



Vale Inco Newfoundland & Labrador Limited
Corporate Social Responsibility
Annual Report 2008

A Message to Stakeholders



Major strides were made in 2008, as Vale Inco Newfoundland and Labrador achieved key milestones in the development of the Long Harbour Processing Plant.

A successful research and development program, at the hydromet demonstration plant in Argentia, informed our decision to proceed with ground breaking hydrometallurgical processing technology at Long Harbour. Economic and employment benefits for the province are expected to be greater with hydromet technology and the hydromet process is more environmentally friendly.

Also during 2008, the Environmental Impact Statement (EIS) for the Long Harbour Processing Plant received regulatory approval from the federal and provincial governments, releasing the project from Environmental Assessment and giving the green light to development.

The Long Harbour Processing Plant is the final component in a development plan that, when complete, will see our company becoming a fully integrated nickel mining and processing operation in Newfoundland and Labrador.

The mine and concentrator operation at Voisey's Bay reported an outstanding year of business and technical performance in 2008. All customer targets were met or exceeded on the production side, both in terms of quantity and quality of produced material.

Essentially, our production output is higher and better than we budgeted. Vale Inco Newfoundland and Labrador is proud to be a significant contributor to the economy of this province.

Our commitment to environmental protection and the health and safety of our workers continued in 2008.

The development of the Safe Operations program, expressly for mine and concentrator operations, resulted in a decrease in Lost Time Incidents (LTI) along with fewer incidents. And there were zero LTI at the hydromet demonstration plant in Argentia.

Our environmental record in Labrador improved during 2008, with a 23 percent reduction in environmental incidents. There were no significant environmental incidents at the hydromet demonstration plant in Argentia.

Our commitment to the community is stronger than ever. We have maintained our high level of participation by aboriginal workers, and launched the Role Model Poster Campaign encouraging aboriginal young people to stay in school and further their education. This commitment to industrial and socioeconomic benefits for aboriginal people was recognized during 2008 with an invitation from the United Nations to present at an international conference in Russia. As well, a tax agreement with the Town of Long Harbour will see that town receive a \$5 million grant in lieu of taxes, plus the construction of a fire hall and procurement of a new fire truck for the town.

There is still much work to be done, with construction of the commercial plant beginning in 2009, and production scheduled to begin in 2012. Our principles of corporate social responsibility, and our commitment to safe, environmentally responsible operations, will remain steadfast as we embrace the challenges and opportunities that lie ahead.

A handwritten signature in black ink, appearing to read 'Tom Paddon'.

Tom Paddon,
General Manager, Newfoundland and Labrador

Performance Highlights



Concentrate carrier destined for Edward's Cove

- Successful research and development program concludes at the hydromet demonstration plant.
- Hydromet technology selected at nickel processing plant.
- Seventy percent of hydromet demonstration plant employees – and their knowledge – retained within Vale Inco, through successful Skills Retention Plan.
- Long Harbour Processing Plant released from environmental assessment.
- Tax agreement signed with Town of Long Harbour, including \$5 million grant in lieu of taxes and a new fire hall and fire truck.
- Environmental incidents - usually accidental spillage of hydrocarbons - were reduced by 23 percent in Labrador.
- There were no significant environmental incidents at the hydromet demonstration plant in Argentina.
- No lost time incidents (LTI) at Long Harbour and significant reduction in LTI at Labrador operations.
- Commitment to industrial and socio economic benefits for aboriginal people was recognized with an invitation from the United Nations to present at an international conference.
- Adult Basic Education program at Skills Development Centre in Labrador expands courses and receives exam invigilator status.
- Winter shipping program in Labrador continues to improve, based on community engagement.
- Total expenditures of more than \$383 million on goods and services during 2008, 86 percent of it in Newfoundland and Labrador.

Expenditure Summary

2008 Summary of Expenditures Goods and Commercial Services (Cdn \$ Millions)

Location	Subcontracts	Transportation	Services	Fuel	Supplies and Equipment	Other	Taxes	Labour	Subtotal
Labrador	7.0	11.0	4.0	32.0	30.0	26.0	19.0	94.0	\$223.0
Newfoundland	0.5	3.0	1.5	0.80	8.0	17.5	16.0	63.0	\$110.3
Other	4.0	1.0	21.5	0.00	7.0	4.0	8.0	5.0	\$50.5
Total	11.5	15.0	27.0	32.8	45	47.5	43	162.0	\$383.8

Developing our Workforce

Our Voisey's Bay mineral assets are truly world class, but it's people who make our business successful. A skilled, highly trained workforce is essential in order for us to achieve our business, safety and environmental objectives.

At Vale Inco Newfoundland and Labrador, we are committed to developing our people to their full potential. After all, it is our people who extract and concentrate the ore; who demonstrate the effectiveness of the hydromet processing technology; who design, build and operate the nickel processing plant; and who manage and administer our business. For this reason, considerable effort is invested in recruiting, training and retaining our valuable employees.

We are proud of achieving high levels of aboriginal participation - more than 50 percent of our workforce - at the mine and concentrator site in Labrador. We strive to increase that number, as new hiring opportunities emerge. We are also committed to developing our aboriginal workforce, enabling them to take advantage of full opportunities for advancement and promotion, particularly to supervisory positions. An aggressive succession plan ensures that aboriginal workers are promoted to more senior positions within the company.

The Skills Development Centre at the mine and concentrator site is the first and still the only private work site in the province to receive Adult Basic Education (ABE) designation, and the centre made considerable progress during 2008.

According to Skills Development Trainer, Kathleen Moriarty, the centre expanded its service in 2008 and is now an exam invigilator. "This means we can administer exams here on the site for post-secondary institutions located elsewhere. Students can study online or by correspondence, and won't have to leave the work site to take exams."

The course offerings have grown as well, from basic education and literacy to more advanced material with a much wider focus.



Developing our Workforce cont'd



a specialized and unique combination of skill sets in hydromet technology, and we want as many of them as possible to join us in the operations phase.”

An Employee Redeployment Plan was put in place, utilizing a combination of hiring within the company and training opportunities to keep as many employees as possible engaged and their skill sets fresh.

The plan had four components: redeployment of workers, full-time training, part-time training and outplacement assistance.

“We’re doing more computer training for employees, and increased training for supervisory staff,” Moriarty said. “There are more people taking advantage of EduMine online mining courses. People have been expressing interest and signing up from the mill, mine operations, the exploration division, the Goose Bay office, and the corporate office. Workplace education is not limited to a specific group of individuals. It’s an opportunity for everyone - Vale Inco employees as well as contractors - to access a wide range of training opportunities that will support and enhance the work they do at the site.”

Vale Inco’s commitment to training and retaining its people was demonstrated in Long Harbour during 2008, with the closure of the hydromet demonstration plant.

Information gained at the demonstration plant has proven crucial in the engineering and design of the Long Harbour Processing Plant. That knowledge exists to some degree on paper, but it also resides within the 130 employees who worked at the plant.

“The demonstration plant employees represent a wealth of experience that is an extremely valuable asset to Vale Inco,” said Wayne Scott, Manager of Human Resources. “For this reason, a substantial effort was made to retain as many employees as possible, to transition them to the commercial nickel processing plant when production starts in 2012.”

It was the employees who refined the processing techniques and fine-tuned the equipment, Scott explained. “They represent

The largest and most important component was redeployment, with the majority of demonstration plant employees reassigned to other areas of the Vale Inco organization. “Several workers went to Goro, New Caledonia, to participate in the start-up of a different type of hydromet facility there,” Scott said. “A large number worked on the processing plant project design team, in St. John’s and Mississauga, Ontario. Several others were deployed to Vale Inco operations in this province and other parts of Canada.”

A training component was also offered, with bursaries of up to \$15,000 per year available to employees who wished to return to school full-time. Funding of \$2,000 per year was made available for workers interested in upgrading through part-time studies. Outplacement services were made available to employees who could not be absorbed elsewhere in the organization.

“We are pleased to report that 70 percent of employees at the demonstration plant were retained within Vale Inco,” Scott said. “And every employee at the plant was given a formal offer of employment at the commercial plant, when it opens.”

The demonstration plant went into hiatus but the closure isn’t permanent. It will be re-opened about a year prior to start-up of the processing plant, for training of the workforce there.

Our employment commitment in the province remains a priority as we continue to create opportunities for the residents of Labrador, aboriginal people in particular, and for Newfoundlanders.

Direct Employment by Category and Work Location

Category	Work Location								
	Labrador			Newfoundland			Other		
	F	M	Total	F	M	Total	F	M	Total
Administration	36	20	56	64	27	91	14	9	23
EHS	3	11	14	13	23	36	2	6	8
Engineering & Technical	18	44	62	25	115	140	44	241	285
IT/Systems	0	5	5	2	7	9	2	10	12
Management	5	51	56	4	49	53	0	12	12
Materials Management	4	19	23	4	5	9	0	7	7
Miscellaneous	63	47	110	1	8	9	0	4	4
Plant Operators	3	44	47	19	45	64	2	0	2
R&D	0	0	0	30	23	53	9	16	25
Trades	15	227	242	4	33	37	1	12	13
Total	147	468	615	166	335	501	74	317	391

Direct Employment by Category and Residence

Category	Residence								
	Labrador			Newfoundland			Other		
	F	M	Total	F	M	Total	F	M	Total
Administration	34	8	42	63	34	97	17	14	31
EHS	2	6	8	13	26	39	3	8	11
Engineering and Technical	6	26	32	35	134	169	46	240	286
IT/Systems	0	1	1	2	11	13	2	10	12
Management	3	27	30	6	63	69	0	22	22
Materials Management	3	19	22	5	4	9	0	8	8
Miscellaneous	63	41	104	1	13	14	0	5	5
Plant Operators	3	35	38	19	54	73	2	0	2
R&D	3	2	5	28	22	50	8	15	23
Trades	14	180	194	5	78	83	1	14	15
Total	131	345	476	177	439	616	79	336	415

Opportunities For Communities and Businesses

Vale Inco Newfoundland and Labrador is applying a set of employment and business principles to guide it through the planning, construction, and operations phases of the Long Harbour Processing Plant. The objective is to deliver optimal benefits in Newfoundland and Labrador, in terms of direct employment and procurement expenditures.

Vale Inco NL has conducted extensive research into socio-economic impacts that may occur in Long Harbour and the surrounding region, as a result of this development. This research and previous experience indicates that, if managed well, major industrial projects have substantial positive economic effects on adjacent communities. Any negative effects on the socio-economic environment have generally been minor and of short duration.

Construction and operations of the Long Harbour Processing Plant are expected to create about 12,490 direct person-years of employment within the province, and approximately \$1.38 billion in direct employment income.

During construction, it is anticipated that about 85 per cent of employees will hail from Newfoundland and Labrador. This number is expected to rise to 95 per cent during operations.



It is estimated that indirect employment for the plant, through firms supplying goods and services to the project, will be approximately 13,800 person-years over the life of the project.

As well, there will be induced employment as wages earned directly and indirectly by workers and businesses circulate through the economy. Construction and operations are expected to generate an additional 8,720 person-years of induced employment.

The Government of Newfoundland and Labrador will also benefit substantially. Over the life of the project (mine, mill and processing), the provincial treasury is expected to receive up to \$2.8 billion in increased tax revenues, including about \$1 billion in mining taxes (the largest single source of revenue to the province).

The provincial Gross Domestic Product will increase by up to \$20 billion over the life of the project, including mining and concentrating activities in Labrador.

While hiring preference will be given to qualified workers from nearby communities, it is anticipated that a portion of the construction labour force will hail from outside of the region. For this reason, accommodation for up to 500 workers will be built near the site. Because of its proximity, the Long Harbour/Placentia area is expected to see the highest level of business activity as a result of the project.

Labour availability is potentially a concern during the construction phase, said Human Resources Manager Wayne Scott. "The labour market for skilled trades in Canada experienced a shortage during 2008," he explained. "Vale Inco is working closely with contractors and building trades unions to identify and build a qualified, skilled workforce from within the province."

The company has engaged in extensive communications and community consultation efforts with stakeholders, including community open houses in Long Harbour, Whitbourne, Ship Harbour and Placentia to discuss social and environmental issues, as well as vendor information sessions at locations across the province to ensure that companies are positioned to take advantage of procurement opportunities.

As part of its commitment to maximize opportunities for people in adjacent communities, Vale Inco Newfoundland and Labrador has focused considerable effort on schools in the region.

“Our objective is to inform students of job opportunities and career paths in the mining industry, and to reinforce the need for students to continue their education in order to qualify for project-related employment,” Scott said.

The company established an information centre in the local area, advertised widely throughout the province and set up a response system aimed at answering questions about the project. Vale Inco Newfoundland and Labrador is maintaining consultation with governments, business operators, interest groups and citizens of the area, as it continues its communications efforts to provide timely information on all opportunities related to this project.

Procurement opportunities go online

Vale Inco Newfoundland and Labrador streamlined its bidding process during 2008 by making all procurement opportunities available online.

“All such opportunities are now sourced directly and exclusively through the Quadrem electronic marketplace,” said Miles Lippett, Manager of Procurement. “Our suppliers now register their companies with Quadrem in order to do business with Vale Inco Newfoundland and Labrador. There is a nominal fee to register, but this is offset by the opportunity and convenience afforded by Quadrem.”

The web-based system aligns operations in this province with the global system currently in place through parent company Vale, which conducts all sourcing and purchasing online through Quadrem.

“In addition to the convenience of accessing and responding to tenders and purchase orders online, through one centralized web application, Quadrem exposes suppliers to a world of new business opportunities,” Lippett explained. “Suppliers will now have ready access to all procurement opportunities that exist across Vale’s global operations. Through Quadrem, they become



part of an online business community comprising more than 1,000 purchasers of goods and services.”

Lippett emphasized that Vale Inco’s commitment to local suppliers remains unchanged.

“For qualified provincial suppliers, we will provide full and fair opportunity and first consideration to participate in all phases of the project,” he said. “We continue to promote the use of local businesses. We are working with business organizations and governments to encourage and facilitate the development of business capacity in the local area.”

Visit www.quadrem.com to find out more about the Quadrem online service.

Estimated quantities of commodities

A substantial amount of earth will be moved - and enormous volumes of materials will be deployed - during construction of the commercial nickel processing plant, in Long Harbour. The following chart outlines some of this data, based on rough estimates (which are subject to change).

Material	Quantity
Concrete	122,000 cubic metres
Structural Steel	27,000 tonnes
Piping	350 kilometres
Electrical cable	950 kilometres
Earthworks - cut	1,700,000 cubic metres
Earthworks - fill	1,400,000 cubic metres

Environmental Performance



Hydro-seeding

Vale Inco Newfoundland and Labrador is committed to the principle of sustainable development during all phases of development and across all areas of its operation.

This applies to mine and concentrator operations in Labrador and the hydromet demonstration plant in Argentina, as it will to the Long Harbour Processing Plant during the construction and operations phases. Vale Inco Newfoundland and Labrador has prepared an environmental, health and safety policy which defines the company's commitment to environmental protection. In order to succeed, sustainable development must balance the need for economic activity today, with good stewardship in the protection of human health and the natural environment for future generations. Accountability for safety



Boreal Felt Lichen

and environmental protection is shared among all employees, and the company is committed to providing the technical and professional support necessary for effective implementation.

Vale Inco Newfoundland and Labrador believes that all incidents can be prevented. Risk is assessed and evaluated, and measures taken to prevent incidents. A workplace culture is evolving in which employees are learning to recognize and reduce risks during routine work activities.

With ongoing commitment to these concepts, improvements are being noted in Labrador, where environmental incidents were reduced by 23 percent during 2008. All of these incidents involved accidental release of hydrocarbons, usually caused by mechanical failure of hydraulic system components. However, in all cases, there were no residual impacts to the surrounding environment.

During 2008, there were no significant environmental incidents during operations of the hydromet demonstration plant in Argentina. In fact, a key component of the demonstration plant involved the effective management of effluent and residue. Right from the conception and design phase, environmental protection measures have been incorporated, utilized and maintained to ensure that all potentially adverse environmental effects have been mitigated. Knowledge gained in this process will be applied to the design, construction and operations of the Long Harbour Processing Plant.

From the outset of planning for this project, Vale Inco Newfoundland and Labrador has gathered extensive environmental information from a detailed analysis of numerous baseline studies. This system is the foundation upon which our company has developed policies, management decisions, technical designs, equipment selection, and detailed work procedures for the project.



Environmental personnel deploy a real-time water quality instrument at Reid Brook

A key milestone in 2008 for development of the Long Harbour Processing Plant was the release of the plant from further Environmental Assessment (EA). The decision was announced

August 26 by the Honourable Charlene Johnson, Minister of Environment and Conservation with the Government of Newfoundland and Labrador.

The project had received federal EA approval during July, in which the Canadian Environmental Assessment Agency determined that “the project is not likely to cause significant adverse environmental effects.”

Rinaldo Stefan, Project Director for the Long Harbour Processing Plant, said this is an important milestone for Vale Inco Newfoundland and Labrador.

“We are pleased that both the provincial and federal EA processes are complete,” he said. “Already, we are focused on finishing engineering work and securing the permits required to begin construction.”

The EA process was initiated in March of 2006, with parallel assessments conducted by both levels of government. It involved extensive baseline studies of the freshwater and marine environment, including seabirds, raptors and otters. Terrestrial life was studied, including rare and endangered species, as was groundwater and physical oceanography. Scientific modeling was used to predict and develop plans to mitigate impacts on air quality, as well as terrestrial and marine environments. Research was also conducted into human health, historic resources and socio-economic impacts.

Conditional with provincial EA approval, Vale Inco Newfoundland and Labrador will honour a number of commitments, including preparation of an Environmental Preparation Plan, Women’s Employment Plan, Environmental Emergencies Contingency Plan, Fisheries and Aquaculture Compensation Program and an Environmental Effects Monitoring Plan.

As well, prior to the start of operations in Long Harbour, Vale Inco Newfoundland and Labrador will set aside and hold in trust sufficient funds to cover the predicted cost of remediation work, when production at the plant winds down.

Hydromet technology chosen



Demonstration Plant interior, Argentina

Vale Inco Newfoundland and Labrador announced during 2008 that it would deploy hydromet technology at the Long Harbour Processing Plant.

Hydrometallurgical - or hydromet - nickel processing is more environmentally friendly than conventional matte processing. However, it is still a new process that, until now, was not proven to be feasible for the type of nickel concentrate from the Voisey's Bay resource.

The hydromet R&D program, carried out from 2005 to 2007 at the hydromet demonstration plant in Long Harbour, was intended to demonstrate and refine the hydromet processing technology, as well as collect data that would be incorporated into the design of the commercial-scale processing plant.

"This is tremendous news for Long Harbour and surrounding communities and we look forward to ground being broken in 2009, and the well paying jobs it will bring to the area over the next two decades," said the Honourable Kathy Dunderdale, Minister of Natural Resources. "Hydromet has always been the government's preferred option as it is the processing technology of the future with the greatest economic and employment impact for the province, so we feel this is the best possible outcome for the people of the entire Placentia Bay region, and indeed the province."

Hydromet processing involves using water-based chemical treatment to extract nickel from the concentrate and refine it to finished nickel. Economic and employment impacts for the province are expected to be greater with hydromet, and environmental impacts will be minimized.

In its development agreement with the province, Vale Inco had committed to making a decision on hydromet vs. matte technology by November of 2008. Until this decision point was reached, the company was approaching the front-end engineering and design work on a dual track, building in accommodation for either hydromet or matte processing technology. This decision enabled the company to focus on one process, thereby streamlining engineering design activities.

Sandy Pond receives regulatory approval

The proposed Sandy Pond residue containment site at Long Harbour received regulatory approval during 2008.

It is estimated that 5.8 million tonnes of residue, composed primarily of iron, gypsum and sulphur, will be generated over the 15-year life of the Long Harbour Processing Plant. Research conducted by Vale Inco on hydromet residue has shown that underwater storage is necessary, because if the residue comes in contact with air the sulphur in the residue could oxidize and produce sulphuric acid. Underwater storage prevents this reaction.

Vale Inco Newfoundland and Labrador considered 12 potential sites for residue containment in the Long Harbour area, including ponds, a combination of ponds, streams and terrain, and an excavated pit. While a man-made containment site in an elevated area would not directly disturb fish habitat, it would have had a much greater environmental footprint than the utilization of Sandy Pond.

Further, any man-made containment facility would need to have a liner installed to prevent seepage of residue into the groundwater, and membrane technology currently doesn't exist that can ensure, into perpetuity, no risk of leakage into the surrounding groundwater.

A natural pond was determined to be the best alternative because the risk of leaching into the environment is lower than from a man-made containment area. In its Environmental Impact Statement (EIS), Vale Inco Newfoundland and Labrador recommended that Sandy Pond be used as a safe, secure residue containment site.

The federal government approved the EIS - including the proposed Sandy Pond site - in July of 2008, while the provincial government gave its approval in August.

A Safe and Healthy Workplace



Newfoundland and Labrador is the health and safety of our employees, and the communities in which we operate. This is reflected in policies and procedures that govern work activity in every aspect of our operation.

Through all stages of project development and operation, we not only meet but, where possible, surpass standards set by applicable legislation. In the absence of legislation, best management practices are applied at all our facilities and projects to minimize risks to occupational and public health and safety. We have worked hard to nurture a safety culture, in which our people take care of themselves and watch out for each other.

This is reflected in the excellent safety record achieved at the hydromet demonstration plant in Argentina, where there were no Lost Time Incidents during 2008.



We placed a renewed emphasis on safety at our Labrador operations in 2008, and the investment in time and effort has paid substantial dividends.

Introduced late in 2007, the SafeOperations program is focused on effective risk management and is tailored specifically to the needs of our Labrador operations. Consultant Will Kraft developed the SafeOperations program and assisted in its implementation during 2008.

A Safe and Healthy Workplace cont'd

"This program had a tremendous impact, changing the way we look at and manage risk across our operations," said Tom Paddon, General Manager of Labrador Operations. "Our first objective is to reduce risk to what we call As Low As Reasonably Achievable (ALARA), through a process of becoming aware of the risk, assessing it, reducing it to the greatest extent possible, and then managing whatever risk remains."

That program has seen a decrease in Lost Time Injuries at the Mine and Concentrator, along with fewer incidents, Paddon said. "We've seen a real and significant reduction in all factors we assess, from work-related injuries to incidents causing damage to equipment to environmental incidents."

Investing in People and Communities



Christmas stockings delivered to residents of North Coast communities. (L-R: Sophie Ford, Sue & Zack Maggo and Mary White)

Vale Inco Newfoundland and Labrador's commitment to community remained steadfast during 2008, with contributions and initiatives in a number of areas, all designed to enrich the lives of people in the province. Just over \$90,000 was contributed to a variety of charitable and community-based organizations, as per the diagram on the next page.



Principal Dean Coombs with Allan Vincent
Amos Comenius School - Hopedale



Aerial view of Long Harbour.

“As a broader message, they focus on the benefits of secondary and post-secondary education as it relates to finding full-time employment, with us or any employer,” Paddon said, adding that the stories were not concocted by a professional writer.

“They are based on the actual words used by our staff, drawn from questionnaires they completed after agreeing to participate in this project. The comments are spontaneous, and honest. This, we feel, is one of the greatest strengths of the initiative.”

The Wolfrey Family poster, for example, demonstrates what happens when everyone in the family sets a career goal and pursues it by furthering their education. As a result of their training, six family members now work in support of the operation.

Other posters focus on the mine operators, millwrights, catering staff, heavy equipment operators, site supervisors, and other skilled people who make Labrador operations work so efficiently. “I am happy to say the stories featured in these 10 posters are the tip of the iceberg as there are many others, equally significant yet known to only a few,” Paddon said.

The posters have been distributed to schools, Nunatsiavut Government and Innu Nation offices and will be displayed publicly in many Labrador communities, Paddon explained. “These posters perfectly complement our current ‘stay in school’ and life long learning initiatives which include career fairs, adult basic education at site, school visits, student tours of the mine site, scholarship programs as well as various community based training initiatives.”

Paddon said that aboriginal staff members represent the majority of the Labrador workforce. "The launch of the Role Model Poster campaign is one more step which works to ensure we continue to grow participation by Innu and Inuit within the Voisey's Bay operation," he said.

Vale Inco Newfoundland and Labrador uses a variety of mechanisms, including municipal tax structures, to assist in community development. During 2008, the company reached a municipal tax agreement with the Town of Long Harbour and Mount Arlington Heights.

The agreement includes a 10-year, \$5 million grant in lieu of taxes that runs from December 1, 2008, to December 31, 2018. It pertains to all property owned or leased by Vale Inco Newfoundland and Labrador within the town's boundaries, and is a tangible demonstration of the importance the company attaches to partnerships with the local community.

Vale Inco Newfoundland and Labrador will also construct a new 3,200 square foot fire hall in the town, and will donate a new fire truck together with requisite fire fighting equipment. It's a reciprocal relationship, with the town agreeing to provide secondary fire fighting capacity to the Long Harbour Processing Plant, if requested.

Gary Keating, Mayor of Long Harbour and Mount Arlington Heights, said the agreement is "the culmination of months of negotiation conducted with an objective of maximizing local benefits and simultaneously welcoming Vale Inco, a leader in the international nickel industry. We look forward to a productive

and long-term relationship with Vale Inco Newfoundland and Labrador."



United Nations invites Vale Inco to present at international conference

Vale Inco Newfoundland and Labrador's commitment to industrial and socioeconomic benefits for aboriginal people was recognized during 2008, with an invitation from the United Nations to tell our story to an international audience in Russia.

In October of 2008, Isabella Pain, at the time the Superintendent of Aboriginal Affairs with Vale Inco Newfoundland and Labrador, received a letter from the United Nations High Commissioner for Human Rights, inviting her to present at an international workshop on indigenous peoples and human rights.



Isabella Pain at the United Nations meeting

"In view of your knowledge and practical experience on the issues under discussion... we believe that your contribution to the discussions will prove invaluable to the other participants," wrote Julian Berger, of the UN Indigenous Peoples and Minorities Unit.

Pain attended the conference, December 3 to 4 in Moscow, delivering a paper that described Vale Inco's experience in, and knowledge gained from, negotiating agreements with the indigenous peoples of Labrador.

The paper opened by giving some context to the discussion, explaining that aboriginal rights are entrenched in the Canadian

constitution and further rights have been defined by court cases, especially regarding land and resource development in traditional territories of aboriginal people. In Labrador, two aboriginal groups - the Innu and Inuit - were negotiating unresolved aboriginal claims when the Voisey's Bay resource was discovered.

Before development could proceed, interim agreements were necessary that reconciled the interests and rights of governments, aboriginal peoples and the company, laying out rules for exploration, development and benefits sharing. According to Pain, several factors contributed to a successful conclusion to these complex negotiations.

"The involvement of the local community in an independent environmental assessment (EA) was critical," Pain said. "While the EA was conducted according to provincial and federal legislation, the Innu and Inuit were involved in establishing Terms of Reference, appointing panel members, and even contributing their traditional knowledge about the environment to the assessment process."

The Impacts and Benefits Agreements (IBA's) set objectives that were meaningful to aboriginal people, including training, employment and business opportunities, as well as involvement in environmental issues. Other factors included broad and intensive communication and consultation with aboriginal peoples, fair financial compensation and mechanisms to secure sustainability of this compensation for future generations, a recognition that certainty was essential for all stakeholders, and the building of skills capacity for aboriginal people through education and training.

The resulting IBA's - with the Innu Nation and Nunatsiavut Government - were based on mutual respect, co-operation, trust and good faith. They established measures to protect the environment, support social and cultural values and provide significant benefits and fair compensation to Innu and Inuit peoples. These benefits included education and training, employment and business opportunities.

There were many lessons learned through the seven-year process of negotiating the IBA's, Pain said.



"They have to deliver tangible benefits for all involved," she said. "The communities have to be empowered and their voices must be heard. Capacity must be built to strengthen communities. This, in turn, is good for the company. Honesty and transparency are critical, open communication is essential, and credibility for all parties must be earned. Time and effort must be invested in maintaining these relationships. Benefits must be delivered through local operations - not a distant corporate entity. Relationships with the people are critical; perhaps more important than relationships with politicians of the day. Environmental and social costs have a different currency but are equally as relevant as monetary costs. Perhaps most importantly, aboriginal hiring commitments have to be a critical success factor - not just a desirable outcome."

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