



SDGs EMERGING PRACTICE GUIDE

EXTENDED FIRST EDITION



Global Compact
Network Canada

Canada 

8 DECENT WORK AND ECONOMIC GROWTH



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Golden Star remains committed to enhancing and retaining the value of its presence for our host communities. The global mining industry is a significant actor in the developing world, and as such the onus for leadership rests on companies such as ours to disprove the theory of the 'resource curse'.

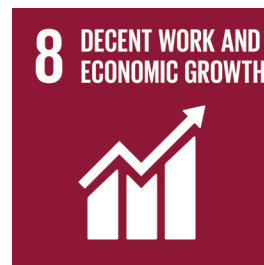
In the context of high and rising unemployment, high expectation of mining industry jobs, and significant pressure to reduce cost of operations, Golden Star adopted a strategic CR approach not only aligned with the SDGs but focused on the key themes of: mining synergies, interdependence, land access and multiple and sequential land use.

Within the company these themes were derived out of an internal process that used the Mapping Mining and the SDGs as a tool to synchronise our efforts in support of the SDGs, with the opportunities presented by our business.

By enhancing not only local content, but value retention for our host communities, we leverage the synergies that our operations present, to build host community capacity and capability for decent work and economic growth.

In a land mark project in the last three years, Golden Star designed and undertook specific programs to aid host communities to become partners with our operations for greater interdependence. The key objectives being:

- Host community companies positioned to win mining company contracts without loss of quality or modification of standards;
- Value from our operations retained by host communities and not 'leaked' to large Accra or internationally based firms;
- Mainstreaming of former illegal miners, into the formal sector – thus promoting decent work for hundreds of people;
- Establishing host communities companies capable of attracting future contracts;
- Reducing company operating costs, through the realizing of mining synergies;
- Implementation of program elements for long-term sustainability;
- Evolution of the model for greater impact.



How was your primary SDG focus identified and prioritized in the company's value chain?

Golden Star, as a signatory to the UNGC since 2005, has consistently applied the principles, MDGs, and now SDGs to drive our corporate responsibility agenda. The focus has been further identified and prioritised in our value chain through alignment with the following key business objectives:

- Achievement of mine plan and budget;
- Market credibility;
- Diversification of operational and political risk;
- Our values;
- Social licence to operate;
- Strong HS&E practices.

There remains a strong connection between the success of our host communities and our business success – within Golden Star, we refer to this as interdependence. For the company, we have long understood our need for host community support. Through programs such as the one described herein, it was our aim to enhance host community 'ownership' of our operations, enabling us to prosper together. A parallel objective, was that through the

'localisation' of supply and services, the company would benefit from shorter transport distances, lower supplier overheads and administrative costs, for lower operating costs.

The projects that were adopted by the company under SDG 8 evolved from a series of champion driven workshops. Management, superintendents and members of HSEC teams worked in unison to explore ideas, identify program components, assess risks, and ultimately define implementation actions and accountabilities within the business.

It was determined that the primary opportunities for enhanced host community participation would be found through targeted programs on local content (direct employment for members of the host community) and local mine supply and services (flow on employment benefits).

These two integrated aspects would provide the greatest leverage in developing the foundations for decent work and economic growth for our directly impacted communities.

These programs were completed in conjunction with our work on the Golden Star Oil Palm Plantation, described in a case study submission on SDG 1.

How was your primary SDG integrated and anchored throughout your business?

Golden Star recognizes that vibrant regional communities rely on diversified economies. Our business success is interdependent with the success of our host communities. Our objectives under SDG 8 have been integrated and anchored through our business in the following ways:

- Aside from KPIs based on operating cost, specific objectives and KPIs have been set for executive and line managers for achievement of local content targets, local employment targets as well as for the implementation of specific actions under this program;
- Identification in the company's Enterprise Risk Management processes, evaluations and action plans including allocation of accountabilities to executive;
- Through the negotiation of community Corporate Social Responsibility Agreements which have been lodged with the High Court of Ghana to ensure integrity and maintenance over time;
- Development of project implementation plans, risk assessments and budget allocation to support the various program elements;
- Contracts with locally domiciled companies within our directly impacted host communities;
- Through supply chain evaluation, economic development needs assessments and exploration of potential synergies;
- Undertaking to identify and leverage partnerships for enhanced sustainability and outcomes;
- Through statutory reporting to the Minerals Commission in the form of annual CSR Reports;
- In the form of reporting via the company's Communication on Progress to the UN Global Compact;
- Through voluntary reporting under initiatives such as the Engineers Without Borders (Canada) programs on Mining Shared Value and local procurement reporting.

Did you employ any innovative approaches in your efforts to implement the goal?

The 'traditional' mining company approach is to call for expressions of interest, and when local community cannot meet requisite criteria, it is used as a justification to seek interest elsewhere. Golden Star rejected this paradigm.

From a pilot expression of interest issued to directly impacted communities, 18 companies responded. Whilst none were of a sufficient scale, sophistication, capability or capacity to win a mining company contract Golden Star chose to deviate from the mainstream.

Golden Star undertook an extensive process to upskill these companies to a mainstream level, support their registration, establishment of business systems, and assist them to obtain required regulatory permits to work in the mining industry. Through

this program of partnership a new company, LOCOMS Company was born, involving all 18 SMEs under the umbrella corporation.

In a parallel initiative to enhance and retain value, Golden Star in partnership with the local government authority undertook needs assessments to determine barriers to economic growth within existing local industry trades. The study identified that access to key business related modern machinery and equipment would help increase productivity and improve incomes. Golden Star facilitated the formation of industry associations and through these groups, donated over 400 items of equipment that were able to assist 432 SMEs from more than 16 Associations.

In another innovation, trainees were provided the opportunity to learn and earn, in a structured, supervised real workplace environment. 25 trainees in three trades, built a secondary story school classroom block in a few months under the pilot program.

Were any partnerships leveraged or created?

A number of sustained partnerships were created or leveraged for the benefit of those involved:

The formation of LOCOMs provided not only a business partner, but a vocal and influential advocate for Golden Star's operations. LOCOMs benefitted through company contracts, which over the last three years resulted in US\$27M being retained by these host community companies. Revenues that previously would have been spent with large capital city or international companies. LOCOMs employs 250 former illegal miners, providing employment and decent work for these people. The company additionally hired 89 items of equipment to Golden Star, were supported to access capital for fleet, and provided both catering and cleaning services.

Individual LOCOMs companies have subsequently leveraged their positions to expand within the industry and outside. One company has expanded into waste management and now provide waste services in the local community. The main LOCOMs business has been invited to bid on a contracts in neighbouring countries.

As the businesses in the position to influence former illegal mining groups, LOCOMs became a major advocate for Golden Star's operations, and undertook to intervene and promote relocation of illegal mining groups away from our planned mining areas.

Through partnership, the local government authority and Golden Star established relationships with hundreds of SMEs through their newly formed Associations.

Youth engaged in the learning and earning pilot have been partnered with trade SMEs, and associations. Golden Star is presently developing the group along the 'LOCOMs' model to meet a community demand for building construction.

Pre-dating the implementation of these actions, a further innovation was employed to harness local workforce knowledge and to promote cross-company support for the initiatives. Facilitated workshops were held with leadership and HSEC experts to identify and evaluate potential actions in support of SGD 8, which were then validated through parallel evaluation workshops with host community leadership.

What communications strategy did you employ to share the initiative with your stakeholders?

For each element of the enhancing and retaining the value initiatives, a strategy paper, communications and action plan were documented. Such protocols are undertaken as routine part of our business to ensure risks are fully explored and evaluated.

In addition to the programs of formal consultation, numerous informal consultation and engagements occurred to understand both internal and external needs as related to the program.

Specific communications structures were established to support LOCOMs, the SMEs and their Associations, as well as the trainees, and are complemented by Golden Star's formal three-tiered engagement system, and IFC PS 5 grievance mechanisms.

Golden Star continues to discuss initiatives with our host community through formal as well as non-formal structures. Social media is very popular in Ghana, particularly with youth. The company CSR Blog has had over 20,000 views since its inception in late 2016 – with our article on the SMEs program having the single greatest number of views of all our blogs. Over 10,000 people have followed the company on LinkedIn. Our Facebook posts typically get as many as 10,000 views.

Radio talk-back is also very popular in rural Ghana. Golden Star routinely obtains spots during peak talk back periods to discuss our programs. Most SMEs are women, and in Ghana as it is the woman's responsibility to fund the children's education, they have limited opportunity to participate in 'standard' formal consultations. Radio talk-back provides an opportunity for access to such information, in a manner that is culturally appropriate and accessible.



How were KPIs and the levels of success outlined and defined?

KPIs and success were documented as being measured as follows:

- Establishment of local community companies able to win mining contracts without loss of quality or efficiency.
- Successful certification of the local companies under relevant Regulations as mining supply and services providers.
- Mainstreaming of illegal miners into decent work.
- Adherence to legal requirements and Golden Star adopted standards by local companies, including OHS, environmental, labour relations and human rights. As per the requirements of company contracts.
- Positioning of local companies to be able to win future contracts, both with Golden Star and elsewhere.
- Establishment of local trade businesses associations, to act as the focal point for interaction between the company and the hundreds of SMEs in our host communities.
- Facilitate the formation of associations to promote

opportunities to leverage coordination, attract Government support, and attract partner and NGO aid.

- Enhance capacity, opportunity and growth potential for local SMEs to promote economic diversity for a vibrant economy.
- Develop a long-term model that will utilise the SME associations as the hub for future programs to leverage various mining synergies and evolve to the establishment of service centres (see Project Concept Enhancing and Retaining the Value).
- Seek to strengthen non-mining industry SMEs within the host communities, to build robust, vibrant and sustainable communities that are not wholly reliant on the mining industry for 'survival'.
- Establish a functional model to upskill trainee youth, whilst providing income during capacity development.
- Attract private: public partnership arrangements to further these initiatives for greater impact.

How were reporting and monitoring conceptualized and undertaken?

As key initiatives for community benefit and social licence monitoring and reporting mechanisms were established to guide our work in enhancing local content, procurement and value retention/ enhancement. Data collection, monitoring and evaluation occurred within Golden Star, LOCOMS, SMEs, and with support of local government and NGOs including World University Services of Canada partnership, West African Governance in the Extractives Sector (WAGES).

Through its contracts with LOCOMS companies, and Agreements with SME associations, Golden star maintains instruments to ensure adherence to company standards and codes, and processes for equitable management.

Golden Star itself collects data on employment, procurement participation and value to distinguish between benefits to directly impacted host communities (local), the nation more broadly (Ghanaian) and elsewhere (international).

With the establishment of LOCOMS Company as a Ghanaian registered entity it is governed by the laws of Ghana and must comply and report according to all relevant company law, including Board reporting, financial reporting and similar. LOCOMS Company members meet weekly, and with the support of Golden Star have developed structures for governance and reporting that align with Golden Star's requirements, including LOCOMS adherence to policies for local employment, local expenditure and contributions (1% of revenue) to a specific host community development fund promoted by Golden Star.

Golden Star reports on such data in its statutory reporting to the Government of Ghana, in our Communication on Progress to the UNGC (annual CR Reports) and through voluntary initiatives such as the Engineers Without Borders Canada programs on Mining Shared Value and similar.

What were some key lessons learned? Please also elaborate on any setbacks you may have encountered.

Key lessons learned can be broken down into parts relating to the initiatives under this program:

- Local mining supply and services capacity is not always inherent in mining host communities, but can be developed with time, effort and a willingness to collaborate.
- Significant time and effort may be required to mainstream former illegal mining groups as the systems and structures to ensure conformance with relevant national and international standards need to be developed in an inclusive and holistic way that recognised local culture and sensitivities.
- Source of bridging finance is needed for local enterprise commercial growth and development.
- With the right approach and commitment, local companies can be supported to provide useful business solutions in the value chain activities of large scale mining companies, particularly in developing countries.
- Enhanced participation of local companies (those domiciled in host mining communities) in the mining supply chain holds the key to improving company: community relations through genuine interdependence.
- Documentation of modalities including codes of conduct were vital to bringing about collaboration between the SMEs joined under the umbrella company.
- Programs to strengthen the resilience of SMEs through formation of associations result in numerous benefits, including: leverage, buying power, access to constrained local or national program support, act as a focal point for NGO/CSO outreach and enhance opportunities for greater social and financial inclusion.
- Documentation of joint utilization agreements for donated SME equipment were necessary to ensure fair and equitable utilization, and structures for sharing of enhanced business machinery.

What were the key impacts and results? Feel free to include links to external reports or sources in your answer.

Skills and employability training for over 600 youth in the last 3 years alone, including real workplace on the job instruction, provision of trade tools and funding to enable participation.

In 2018, 98% of our employees (including corporate) are Ghanaian and 51% hail from our directly impacted host communities. 74% of our contractors are from host communities.

Establishment of LOCOMS, the enhanced social and financial inclusion that has resulted, and their recognition in the 2018 GMIA under the category of Mining Supply and Services.

Mainstreaming of 250 former illegal miners into decent work.

Local procurement participation – in 2017 alone, 86% of company goods and services value was provided by Ghanaian companies, 27% of goods and service expenditure was with local companies (total retained value of \$39.9).

Establishment of over 16 SME Associations allowing for enhanced income generation, leverage and organization to access other development opportunities.

SME support to 432 micro and small business operators, from > 16 Associations through the donation of over 400 items of enhanced business machinery and equipment for their industries, including:

- 44 agricultural producers: processing machinery, dough mills, and driers.
- 75 dress makers/tailors: knitting, overlocking and embroidery machines.
- 67 hairdressers: driers, sinks, sterilisers and other machinery.
- 155 food suppliers: appliances, tricycles, fur removing gas guns, and cold storage equipment.
- 60 garages, wood/metal/aluminum works: electronic diagnostic equipment, presses, spraying guns and sanding machinery.
- Association of Persons With Disability (31 people): equipment to hire out.
- Small business capacity building and networking support for 60 participants.

Links

- [2018 PDAC Environmental and Social Responsibility Awards winner video](#)
- [Golden Star Resources decent work fact sheets](#)
- [Local procurement participation](#)
- [Small and micro entrepreneurs programs](#)
- [Youth skills training](#)
- [Employment and jobs creation](#)
- [Youth vocational training](#)