

Corporate Social Responsibility & The Extractive Sector: Managing Community Relationships Effectively

Companies in the oil, gas, and mining industries face complicated community engagement challenges at each of the locations in which they operate. Relationships with community stakeholders must be guided by corporate level policies and standards, but must also be responsive to site-specific variables. These relationships involve a range of competing needs and expectations and are therefore defined by a certain degree of conflict. Failure to manage community relationships effectively exposes companies to operational, reputational, and legal risk.

Foley Hoag attorneys advise companies regarding the strategic management of community relationships. We assist in drafting corporate-level standards as well as the implementation of site-specific strategic plans for community relations. We carry out human rights impact assessments and develop effective grievance mechanisms. We provide advice to managers seeking to assess how different personnel impact a company's relationships with local stakeholders. In addition, we work with clients to develop and implement training programs and performance indicators so that all company personnel have the capacity to engage effectively with community stakeholders.

When conflicts with local communities become unmanageable, Foley Hoag helps managers develop short-term and long-term strategies to manage these conflicts. We advise companies on engagement with key stakeholder groups, including non-governmental organizations, the media, unions, socially responsible investor groups, and indigenous communities. We also

mediate disputes that require third-party intervention. Specifically, Foley Hoag's Corporate Social Responsibility Practice Group:

Strategic Planning

- Undertakes human rights impact assessments and due diligence reviews of current and potential projects.
- Assesses corporate policies, standards, and management systems to ensure that they are effectively aligned with site-level community relations objectives.
- Provides advice on the development of comprehensive strategic management plans for managing community relations that take into account relevant site-specific factors.
- Develops and implements training programs on community relations for corporate and site-level personnel.

Stakeholder Engagement

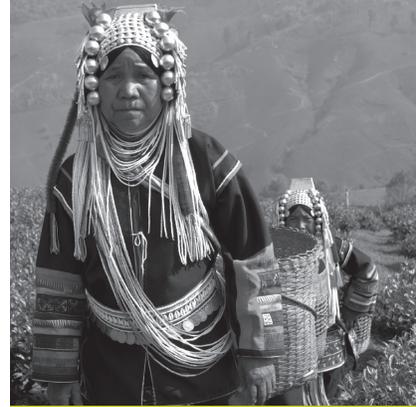
- Provides advice regarding the implementation of social impact assessments and risk assessments.
- Reviews site-based stakeholder engagement efforts to ensure that the company is assessing the needs and concerns of all relevant stakeholder groups.

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Managing Conflict

- Assesses company conflicts with local communities and develops plans to improve stakeholder relationships.
- Develops grievance mechanisms that are appropriate to local contexts.
- Mediates conflicts that may benefit from intervention by a third party.

Communicating Effectively

- Advises on the development of credible and verifiable communications to external stakeholders regarding company performance.
- Develops communications strategies for companies to use in engaging with local stakeholders regarding the real and perceived impacts of company operations.
- Helps companies engage with key external stakeholders to ensure that local concerns do not become internationalized in a manner damaging to the company's reputation and its capacity to manage local operations effectively.

Representative Engagements

- Foley Hoag attorneys were commissioned by Newmont Mining Corporation to serve as the Study Directors of a comprehensive and precedent-setting Community Relationships Review. Newmont retained Foley Hoag to: (a) assess the relationships between Newmont operating sites in Ghana, Peru, New Zealand, Indonesia, and the United States, and their respective communities; (b) conduct an assessment of future risks and opportunities to Newmont with regard to its relationships with local communities; (c) analyze the relevance of existing company policies, systems, and controls and their effectiveness in guiding the company's community relations programs and activities; and (d) identify the impact of the company's resources, capacity, and governance on the execution of these policies.

- Foley Hoag provided La Mancha Resources with on-the-ground auditing services and guidance to ensure that its mining operations in the Sudan were based upon positive relationships with local communities and provided economic benefits for community members. Our audit was conducted pursuant to the guidelines established by the Sudan Divestment Task Force and encompassed key components of the Voluntary Principles on Security and Human Rights. Foley Hoag's recommendations to La Mancha included how to increase the benefits to "marginalized populations," promote transparency, implement appropriate security strategies, and work more effectively with local government authorities and NGOs to ensure respect for the rights of community members.

- Foley Hoag was engaged by BP Plc to conduct field audits of community engagement initiatives and human rights commitments for the BTC Project in Azerbaijan, Georgia, and Turkey. This initiative included external monitoring assessments regarding community engagement, human rights, labor rights, and security practices. Foley Hoag attorneys worked with community members, local contractors and employees, NGOs, representatives of BP management, and lending institutions to gather data, evaluate implementation, and make recommendations regarding best practices and risk management.

- Foley Hoag provided counsel to Ascendant Copper regarding a range of community relations initiatives and outreach efforts to local groups near the company's concessions in Ecuador. This entailed designing and helping to implement a community relations strategy consistent with industry best practices and the Voluntary Principles on Security and Human Rights. Foley Hoag also served as a liaison between Ascendant and key external stakeholders.