

Schulich School of Business Remarks  
Address by Tye W. Burt  
Kinross Gold Corporation  
November 25, 2011

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Notes for an Address by Tye W. Burt

President and CEO

Kinross Gold Corporation

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Thank you.

I'm honoured to help you kick-off the Schulich International Case Competition on sustainability issues in the mining industry.

Global resource use and management is among the most significant issues of this generation. It is debated in the editorial pages, on the nightly news, in countless websites and blogs, even at the Cineplex: remember the top grossing motion picture of all-time, Avatar.

I vividly recall watching Avatar with one of my daughters when it was released. As the movie progressed I could tell that she was getting a bit concerned. When it became clear that the mining company was going to push forward regardless of the consequences –in 3-D, no less! -- she turned to me and whispered, “Dad, is that what you do for a living?”

After the movie we had a very lively conversation. I think I satisfied her concerns -- she's still speaking to me, which is a good sign!!

But her simple question brought home in a very personal way the questions that people around the world have about resource development – questions about the environment, social impacts, governance, the potential to act as an economic springboard in developing countries – the list is long.

For those of you considering a career in finance or securities law, it is highly likely that mining will feature. Direct work relating to any natural resources development will raise questions you need to consider– and be able to answer with a clear conscience.

I hope that in the end you can consider those questions and say “yes” to responsible mining and resource development. Because

– as I hope to explain today -- I think there is, and will, continue to be a tremendous opportunity for you.

I believe that as Canadians, we are uniquely positioned to lead the way in ensuring the responsible development of the world's resources.

The stars are truly aligned for Canada and we have an unprecedented chance to expand our leadership and influence around the globe...and, importantly, to advance the thinking and practice around the critical geopolitical asset of natural resources.

This goes beyond our economic impact – we can actually make the world a better place by exporting more of what Canada does well as a country. And your generation can help to make that a reality.

I see three aspects to our competitive advantage...what we could call “The Canadian edge”.

The first is Canada’s overall economic strength, and our ability to lead other nations by example, rather than through perceived economic coercion or a geopolitical agenda;

The second is Canada’s abundance of natural resource wealth, and equally -- or even more -- important, our skill for finding, financing, and extracting resources responsibly around the world – what I like to call Canada’s ecosystem of resource expertise;

And the third is Canada’s reputation as a conciliator and peacemaker, and our strong social conscience – powerful attributes in a turbulent world facing soaring demand, which in turn leads to major social and environmental challenges.

As Canadians, we tend to be humble, and often modest to a fault – prone to what Ken Dryden in his recent book, *Becoming Canada*, has called “ambition-killing self-deprecation”.

But I’d urge that we can, and must, recognize and embrace our global economic opportunity, and “own the podium” as a world leader in responsible natural resource development and management.

We have what the rest of the world desperately wants and needs – not only in our resource endowment, but critically, in our skill sets, our reputation, and the values we live by.

We have the ability not only to enhance our own lives but those of our partners around the world and to help ensure enlightened development and use of the world’s resources.

The first pillar of Canada's competitive edge is our underlying economic strength.

For the first time ever, this fall Canada was ranked No. 1 in the Forbes Magazine annual look at the Best Countries for Business.

The Forbes survey assesses some 134 countries based on 11 different factors, including property rights, innovation, taxes, technology, corruption, freedom including -- personal, trade and monetary freedom -- red tape, investor protection and stock market performance.

Let me quote what Forbes had to say:

“While the U.S. is paralyzed by fears of a double-dip recession and Europe struggles with sovereign debt issues, Canada's economy has held up better than most. The \$1.6 trillion economy is the ninth biggest in the world and grew 3.1% last

year. It is expected to expand 2.4% in 2011, according to the Royal Bank of Canada.

“Canada skirted the banking meltdown that plagued the U.S. and Europe. Banks in Canada avoided bailouts and were profitable during the financial crises that started in 2007. Canadian banks emerged from the tumult among the strongest in the world thanks to their conservative lending practices.”

In addition to this impressive endorsement from Forbes, I would note that our deficit and debt are by far the lowest in the G7. Our current deficit is less than three percent of GDP, compared to 11 percent south of the border.

With the current sovereign debt crisis, other nations may well envy – and hopefully learn from -- Canada’s fiscal prudence and economic stability.

But importantly, our economic strength doesn't pose a threat. The world's leaders don't lay awake at night worrying about Canadian threats to their sovereignty.

That perceived lack of any larger economic or geopolitical agenda gives Canada an advantage over economic superpowers like China or the US. It helps to increase trust with host governments and makes Canadian investors and Canadian companies more welcome around the world.

The second pillar of the Canadian edge is our rich resource endowment, and the business ecosystem that we've built around it.

In terms of world population, Canada ranks number thirty-six. We are ninth in the world by size of GDP... but we are second only to Russia in land mass.

We are number one in the world in the production of uranium and potash; number two in nickel and cobalt; number three in aluminum and platinum group metals; number five in diamonds and zinc; number six in oil; number eight in gold and copper, and number nine in iron ore. Importantly, behind Brazil and Russia, we are number three in freshwater supply.

Our remarkable mineral endowment has made mining products Canada's largest export. Canadian mining exports of \$96 billion in 2010 comprised 19% of total Canadian exports. That compares to the auto industry, with exports worth \$56 billion, and the forestry industry, with exports of \$22 billion.

But while the strength of Canadian mining was built on our own domestic mineral wealth, it doesn't end there. It's not just our reserves of minerals -- it's also our great reserves of knowledge, experience, and expertise.

For many years in the last century, Newfoundland mine shaft sinkers were known worldwide in the mining industry. If you wanted to build a hard rock underground mine, you wanted a crew from Newfoundland to sink the shaft – they were the best.

Today, that same Canadian reputation for mining expertise extends into scores of related disciplines -- from exploration, to metallurgy, to equity and debt funding, to governance, to mining and securities law.

This intellectual capital – the product of a highly-educated workforce, world-class educational institutions (like the Schulich School and Osgoode Hall), and sophisticated capital markets -- is another precious Canadian resource that we export to great advantage.

Over the years, the evolution of Canadian mining has tilted in favour of those who have leveraged their mining expertise onto a global stage – companies like Barrick, Goldcorp, Sherritt, Inmet, Lundin, First Quantum, and many others.

Kinross is a good example of a “next generation” Canadian mining company. While we are one of the country’s largest companies – ranked 26<sup>th</sup> by market value - and have exploration projects in Canada, we don’t currently own or operate any mines here – our ten operating mines and four major development projects are located in seven other countries on four continents.

Yet we have chosen to keep our headquarters in Toronto, in part because of the great critical mass of expertise in mining and financing that resides here.

Toronto is the world's acknowledged mining finance capital. In **2010**, approximately **\$18** billion in new equity was raised by TSX listed companies with over **2400** transactions – representing **91%** of the world's total mining financings and **60%** of the total equity capital raised for the sector.

In addition to the scores of mining and exploration companies with head offices in Toronto, there are hundreds more companies and consultants serving the industry. Toronto is the centre of a Canadian mining ecosystem that includes investors, bankers, regulators, capital markets, legal experts, engineering firms, and educational institutions – a complex, interdependent system that drives an engine which finances resource exploration and development around the world.

Today, 1,800 Canadian mining companies operate in more than 100 countries. Canadian companies control mining and exploration assets worth more than \$500 billion across 5,000 individual projects worldwide.

The skills to be found within that mining ecosystem go beyond the traditional areas of engineering and finance -- Canadians also excel in the relationship-building skills that are increasingly vital for global leadership.

And that takes us to what I see as the third pillar of our Canadian edge: our cultural grounding in conciliation, social consciousness, and peacemaking.

With our long history of multiculturalism, and a record of accommodating a powerful neighbour, we have developed a gift for reconciling differing cultural perspectives and opposing viewpoints.

You might call it the Lester B. Pearson gene in our national character. It can be a huge advantage in advancing Canadian business interests in a polarized and often turbulent world.

In the mining sector, this Canadian trait is essential to operating and developing projects in diverse cultural settings. It means working with overlapping levels of government, understanding the needs of indigenous peoples, and working with local communities and other stakeholders.

Of course our Canadian gift as conciliators and diplomats is closely related to what we think of as another classic Canadian trait – a belief in clear, fair governance, in ethical conduct, and in social responsibility – to put it simply, doing the right thing.

For mining companies trying to enter new jurisdictions, one's reputation as a good corporate citizen is a critical calling card – without it one doesn't get far with local communities or governments.

This goes beyond just good business. We are managing precious mineral endowments in our host countries. With this great potential, comes great responsibility. As mining companies

investing billions of dollars in some of the world's poorest nations, we have the opportunity to make a dramatic impact.

I have always had difficulty applying the term “sustainability” to extractive businesses like ours. By definition, mineral extraction is unsustainable: once a deposit has been mined, it's gone.

But I believe we can talk about the sustainability of our legacy – that is, the opportunity to make a sustainable improvement in the quality of life for people and communities where we work.

And that means building local infrastructure, health and educational facilities, and economic capacity that outlasts mining operations in the communities where we work, and is sustainable once the mine is gone.

A good example is \$10 million in funding Kinross recently provided to build the first mining and technical school in Mauritania in West Africa – a very poor but resource-rich nation on the west coast of the continent. The country needs education and facilities as well as food production and, of course, jobs. This grant will help to provide skilled local people to run our own mine there, but it will continue producing graduates long after the mine is built.

Another example is the support we provide for a cooperative in Ecuador representing hundreds of local coffee growers, who are building a new organic coffee export business that also will likely outlast our future mining operations.

We certainly aren't alone in these initiatives. Scores of mining projects financed at King and Bay are helping to build schools and hospitals, provide communities with access to clean water,

and give a head start to local businesses – in resource-rich emerging countries around the world.

These are the kinds of stories the public typically doesn't hear much about in news reports about Canadian mining companies operating abroad.

Too often, what we hear is much less flattering. We hear stories about conflict and community opposition to Canadian-funded mining projects – often set in stark contrast to the Canadian reputation for fairness and ethical conduct.

Let me reiterate -- I believe that by and large Canadian mining companies make a very positive net impact, that our global reputation for corporate responsibility is strong, and that it is truly a key part of Canada's edge in responsible resource development.

That said, there are examples where even with the best of intentions, mining companies have fallen short in earning community support for their projects – or for what is typically called their “the social licence to operate.”

I’m not going to discuss specific cases or comment on other companies. But I will offer a few general observations on some of the ways I believe that companies can misstep when it comes to earning -- and keeping -- the support of host communities.

Sometimes, it stems from the failure to fully grasp local relationships and interests. The subtleties and nuances of local politics can be extremely difficult for outsiders to understand, and it is easy to mis-step.

Sometimes, it comes from a basic failure to communicate – to provide enough access to two-way communication, to really listen to concerns that are being voiced, to be sufficiently

inclusive, or to give people the sense that they are meaningfully engaged in the project.

Sometimes, there are places where the politics, systemic corruption, human rights record, lack of security, or other factors simply present too great a risk. There are cases where even with the best practices in the world, you may never be able to establish a stable, harmonious and mutually beneficial relationship with the host community.

In a world where quality mineral deposits are increasingly hard to find, this presents a real challenge for global mining. Nevertheless, as a responsible mining company, it is critical to recognize the world's "no-go" zones and to steer clear -- however great the asset or the temptation.

The bottom line is that the social and political challenges of developing new mining projects today are often greater than the engineering challenges. And there are some critical capabilities

and processes a mining company needs to have in place if they expect to succeed in an increasingly complex world.

One needs an excellent understanding of the political process, laws, history, human rights record, and customs of a new jurisdiction and needs to be able to assess the geopolitical risk of investing there. For example, we deploy an internal rating system that helps us assess these risks.

One needs people on the ground – preferably nationals with a long history in the country – who are intimately familiar with politics and alliances, at a community, regional, and national level.

One needs a first-class community relations team, preferably people who have already built strong relationships in the local community, and who are respected as trustworthy and fair.

One needs a systematic plan for engaging with local stakeholders, and for monitoring impacts. This should have features like a stakeholder advisory committee that is truly representative of the local population, a stakeholder mapping process to ensure comprehensive engagement, a process for responding to grievances, and a process for regularly surveying local opinion.

One needs clear rules of engagement for staff and contractors, including a clear understanding of what the many forms of corruption can look like, and a zero tolerance for these activities.

One needs to be transparent in your activities, be ready to own up honestly when you have a problem or make a mistake.

And critically, one needs to be able to establish that the community is actually better off for you having chosen to invest there. Kinross is focused on advancing a new relationship model based on measuring and optimizing what we call the “benefit

footprint” in communities where we have an impact. And as I indicated earlier, a major part of our effort is focussed on supporting long-term economic sustainability that extends beyond the life of our mining enterprise.

These are just some of the elements that, to my mind, are essential ingredients for success in the new global community of mining. The list is certainly not exhaustive – there are others you could certainly add.

But experience shows that if you can get it right, it is possible to get that elusive “win-win” for the community which owns the resource and the shareholders who risk their money to develop it.

At our company we’ve worked very hard to get elements such as these in place and our efforts have paid off.

We are listed on the Dow Jones Sustainability World Index, the world's leading index of corporately responsible companies, and the Jantzi Sustainalytics Index, Canada's leading CR index. We are on Macleans Magazine's list of Top 50 Corporate Citizens for the past three years and the Corporate Knights list for the past two years. Most recently, we were named one of the Top Ten Corporate Cultures in Canada.

These corporate recognitions are gratifying, but our real measure of success is the level of trust we have in the communities where we work. And that is something we never take for granted.

We also know we don't have all the answers when it comes to defining what "responsible mining" looks like.

That is why it is critical our industry continues to partner with academic institutions, NGOs and civil society at large to help to broaden our understanding and push the envelope in this area.

And that is why exercises like the one you are taking part in tomorrow are so valuable.

Our industry's continuing challenge – and the challenge for the next generation of leaders -- is to provide a model of the “Canadian edge” in action - profiting as businesses, while engaging with communities and improving peoples' lives.

That edge – a combination of economic strength, natural resource wealth, and social conscience -- can be a powerful force in the world.

And you are uniquely positioned to be part of it.

Thank you, and best of luck in the competition tomorrow!