years ago.

Perceived Challenges Facing the Industry

- Community and environmental issues and obtaining a license to operate are currently rated as the most serious challenges facing the industry.
- Competition for natural resources (including water) is predicted to emerge as the greatest challenge over the next 20 years.

Performance of the Gold Mining Industry


- Safety, HR management, technology, and economic contribution are recognised as relative strengths for the large-scale mining industry, highlighting a positive perception of the industry's treatment of employees.
- Stakeholders perceive areas of weakness relating to environmental management, community engagement and addressing issues relating to artisanal and small-scale mining.

Perceptions of Artisanal Mining and of Minerals and Conflict

- Stakeholders are concerned about negative environmental, and health and safety impacts from artisanal and small-scale mining.
- A majority of stakeholders consider ASM to be generally a poverty and social issue – it provides livelihoods and may be the best available economic activity.
- Stakeholders believe that all actors should be involved in seeking solutions to ASM issues but in the context of government leadership.
- Nearly half of stakeholders say that gold sourced from war or conflict zones impacts the reputation of the industry as a whole.

Overall Reputation of the Gold Mining Industry

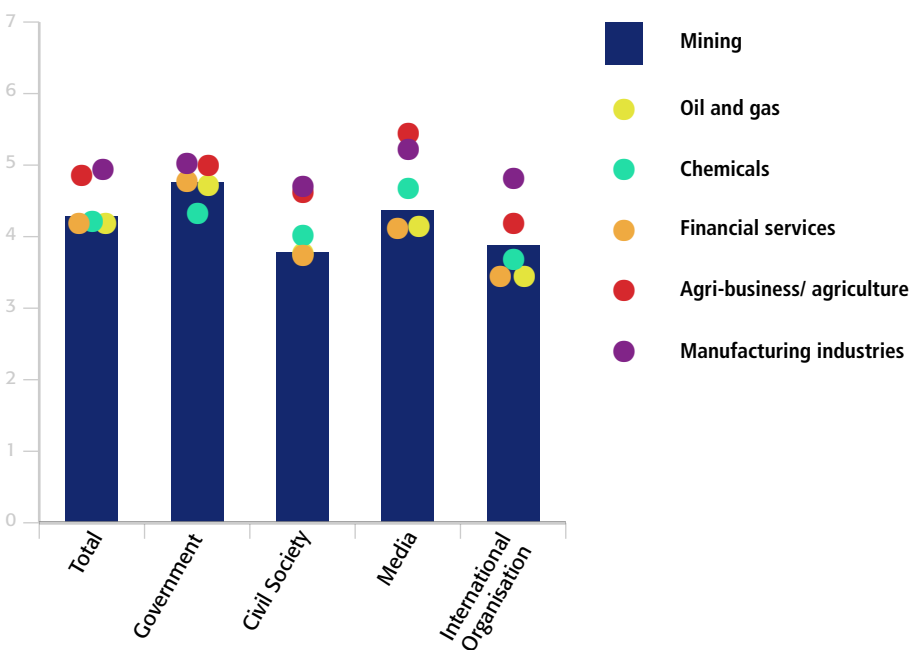
The majority of stakeholders have a broadly neutral perspective on the reputation of mining and gold mining industries. Interviewees were asked about their opinion on the mining industry and other industry groups, and their opinion of the gold mining industry against other mining sectors. The mining industry overall is perceived to have a similar reputation to the chemicals, financial services and oil and gas industries, according to interested stakeholders. Homing in on the different mining sectors, gold compares favourably to diamond and coal mining.



“The gold industry has come a long way, but more needs to be done.”

– Academic/think tank, USA

Overall Reputation of Industries
Average Rating (7-Point scale), by Stakeholder Group, 2013



1.1 How would you rate the overall reputation of each of the following industries?
Please use a scale from 1 to 7 where 1 is “very negative” and 7 is “very positive.”

Government opinion formers are more positive about mining than other groups, both overall and in relation to other industries. Civil society is the least positive regarding the reputation of the mining industry as a whole.

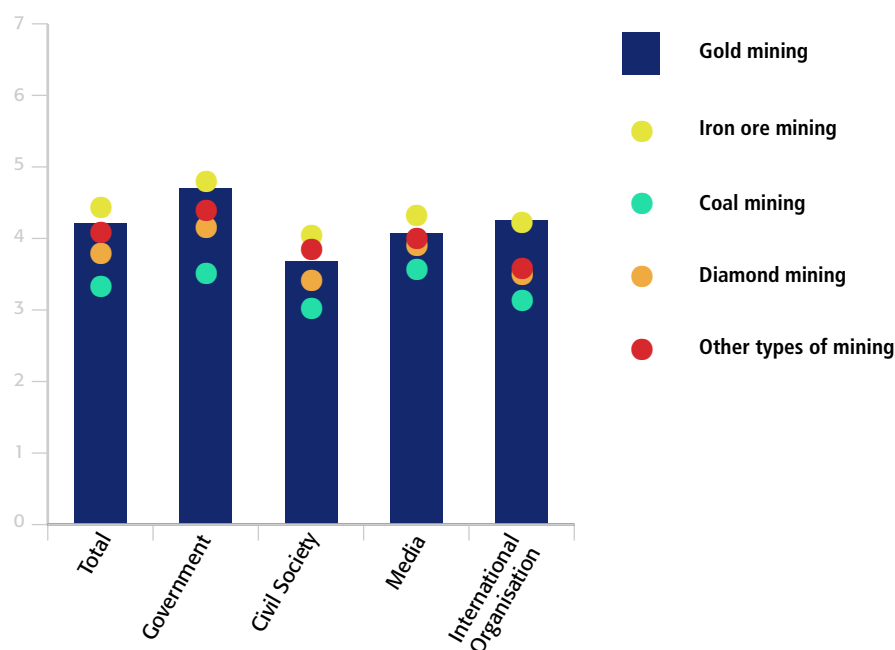
Overall Reputation of the Gold Mining Industry



"Their performance is good overall, they just need to create more alliances and work programmes with communities and government." - Government, non-elected, Peru

Overall Reputation of Mining Industries Including Gold

Average Rating (7-Point scale), by Stakeholder Group, 2013



1.2 And how would you rate the overall reputation of each of the following types of mining industries? Please use a scale from 1 to 7 where 1 is "very negative" and 7 is "very positive." If you are not familiar with the type of mining, please just let me know.

Overall, the reputation of gold mining is perceived as more positive than diamond and coal mining but slightly more negative than for iron ore mining. Perceptions of the gold mining industry are most favourable amongst government opinion formers. Of the groups surveyed, civil society has the most negative opinion of the gold mining industry.

Perceived Behaviour of the Gold Mining Industry

The vast majority of stakeholders consider the gold mining industry to be acting in a more responsible manner than ten years ago. Of the remaining stakeholders, most agreed that gold mining companies are neither better nor worse than they were ten years ago.

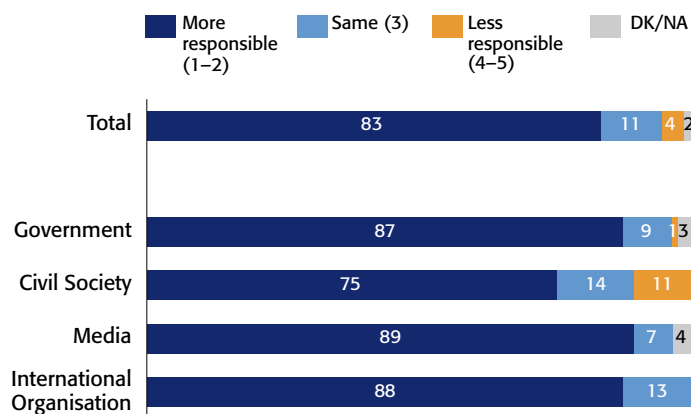


“The gold mining industry has had a bad reputation due to past issues but this reputation is improving, particularly due to investors becoming more socially responsible.” – Government, non-elected, UK

Although all stakeholder groups are generally positive, civil society is the least positive regarding improvements in the last ten years, with one in ten saying the industry is less responsible

Behaviour of Gold Mining Industry Compared to Ten Years Ago

Percentage Rating (5-Point Scale), by Stakeholder Group, 2013



1.5 Compared to 10 years ago, would you say the gold mining industry today behaves...



“Gold mining comes from a history of negative perception and they are reacting by continuously improving on what they do.” – Government, non-elected, Ghana



“A lot of mining companies ... follow a tick the box approach as opposed to really getting to grips with the issue. Our [South Africa's] mines are old and have a long history and started operating at a time when regulations and operations were different and they still struggle with that. So it's difficult to reverse what's happened in the past.” – Media, South Africa

Challenges Today and in the Future

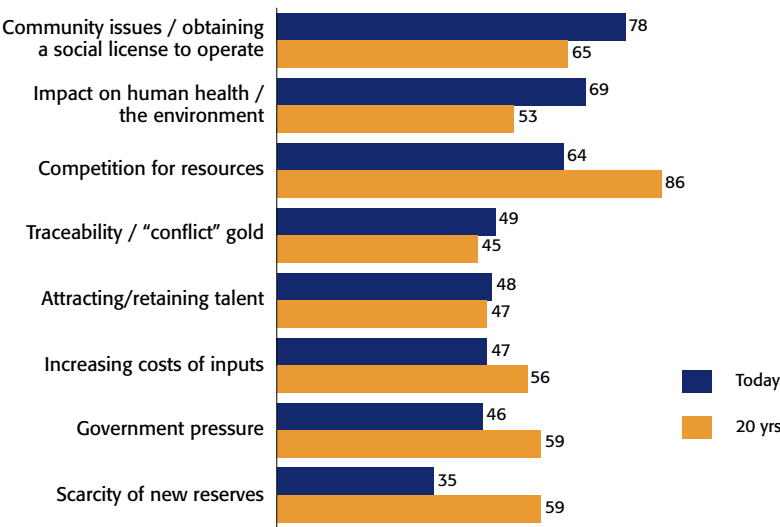
The key challenge for the gold mining industry today, according to stakeholders, is managing community issues and environmental impacts. Stakeholders were asked about the challenges facing the gold mining industry today, compared with twenty years' time. Respondents were also questioned about their vision for the leading gold mining company of the future. The environment and community arose as issues particularly pertinent for companies today and also feature highly amongst challenges envisaged by stakeholders for leading companies in the future. Competition for, and scarcity of, resources, emerge as key challenges in the next twenty years.

“*Environmental pollution and a neglect of the local community's rights around the environment, land and forests.*” – NGO, Indonesia

Community and licence to operate issues are currently perceived as the most serious challenges facing the gold mining industry. There is an expectation amongst stakeholders, however, that community and environmental impacts will be increasingly addressed over the next 20 years.

Competition for natural resources (including water) is predicted to be the greatest challenge in 20 years' time and cost of inputs, government pressure and resource scarcity are also anticipated to rise.

Challenges For The Gold Mining Industry Today And In 20 Years
"Serious" (Percentage Rating 5, 6, 7 on a 7-Point Scale), All Stakeholders, 2013



2.4 How serious are each of the following challenges to the gold mining industry, if at all? Please use a scale from 1 to 7 where 1 is "not at all serious" and 7 is "extremely serious." Today and in 20 years

Challenges Today and in the Future

In line with the current challenges facing the industry, stakeholders predict that, ten years from now, the leading gold mining companies will need to be environmentally responsible and respectful of local communities.

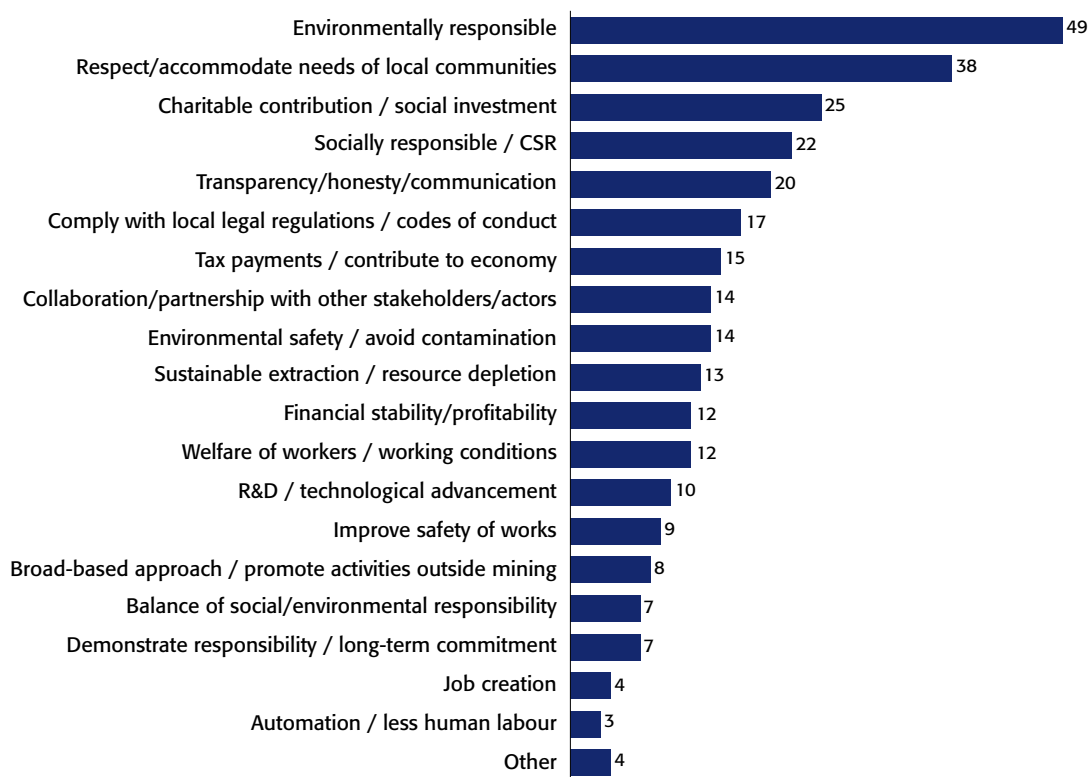
More than one in ten respondents, unprompted, also stated that leading mining companies will need to be adept at sustainable resource extraction, highlighting resource scarcity as a long term challenge that may not be resolved within the next ten years.



“There are issues around the licence to operate, in terms of the connection between a mine and the communities and regions in which it operates.” – Media, South Africa

Characteristics of Leading Gold Mining Company in a Decade

Percentage, Total Unprompted Mentions, All Stakeholders, 2013



1.6 Thinking ahead to 10 years from now, what does a leading gold mining company need to look like?
What are its main characteristics?

Performance of the Gold Mining Industry

The large-scale gold mining sector is considered to be relatively strong on the treatment of employees and its contribution to national economic development and less so on environmental impact, community engagement and addressing artisanal mining issues. Stakeholders were asked how well large-scale gold mining companies perform on a range of different issues. Over half of the respondents gave positive performance ratings on working conditions, employment of local people and provision of competitive wages – all reflecting relatively strong performance on employee treatment.

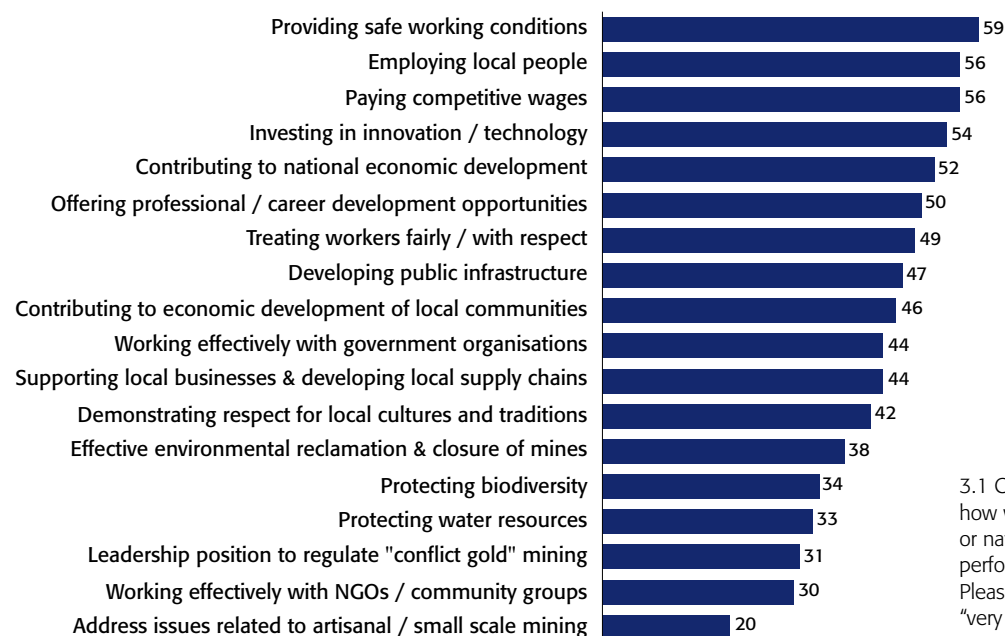


“Environmental destruction is a concern. Gold mining companies need to think more about society and show more care towards the local community and environment.” - Media, Indonesia

Large-scale industry performance on safety, HR management, technology, and economic contribution is recognised by stakeholders. Areas of weakness relate to environmental management, community engagement and addressing artisanal and small-scale mining issues.

Performance of Large-Scale Mining Companies on Key Attributes

“Positive” (Percentage Rating 5, 6, 7 on a 7-Point Scale), All Stakeholders, 2013



3.1 Compared to other types of companies, how well do you feel large-scale international or national gold mining companies are performing in each of the following areas? Please use a scale from 1 to 7 where 1 is “very poor” and 7 is “excellent.”



“In my own experience, visiting big mining companies, I’ve noticed they are very responsible on workers’ safety. Despite this, there is a huge difference with small companies. These ones don’t meet even the minimal safety conditions a worker needs for working.” - Government, non-elected, Mexico

Artisanal and Small-Scale Mining Issues

Issues associated with artisanal and small-scale mining are considered by many opinion formers to be potentially detrimental to the overall reputation of the gold mining industry. Stakeholders consider a range of issues around artisanal and small-scale mining to be problematic but also recognise the importance of artisanal mining in providing livelihoods to many people without other opportunities. In-depth interviews uncovered a range of different views regarding how large mining companies should tackle the issues, with some thinking that the responsibility lies wholly with governments and others believing there is a role for the large-scale mining industry to assist, for example, through technological transfer and supporting market access for legitimate ASM operators.

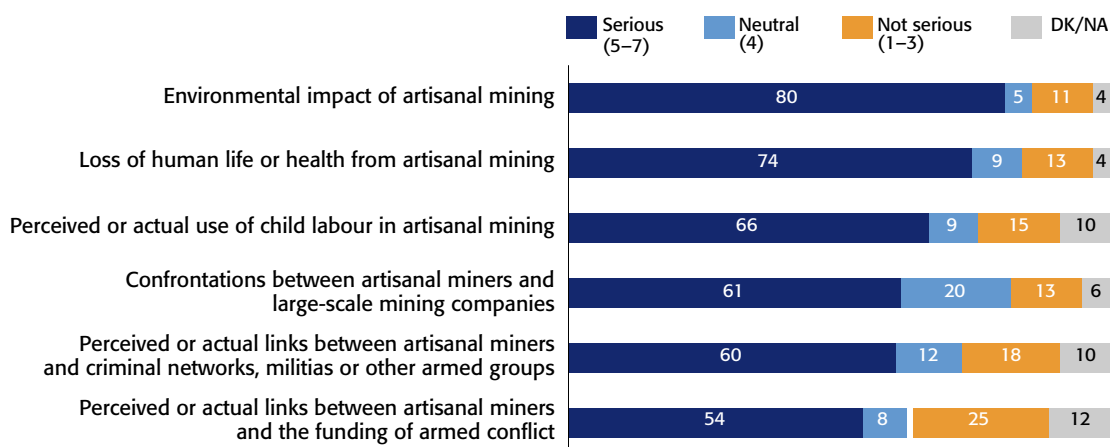


“I think with artisanal mining there’s clearly got to be a stronger focus on finding and creating alternative livelihoods for small legitimate artisanal miners. It might help if there was a larger focus around technology transfer.” – Academic/think tank, Australia

Opinion formers are most concerned about negative environmental, health and safety impacts from artisanal and small-scale mining. In terms of solutions, according to in-depth interviews conducted, ensuring legitimate access is seen to be easier for the LSM industry to achieve than stopping gold from conflict zones.

Seriousness of Issues Associated with Artisanal and Small-Scale Mining

Percentage Rating (7-Point Scale), All Stakeholders, 2013



4.2 There are some issues associated with artisanal and small-scale mining practices. How serious a problem do you consider each of the following? Please use a scale from 1 to 7 where 1 is “Not at all serious” and 7 is “Extremely serious.”



“It is up to the government; it is their responsibility to make the appropriate laws regarding artisanal miners and to apply them.” – Government, non-elected, Tanzania

Artisanal and Small-Scale Mining Issues

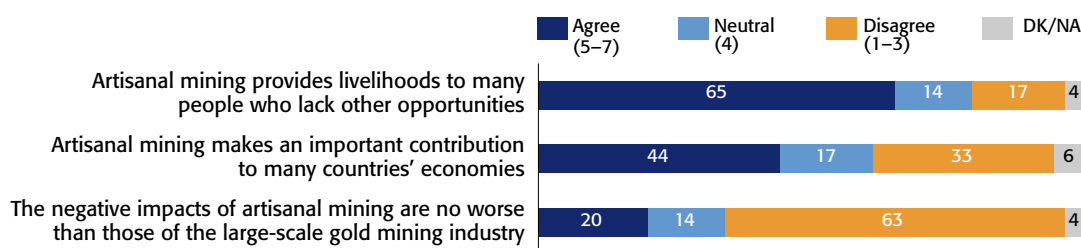
While there are concerns about negative impacts, majorities say ASM is generally a poverty and social issue. The industry provides livelihoods and is often the only alternative for economic survival



“The large mining sector should be working closely with the small mining industry to keep its reputation, because sometimes, society blames or demonises the whole mining industry on behalf of the bad activities of the small companies.” – Government, non-elected, Mexico

Views on Artisanal and Small-Scale Mining

Percentage Rating (7-Point Scale), All Stakeholders, 2013



4.3 And to what extent do you agree or disagree with the following statements about artisanal and small-scale mining? Please use a scale from 1 to 7, where 1 means “strongly disagree,” 4 means “neither agree nor disagree” and 7 means “strongly agree.”



“Regarding technology transfer, they [large-scale mining companies] should engage in projects with the artisanal mining companies to equip them with technology to mine efficiently and adopt more environmentally friendly methods.” – International Organisation

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For twenty-five years, GlobeScan has helped clients measure and build valuable relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future.

Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organisations.

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The World Gold Council is the market development organisation for the gold industry and the voice of authority for gold. As the global advocate for gold, we are committed to playing a key role in the continued development of a responsible gold mining industry. Our members, the leading gold mining companies, regard the management of the local environment and relationships with local communities as paramount considerations during the lifetime of any mine project. Together, we work to ensure the industry as a whole is striving to develop and integrate best practice.

www.gold.org