

# 2003 SOCIAL RESPONSIBILITY REPORT



**VOISEY'S BAY NICKEL  
COMPANY LIMITED**

A subsidiary of Inco Limited

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## A MESSAGE TO STAKEHOLDERS

At Voisey's Bay Nickel Company (VBNC), we believe that success is based not only on economic performance, but also our ability to achieve our business goals while respecting the communities among which we work, our employees and the environment. Guiding our business is the principle of sustainable development – a balanced approach to economic, environmental and social issues. Our vision is to create shareholder value by becoming the world's leading nickel producer, while caring for the environment and our people.

This report is Voisey's Bay Nickel Company's first annual social responsibility report. It is intended to keep you, our stakeholders, informed of the progress we are making in developing the Voisey's Bay project responsibly. We have worked hard to develop a better knowledge and understanding of the needs and expectations of local Aboriginal peoples and communities. We want to help build healthy prosperous communities that have the capacity and capability to support themselves well beyond the life of this project. This involves investing and partnering in our communities through employment and business opportunities, philanthropic contributions and sponsorships.



The Voisey's Bay project is bringing and will continue to bring considerable benefits to Newfoundland and Labrador. These benefits include significant capital expenditures during the construction phase of the project, investments in training programs aimed at preparing our permanent workforce, expenditures on employment and procurement during operations, taxation and royalty payments to governments, direct payments to Innu Nation and Labrador Inuit Association, and contributions to community-based initiatives in the province.

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We have demonstrated our commitment to Newfoundland and Labrador benefits by:

- establishing a Newfoundland and Labrador-based capability which comprises a broad range of activities associated with the project including: engineering, procurement and exploration;
- requiring major contractors associated with the project to establish offices in the province during the construction phase, facilitating potential business and employment opportunities for Newfoundland and Labrador;
- locating engineering and project management capability in St. John's, with fabrication being carried out where practical at construction facilities in the province;
- launching proactive supplier development and supplier awareness programs aimed at keeping businesses located in the province fully aware of procurement opportunities; and
- creating opportunities for Aboriginal peoples in Labrador to build business and human resource capacity to capitalize on opportunities presented by the project.

We have been successful thus far in meeting our goals and overcoming challenges by working together with government and other communities of interest and acting responsibly. We are confident that the relationships we have built will continue to strengthen and deliver benefits for all stakeholders as we move forward with this project.

Phil du Toit  
Managing Director

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*



## PERFORMANCE HIGHLIGHTS

It was another year of achievement for Voisey's Bay Nickel Company in 2003. At year-end, over 1,500 people were employed supporting construction and engineering planning on all aspects of the Voisey's Bay project. Contract and procurement commitments made during the year exceeded \$460 million, of which 90 per cent were awarded to Newfoundland and Labrador companies.

Building on the successes of 2002, we focused on strengthening our relationships with Aboriginal communities in Labrador, government and other stakeholders; completing the 2003 work plan for the mine and concentrator site in Labrador; installing preliminary infrastructure at the site of the hydromet demonstration facility at Argentia, Newfoundland; continuing the hydrometallurgical research and development program; and working with Memorial University on the development of the Inco Innovation Centre in St. John's, Newfoundland. By year-end 26 per cent of the mine and concentrator construction project was completed.

### 2003 Performance Highlights

#### Mine and Concentrator

- Construction camp expanded
- Site communications system upgraded
- Concentrator site excavated
- Began erecting structural steel for concentrator building
- Fuel storage capacity expanded
- 1,600-metre permanent airstrip completed
- 1149 people employed
- 32 per cent of workforce were Innu and Inuit

#### Hydromet Research and Development

- Mini-pilot plant opened in October
- Three integrated mini-pilot campaigns completed by year-end
- Refurbished offices to accommodate Argentia Project Office
- Office/warehouse at demonstration facility site constructed
- Design of residue ponds finalized
- Continued working on design of demonstration facility
- 11 Newfoundlanders and Labradorians (full-time and co-op students) gained work experience at mini-pilot facility

#### Innovation Centre

- Funding agreement with Memorial University finalized
- \$4 million of Inco's \$20 million contribution dispersed to Memorial
- Asbestos removal and interior demolition of former Thompson Student Centre completed
- Detailed engineering completed



Structural steel in place for concentrator building at Voisey's Bay construction site.



Office/warehouse at hydromet demonstration plant site, Argentia.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*

## Supporting Exploration and Innovation

The Inco Innovation Centre will be a world-class facility offering advanced exploration, engineering and related services to the mining and processing sectors globally. The Centre will enable Memorial's scientists, engineers and senior students to develop leading edge technologies to support advanced exploration techniques and provide support to chemical process engineering, including the Inco Hydromet facility at Argentina. "I believe the Centre will help transform our society and our economy into a knowledge-based economy," commented Dr. Axel Meisen, President of Memorial University.

Besides being a centre for excellence in research and technology, the Centre will house a variety of Labrador art, depicting the culture and heritage of Labrador and Aboriginal peoples and will be home to Memorial's new Canada Research Chair in Aboriginal Studies. The chair will address not only the scientific and technical issues important to Newfoundland and Labrador's Aboriginal people but also their social and cultural needs. VBNC is pleased to be a partner in this project.



## Living Up to Our Commitments

October 3, 2003, marked the official opening of Inco's new Voisey's Bay hydrometallurgical (hydromet) mini-pilot plant in Mississauga, Ontario.

The mini-pilot plant marks a significant milestone in Inco's \$203 million research and development program aimed at confirming the commercial application of hydromet technology to treat Voisey's Bay concentrates. Hydromet technology offers a cost-effective and environmentally friendly alternative to conventional smelting and refining.

Scaled to about 1/10,000 of the size of a commercial hydromet plant, the mini-pilot plant will enable scientists and technicians to define the required process steps, the operating conditions and the engineering design parameters for a demonstration plant to be constructed in Argentina, Newfoundland, beginning in 2004.

Commenting on the opening of the mini-pilot plant, a senior official with the Department of Mines and Energy for Newfoundland and Labrador noted "Today marks another substantial step forward in the development plan for Voisey's Bay. With the official launch of the mini-pilot plant phase of this project, Inco continues to demonstrate that it is living up to its commitments in the Development Agreement. This project will create hundreds of jobs for generations to come and inject billions of dollars into the provincial economy."



Scott Hand, Mayor Bride McLellan (Town of Placentia), and Dr. Daniel Green (Argentina Management Authority) at the official opening of Inco's mini-pilot plant in October 2003.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*



## EXPENDITURE SUMMARY

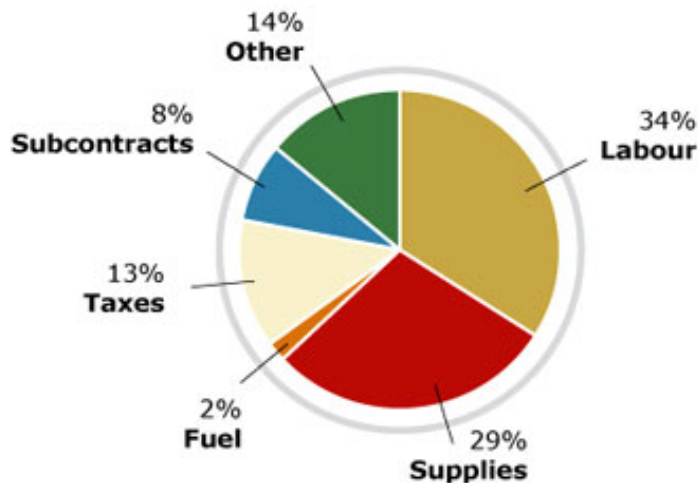
Expenditures throughout the year were primarily directed to infrastructure work at the mine and concentrator site in Labrador and preliminary infrastructure at the hydromet demonstration facility site at Argentia, Newfoundland. At the mine site, infrastructure spending was directed to the start of construction of the concentrator building, the expansion of the camp, upgrade of the communications systems and building a permanent airstrip. Total expenditures for 2003 were approximately \$215 million, of which about 70 per cent were distributed to businesses, individuals or government within Newfoundland and Labrador.

### 2003 Expenditure Summary

( in CDN\$ millions )

Location	Labour	Supplies & Equipment	Transportation & Fuel	Taxes	Subcontracts	Other	Total
Newfoundland	\$ 23.4	\$ 15.7	\$ 1.4	\$ 9.3	\$ 7.9	\$ 14.6	<b>\$ 72.3</b>
Labrador	\$ 29.4	\$ 28.8	\$ 2.7	\$ 9.0	\$ 2.3	\$ 4.6	<b>\$ 76.8</b>
Other	\$ 20.1	\$ 18.6	\$ 0.6	\$ 9.0	\$ 7.4	\$ 10.7	<b>\$ 66.4</b>
<b>Total</b>	<b>\$ 72.9</b>	<b>\$ 63.1</b>	<b>\$ 4.7</b>	<b>\$ 27.3</b>	<b>\$ 17.6</b>	<b>\$ 29.9</b>	<b>\$ 215.5</b>

### 2003 Expenditure Summary



At December 31, 2003, there were 1,558 people employed on all facets of the project and about \$73 million was spent on labour during the year. Some 72 per cent of the project's total labour expenditures were made in Newfoundland and Labrador. Expenditures on industrial supplies, consumables and equipment totalled approximately \$63 million during the year and accounted for 29 per cent of total VBNC expenditures, of which 75 per cent of were made in Newfoundland and Labrador. These purchases supported construction activities in Labrador, and administrative support for the Voisey's Bay project and our corporate office.

Tax payments totalled \$27.3 million for the year and represented almost 13 per cent of all project expenditures in 2003. Subcontracts for such things as leased equipment, cleaning services and minor construction contracts, which were primarily Aboriginal businesses, accounted for over 8 per cent of expenditures. Miscellaneous costs accounted for approximately 14 per cent of total expenditures during the year, including overhead charges, insurance, telecommunications, and payments to Memorial University to support the construction of the Inco Innovation Centre.

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## MAXIMIZING PARTICIPATION THROUGH EMPLOYMENT

We are committed to ensuring that Newfoundlanders and Labradorians are the primary beneficiaries of the Voisey's Bay project. Our efforts to maximize opportunities for residents of the province have been an integral part of the way we have been managing our activities since the earliest stages of the project's development. The various agreements that VBNC has with Labrador Inuit Association (LIA), Innu Nation and the Government of Newfoundland and Labrador outline our employment commitments. To help make those commitments a reality, we are proactive in maximizing employment opportunities.

The collective agreement between VBNC and the Resource Development Council on construction activities at the mine and concentrator site in Labrador demonstrates the scope of our commitments to Innu Nation and LIA and to other Newfoundland and Labrador residents and ensures that these commitments are met. This collective agreement is producing good results for Aboriginal peoples, for the residents of Labrador and Newfoundland and for VBNC.

The agreement allows for a set of hiring guidelines developed with the support of the Resource Development Council and its member unions. The hiring guidelines are very straightforward. When a contractor is hiring personnel, they will hire in the following order:

- First preference to qualified members of LIA and Innu Nation who are members of a union;
- Second preference to qualified members of LIA and Innu Nation who are not members of a union;
- Third preference to qualified residents of Labrador who are union members;
- Fourth preference to qualified residents of Labrador who are not members of a union; and
- Fifth preference to qualified union members from the Island part of the province.

Contractors have sole discretion to determine the qualifications of personnel they need to meet their contractual obligations, however, when a contractor accepts a construction contract to work at Voisey's Bay, they have agreed to follow the hiring guidelines.

As part of our commitment to transparency, we report to government, Innu Nation and the Labrador Inuit Association regularly on employment. We have also established a Labrador and Aboriginal Affairs office in Goose Bay, Labrador, with a staff of six people including an Innu employment coordinator and an Inuit employment coordinator. These individuals facilitate hiring of Aboriginal peoples and provide access to information about the project to local residents. The Goose Bay office allows us to be proactive in our effort to maximize employment opportunities for local residents and ensures that the lines of communication between VBNC and local residents are always open.



Labrador Inuit Association members Jerry Campbell, Sybella Daniels, Harriet Kalleo and Ross Dicker are heavy equipment operators working with IKC/Borealis, VBNC's civic construction contractor.

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# MAXIMIZING PARTICIPATION THROUGH EMPLOYMENT

## Employment by Residence

At year-end, 1,558 people were working on various components of the Voisey’s Bay project. The majority of the people were working on construction related activities at the mine and concentrator construction site in Labrador. Of the overall construction workforce, approximately 32 per cent were either members of Innu Nation or Labrador Inuit Association.

### Direct Employment by Work Location

Employee Group	Labrador			Newfoundland			Total NL	Other			Grand Total
	M	F	Total	M	F	Total		M	F	Total	
Innu	77	40	117	0	0	0	117	0	0	0	117
Inuit	225	26	251	1	1	2	253	0	0	0	253
Other	747	34	781	125	41	166	947	205	36	241	1188
<b>Total</b>	<b>1049</b>	<b>100</b>	<b>1149</b>	<b>126</b>	<b>42</b>	<b>168</b>	<b>1317</b>	<b>205</b>	<b>36</b>	<b>241</b>	<b>1558</b>

In addition to people working on construction-related support and engineering in the province, the engineering effort focussed on advancing the engineering design for the concentrator at SNC’s office in Toronto. Work also progressed at the mini-pilot plant located at in Mississauga, Ontario at Inco Technical Services which employed 56 people, including 11 co-op students and recent graduates selected across Newfoundland and Labrador, on various elements of the hydromet research and development program.



Donna McGrath, a member of Labrador Inuit Association, is a labourer at the Voisey’s Bay mine and concentrator construction site.



Bob Wade offloading equipment at Voisey’s Bay.

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# MAXIMIZING PARTICIPATION THROUGH EMPLOYMENT

A detailed demographic breakdown, including job category, work location, residence and gender, is also provided below. Approximately 91 per cent of the workforce in Labrador and in Newfoundland were provincial residents.

## Employment by Category, Work Location and Residence

### > Work Location

Category	Labrador			Newfoundland			Canada - Other		
	F	M	Total	F	M	Total	F	M	Total
Admin	19	30	49	31	42	73	11	24	35
Const. Mgmt	8	100	108	0	12	12	1	11	12
EHS	8	14	22	2	2	4	1	0	1
Engineering	0	31	31	9	61	70	22	170	192
Exploration	1	30	31	0	3	3	0	0	0
Misc	0	6	6	0	0	0	1	0	1
Trades	64	838	902	0	6	6	0	0	0
<b>Total</b>	<b>100</b>	<b>1049</b>	<b>1149</b>	<b>42</b>	<b>126</b>	<b>168</b>	<b>36</b>	<b>205</b>	<b>241</b>

### > Residence

Category	Labrador			Newfoundland			Canada - Other		
	F	M	Total	F	M	Total	F	M	Total
Admin	13	6	19	36	54	90	12	36	48
Const. Mgmt	1	10	11	3	37	40	5	76	81
EHS	7	6	13	2	7	9	2	3	5
Engineering	0	6	6	9	77	86	22	179	201
Exploration	0	12	12	0	11	11	1	10	11
Misc	0	5	5	0	1	1	1	0	1
Trades	59	432	491	5	399	404	0	13	13
<b>Total</b>	<b>80</b>	<b>477</b>	<b>557</b>	<b>55</b>	<b>586</b>	<b>641</b>	<b>43</b>	<b>317</b>	<b>360</b>

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## Advancing Gender Diversity

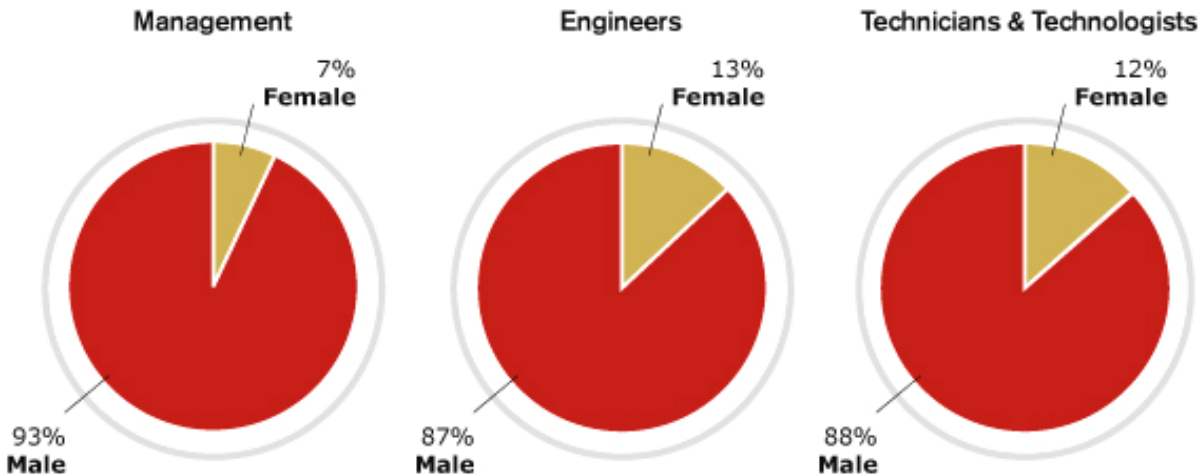
An important part of our human resources management effort in 2003 involved developing initiatives to advance gender diversity in the workplace, particularly in non-traditional occupations. By year-end, women represented 11 per cent of the overall workforce, 9 per cent of the workforce in Labrador and 25 per cent on the island of Newfoundland.

The following graphs illustrate the breakdown of employment by gender in management, engineering and technology-based positions with VBNC in 2003.



Jessie Wolfrey is a construction worker at Voisey's Bay.

### Employment by Gender in Non-traditional Occupations



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## PROVIDING OPPORTUNITIES FOR LOCAL BUSINESSES

From the outset of this project, we have recognized the need to establish a procurement and contracting philosophy that balances our need to receive the best-value on the goods and services we purchase with our goal of maximizing opportunities for companies in Newfoundland and Labrador. We also knew there were long term benefits associated with having a strong base of local suppliers that could support the Company once operations begin.

In Labrador, we recognized the importance of working closely with Innu Nation and Labrador Inuit Association to see that Aboriginal businesses developed the business skills and technical expertise necessary to capitalize on opportunities presented by the construction and operations phases of the mine and concentrator project. We believe that having such a capability developed within Aboriginal businesses is a key ingredient in improving long-term sustainability of the communities in which those businesses operate.

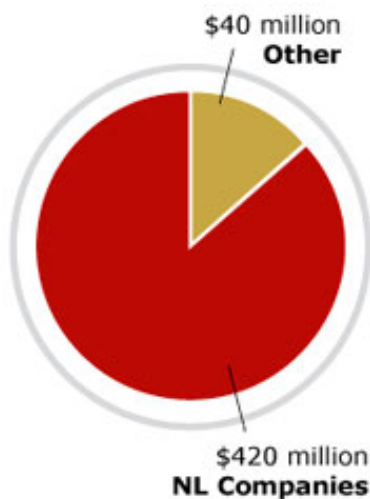
To that end, we developed a process governing how suppliers are selected to provide goods and services that is aimed at maximizing the participation of businesses in Newfoundland and Labrador. Through this effort, more than 90 per cent of the contracts and procurement awards made in 2003 went to Newfoundland- and Labrador-based companies.

It is also worth noting that Aboriginal businesses were awarded contracts with a total value of \$290 million or 60 per cent of total contracts awarded during the year. These results demonstrate VBNC's commitment to Aboriginal people and all residents of the province.

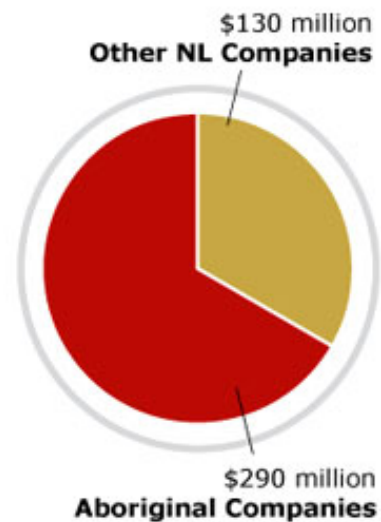


Lily Chambers is a lead hand camp attendant with Labrador Catering.

### Distribution of Contract and Procurement Awards



### Distribution of Contract and Procurement Awards to Newfoundland and Labrador Companies



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## Supplier Profile: Innu Mikun Airlines

Innu Mikun Airlines was awarded the fixed wing transportation contract for the construction phase of the Voisey's Bay Project in October 2003. Since that time they have landed over 1,000 flights at the mine and concentrator construction site, a true mark of the growth of the airline since its establishment.

Founded as a joint venture between Provincial Airlines Limited and Innu Development Limited Partnership, Innu Mikun Airlines began offering charter services in Labrador in 1998. It has since expanded to include scheduled regional passenger and cargo airline services to coastal Labrador communities. Today there are 42 employees.

Tom Randell, Managing Director for Innu Mikun sees the company as an integral part of growing the economy of Labrador. "In an area such as Labrador with its widely distributed population, air service is the backbone of the regional transportation system. Economic growth and stability is not achievable without an adequate reliable air service that is responsive to local needs of both individuals and Labrador based businesses."

Innu Mikun is doing everything they can to meet the needs of individuals and businesses in Labrador, including VBNC.

"The relationship with VBNC is not only commercially important to Innu Mikun Airlines, but also is important to achieving the company's goals of developing regional transportation infrastructure that facilitates and promotes regional economic growth as well as developing career opportunities in aviation for Innu people," says Randell.

Prior to the completion of the permanent airstrip at the Voisey's Bay mine and concentrator site, air transportation was limited mostly to the twin-otter aircraft. A significant milestone in the relationship between Innu Mikun and VBNC occurred in April 2004 when the first Dash 8 aircraft, a much larger aircraft, landed at site. The implementation of the Dash 8 air service to Innu Mikun means better schedules and services for Labrador businesses and residents.

So what does the future hold for Innu Mikun? Randell says the possibilities are endless.

"Innu Mikun is optimistic about the future for Labrador and sees the development of projects like the Voisey's Bay mining operation as offering opportunities for growth in air services in the region," says Randell. "Innu Mikun Airlines is committed to providing air services that promote development and promote opportunities for Labrador businesses and residents."



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### Supplier Profile: Torngait Services Inc.

Torngait Services Inc. (TSI) was one of the busiest contractors at the mine and concentrator construction site in 2003. TSI, a Labrador based company, is a joint venture between the Labrador Inuit Development Corporation and ATCO Frontec Services Limited. TSI's mandate is clear: to provide the logistics and support services to the mining and exploration companies pursuing opportunities in the minerals discovery sector in Labrador.

TSI, a majority Inuit owned company, has been involved with the Voisey's Bay project for several years. Their reputation and commitment to supporting the growth and development of Labrador and their dedication to excellence, ethical business practices and environmentally safe operations is evident in the work they provide at Voisey's Bay.



TSI is active in several activities at the construction site in Labrador, providing site services to support the running of the site such as maintenance on some of the facilities, equipment maintenance and snow clearing responsibilities in the winter months.

TSI was also responsible for bringing in the extra 350 beds that were needed to accommodate the large workforce on site during the 2003 construction season and the company made sure they were procured locally. TSI employees were also involved in projects such as the set up of a 700-person cafeteria and the construction of a small office complex.

Helicopter services also fall on TSI's list of responsibilities. When needed, TSI will call upon local companies like Universal and Canadian Helicopters to provide this support service. Although these calls are only occasional, it's an important contract and TSI is ready to meet the needs of VBNC at a moments notice.

TSI has a support centre and office located in Happy Valley - Goose Bay which ensures quick access to the site if needed. TSI provides logistical support to the project in Happy Valley-Goose Bay as well as coordinates movement of goods on the Upper St. Lawrence Seaway.

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## ENVIRONMENTAL PERFORMANCE

Since the earliest stages in the development of the Voisey's Bay project, we have been working with government, Aboriginal communities and other stakeholders to ensure that environmental considerations are integrated and accounted for in all aspects of the project. In 2003, VBNC's environmental protection and planning efforts focussed primarily on the construction site in Labrador, where the construction program is well underway. At Argentia, baseline environmental studies were initiated to prepare for the environmental assessment of the commercial processing facility that VBNC will begin constructing in 2008. Inco also conducted an Environmental Due Diligence Audit of remediation work of the Argentia site, which was occupied by the US Military as an airbase from 1941-1972.

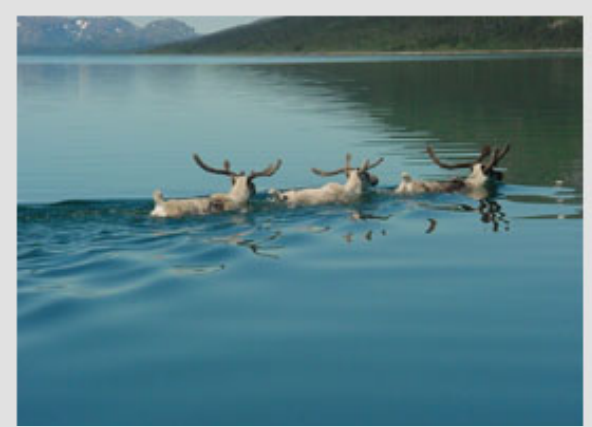
The environmental management and monitoring of the Labrador site involves a high level of Aboriginal participation and extends to virtually all aspects of the environmental management process. We incorporate the traditional knowledge of Aboriginal people in the ongoing management and monitoring of our daily environmental performance.

### Environmental Monitoring Activities

Environmental monitoring during 2003 involved a cooperative effort by all stakeholders involved in the civil construction program in Labrador - VBNC, SNC-Lavalin, Innu Nation, Labrador Inuit Association, Torngait Services and IKC/Borealis. The primary focus of the monitoring program was to ensure that all construction work was conducted in compliance with provincial and federal legislation, permit conditions, and VBNC's Environmental Protection Plan (EPP). This EPP and the Job Environmental Analysis are important tools used by environmental personnel to maintain compliance and maximize the effectiveness of mitigation and pollution prevention measures.

During the year, an in-depth Job Environmental Analysis was conducted on every job procedure that had a potential environmental impact. Each analysis was reviewed by VBNC and SNC-Lavalin environmental personnel, Aboriginal environmental monitors, front line supervisors, and project design/field engineers to identify and mitigate all potential environmental issues that could arise from construction activity. These Job Environmental Analyses also incorporated traditional Aboriginal knowledge with scientific practices and principles.

Daily environmental meetings were held throughout the construction season with all site environmental monitors to review environmental issues or concerns, suggest mitigative measures, review work plans and procedures and discuss planned and scheduled work activities.



Caribou crossing at Edward's Cove.



Labrador Inuit Association Environmental Monitor, Donald Lampe, checking culvert installation.

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## Monitoring Outcomes

### Spills

Total fuel consumption in 2003 was in excess of 2.5 million litres. Total volume delivered to the project site was approximately 14 million litres. A total of 136 spills of petroleum products for a combined volume of 627 litres were reported and cleaned up. None of these spills involved a fuel discharge greater than 70 litres thus there was no requirement for regulatory reporting during 2003. To help improve bioremediation of contaminated soils, a lined area was constructed and designated for bioremediation. This site was used to store hydrocarbon-contaminated soil and bioremediation will begin in 2004.

### Waste Management

We dedicated significant effort and resources to waste management activities at the Labrador construction site during 2003. Solid waste generated in 2003 increased significantly from 2002 due to the significantly larger camp population and greater level of construction activity.

To manage the volume of waste, a Temporary Waste Transfer Station consisting of a high efficiency/low-emission incinerator, a lined temporary landfill, a lined bioremediation pad, a lined hazardous waste storage cell and a permitted burn pit went into operation at the construction site in the fall of 2003. All hazardous waste and retrograde materials were stored safely at the Transfer Station until it could be shipped off-site and all hydrocarbon-contaminated soil collected in 2003 will be bioremediated in the lined bioremediation pad.

### Timber Management

Land clearing and timber harvesting activities were carried out for site preparation activities for work areas, lay down areas, roads, etc. Approximately 180 hectares of land was cleared, in compliance with the EPP and all applicable permits, in areas required for construction of infrastructure. All merchantable or forest product timber was salvaged and stockpiled. Some of the timber around the port and main campsite was transported to the beachfront, providing easy access to timber for local residents during the winter.

### Wildlife

A caribou subcommittee was established in 2003, consisting of representatives from the Innu Nation, Labrador Inuit Association and VBNC. This committee addresses such issues as caribou crossings along the newly constructed haul road and caribou deterrence procedures at the airstrip.

During the 2003 construction season, an estimated 2,500 caribou passed through the project area, primarily along the beach in Edward's Cove, from Matthew's Point to Little Reid Brook. However, there were no problems associated with caribou on the haul road or the airstrip.

Between June 5, 2003 and November 17, 2003 there were a total of 303 bear sightings, 264 were within camp and 39 sightings occurred in other areas of the site. It is important to note that the number of sightings does not accurately account for the actual number of bears present at site because each sighting reported by a worker is recorded and several workers usually report the same bear in each area it travels. Four bears were caught in culvert traps and relocated to areas away from the construction campsite. Unfortunately two black bears had to be put down due to safety concerns during the 2003 construction year.

A major effort was undertaken to increase awareness of bear presence and proper food-garbage control at the Labrador site. The general site orientation for 2003 was strengthened to increase wildlife awareness content and place greater emphasis on proper food garbage disposal. IKC/Borealis also included wildlife awareness in their revised 2003 Safety and Environmental Awareness Orientation.



Temporary waste transfer station, at Voisey's Bay.

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## Water Quality

Water samples were taken and tested for Total Suspended Solids (TSS) during activities such as road construction, culvert installation, drilling and blasting near bodies of water, site dewatering, and pond drainage. The on-site laboratory testing services for water quality in 2003 was conducted by Minaskuat, an Aboriginal joint venture.

Water sample collection was taken in accordance with the Earthworks Water Sampling Protocol to address the potential concerns of surface water run-off from work areas into nearby natural watercourses. Approximately 540 samples were collected during the 2003 season. Although forty-eight of the sample results were above the regulatory limit of 30 mg/l downstream from mitigation measures, many of these samples were repeats taken at the same time and location and some samples were taken from releases from settling ponds or discharge lines to vegetated areas.

## Environmental Protection Plan

Environmental protection planning is an important component of overall project planning and implementation. The Environmental Protection Plan (EPP) is a regulatory condition of project approval and is a vital reference document for implementing environmental protection measures and providing environmental protection procedures.

We consolidated all relevant provincial, federal and Inco corporate environmental guidelines in the EPP to provide a common reference document for conducting environmental monitoring by all environmental personnel. This ensures that the approach to identifying non-compliance issues and offering mitigations remains consistent throughout the development of all aspects of the project.

In 2003, the provincial government granted conditional approval of the revised EPP subject to incorporation of comments submitted by Innu Nation, Labrador Inuit Association, provincial and federal regulatory agencies.



Silt fences prevent run-off from a settling pond into Camp Pond.



VBNC, SNC-Lavalin and Labrador Inuit Association environmental monitors reviewing workplans in the field.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*

## Regulatory Compliance

### Permits, Approvals and Authorizations

The Environmental Management Board (EMB), comprised of representatives from federal and provincial levels of government, Innu Nation, and Labrador Inuit Association, reviewed and provided advice to the appropriate regulatory agency on each permit application required during the 2003 construction season.

A total of 113 permits and authorizations were received for the 2003 construction season. Following a review of each permit application, the EMB provided advice to the regulatory agency, which subsequently issued the approval or authorization to VBNC.

### Regulatory Inspection

Regulatory visits increased at the mine and concentrator construction site during the 2003 construction season. In total, 25 site visits were conducted by both federal and provincial regulators for inspections and various work-related activities.

The Department of Fisheries and Oceans visited the project site on 14 different occasions and raised no issues or concerns during their inspections. Canadian Coast Guard officials conducted two site inspections of fuel storage and contingency plans and raised no compliance issues. Environment Canada made three site visits during 2003, focusing primarily on the automated water monitoring stations. No issues were raised as a result of these visits.

The Government Services Centre conducted three site visits during the 2003 construction season. Their inspections focused primarily on waste management, the new sewage treatment plant, and fuel storage and operations. No non-compliance directives were issued as a result of these inspections.

The Department of Forest Resources and Agrifoods made two site visits in 2003 in response to the presence of black bears at the site and to inspect forest fire fighting equipment. A recommendation was made to increase the amount of equipment on site. The Department of Environment (Water Resources Management Division) made one site visit as part of a real time water quality monitoring effort established between Department of Environment, Environment Canada and VBNC. An inspector from the Department of Mines and Energy conducted a quarry inspection and no issues were raised.



Collecting core for the Acid Rock Drainage Pre-screening Program.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*



## ENSURING A SAFE AND HEALTHY WORKPLACE

“Developing a safety culture among our workers is a top priority both during construction and as we prepare to go into the operations phase. We believe all accidents can be prevented and our goal is to have Zero injuries in our workplace.”

**Earl Dwyer,**  
*Environment, Health & Safety  
Manager*

Maintaining a safe and healthy workplace is a top priority for VBNC. With the construction program in Labrador well underway, our Voisey’s Bay site safety team spent considerable time and effort implementing and evaluating its safety program in 2003. In November, we retained Dupont Safety Resources to conduct an independent safety audit of the site. Dupont found that while the VBNC site safety program was effective with injury rates lower than construction industry averages, there was room for improvement. We are presently implementing the

recommendations of the Dupont audit and there is an increased commitment from site management and workers to increase safety awareness and reduce accidents.

### Safety Performance

We worked with contractors and engineering and construction management teams in 2003 to develop and implement an effective health and safety program. Over approximately one million hours worked in 2003, VBNC’s lost time injury frequency rate was 0.5, exceeding construction industry averages in Newfoundland and Labrador. We are continuing to audit and enhance our strong safety program to ensure that it remains as effective as the project moves forward.



The Voisey’s Bay project emergency response team conducts a training exercise at the mine and concentrator construction site.



All employees working at VBNC construction sites are required to wear CSA-approved hard hats, vests, and safety glasses.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*

## Safety and Health Training

As part of our ongoing effort to maintain a safe and healthy work environment, our site safety team has a comprehensive safety and health training program that includes orientation training sessions for all new employees and visitors to the mine and concentrator site. In 2003, site orientation training was provided to 1,274 people, bringing the total number of site orientations completed on the project to 1,877. In addition, 235 visitor orientation sessions were completed at the mine and concentrator site.

In addition to the safety and health training, other certified training was offered on site in the following areas: first aid, Workplace Hazardous Material Information Systems (WHMIS), Transportation of Dangerous Goods (TDG), fall arrest awareness, confined space training, helicopter training and man-lift training.

### Voisey's Bay Project Safety Goals and Values

- Zero lost time accidents
- Zero injuries
- Zero property damage
- Neat, organized, clean work areas
- Safety training for all individuals so that tasks can be performed safely
- All persons participating in the Voisey's Bay Project complete their tasks and depart the Project in equal or better health than when they arrived
- Safety is not negotiable
- Safety will never be compromised for cost and schedule



New employees participating in a site orientation training session.



Perry Blanchard, Environmental, Health and Safety Supervisor, conducts a training session on the Workplace Hazardous Materials Information System (WHMIS).

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## DEVELOPING OUR WORKFORCE

“Our ultimate goal is to have the right people, with positive attitudes and the necessary skills working in the safest possible manner in our operations.”

**Tom Paddon,**  
*Manager of Labrador and  
Aboriginal Affairs*

We are committed to hiring local people whenever possible to fill positions at all levels and on all components of the project. At the Voisey’s Bay site in Labrador, we have clear guidelines and procedures in place to maximize hiring of Aboriginal peoples and other residents of Labrador.

During 2003, we devoted a significant amount of time and resources to preparing for the operations phase of the mine and concentrator. We will begin recruiting our operations

personnel for the mine and concentrator late 2004. Our goal is to have a highly skilled and motivated workforce in place to fill the 400 jobs at the site by June 2005. Through this transition, we remain committed to the same set of principles that are now being followed to maximize employment opportunities for Aboriginal people and residents of Labrador. A high level of skill has already been identified as existing in Labrador and we are taking all the necessary steps to ensure that when recruiting begins for the Voisey’s Bay site, we will be successful in recruiting a highly motivated workforce with as many Labradorians as possible operating the mine and concentrator.



John Martin participates in a heavy equipment operator training session.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*



**VOISEY'S BAY NICKEL  
COMPANY LIMITED**

A subsidiary of Inco Limited

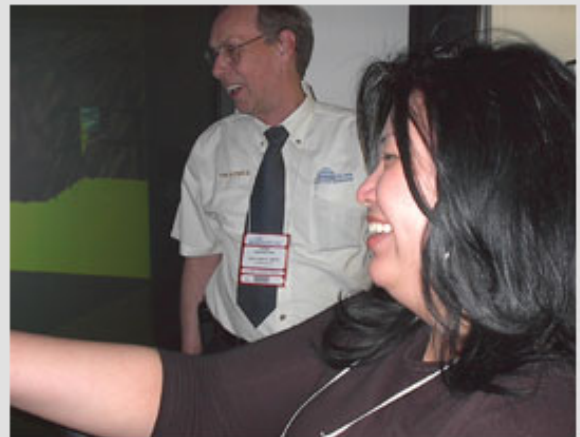
## Human Resources Planning

In 2003, we worked to develop a comprehensive human resources plan to set out the general approach that will be followed to prepare for operations. This plan articulates the vision, values and human resource philosophy guiding the organization, and the workforce development strategy that will ensure a smooth transition from the construction to commissioning phase of the Voisey's Bay project.

As part of the Human Resources Plan, we are developing specific initiatives aimed at facilitating and encouraging the employment of women particularly in non-traditional occupations. VBNC is fully committed to working collaboratively with individuals, governments and other stakeholders to advance gender diversity in our workplace.



Adam Lidd participates in a Heavy Equipment Operator Training Program.



Heavy Equipment Operator simulator training session in Happy Valley-Goose Bay.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*

## Training Activities

Training and development is a key component of VBNC's overall workforce development strategy for our operations in Labrador and on the Island. Our training and development initiatives focused primarily on our activities in Labrador particularly as they related to preparing Aboriginal people to capitalize on employment opportunities. Training at the Voisey's Bay construction site and in communities throughout Newfoundland and Labrador was sponsored by VBNC and the Joint Voisey's Bay Employment and Training Authority, or JETA.

JETA is a not-for-profit company, funded by Human Resources and Skills Development Canada, that has been established to provide work experience, education and training programs to develop the Labrador Aboriginal workforce for the Voisey's Bay mine and concentrator project. The JETA board of directors is comprised of representatives of: Labrador Inuit Association, Innu Nation, Labrador Metis Nation and VBNC. JETA and its member organizations are providing training and employment opportunities for Aboriginal peoples, and contributing to the long-term sustainability of Aboriginal communities in Labrador.

In 2003, community-based training funded by VBNC and JETA saw 125 participants. Training occurred in Goose Bay, Natuashish, Sheshatshui, Nain and Port Hope Simpson. Construction trades helper, cooks helper and housekeeping training were designed to train individuals to support construction activity during the summer/fall of 2003. Pre-employment training sessions focused on areas such as resume writing, interviewing skills and life management skills. VBNC and JETA also jointly funded career counseling and facilitation skills training aimed at training individuals for the career counseling process.

With support from VBNC, JETA also offered a government certified heavy equipment operator apprenticeship program to members of Innu Nation. The purpose of the program was to train individuals to fill jobs in mobile equipment operation at Voisey's Bay.

Training at the mine and concentrator construction site included a heavy equipment operation practical training program with IKC/Borealis. This three-month program, with financial and in-kind support from both VBNC and JETA, trained participants in the operation of large-scale equipment such as haul trucks, loaders and dozers. Practical training in maintenance and security was also offered at the mine and concentrator site as part of our commitment to the IBAs with the Innu and the Labrador Inuit Association. Thirty-four people participated in training at the construction site in 2003.

Various operational preparation training initiatives were also delivered at the mine and concentrator construction site and in several communities in Newfoundland and in Labrador. In total, 148 people participated in training aimed at familiarizing Aboriginal people with operational positions that will exist at the mine and concentrator site. Heavy equipment operation simulator training, health and safety training, drilling operation training, driver certification training and industrial instrumentation training were offered.



Drill-helper training program.



Innu and Inuit Cultural Awareness Programs are delivered to all employees working at site. VBNC is committed to helping employees better understand and appreciate the unique culture of Aboriginal peoples.

*\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated*

In preparation for operation of the hydrometallurgical demonstration plant at Argentia, Newfoundland, we are using the mini-pilot facility at Inco Technical Services Limited as a training ground for Newfoundlanders and Labradorians to gain experience in the application of hydromet technology to treat Voisey's Bay concentrate. In 2003 we began providing work term placements to College of the North Atlantic and Memorial University. We also recruited engineering and technology graduates to support the mini-pilot plant research and development program and to provide hands-on experience that would be transferable to the demonstration facility at Argentia. Approximately ten Newfoundlanders and Labradorians were working at the mini-pilot plant at any given time in 2003.

In addition, representatives from Inco Technical Services Limited worked with the College of the North Atlantic to modify an existing course to include specifics of the demo plant operation. The three-year Manufacturing Operations Technology course was aimed at three industries in Newfoundland and Labrador: Pulp and Paper, Mineral Processing and Offshore Oil. This course now includes Hydrometallurgy.

### Meet some of the Newfoundlanders and Labradorians Gaining Valuable Work Experience at Mini-Pilot Facility in Sheridan Park

**Lesley Joy**, originally from Bell Island, NL, is as a Process Metallurgist/Engineer 1 at the Voisey's Bay mini-pilot facility. Leslie holds a Bachelor of Science (Chemistry/Math) from Memorial University of Newfoundland and a Bachelor of Applied Science (Chemical Engineering) from the University of Toronto. Lesley's responsibilities include: training/educating individuals in chemical processing and operation of circuits; designing and performing laboratory experiments; optimizing and operating circuits and coordinating a team of samplers; and, generating mini-plant standard operating manuals for circuits.

**Desmond McGrath** is a student of the Civil Engineering program at Memorial University of Newfoundland. In 2003, Desmond completed a work term at the mini-pilot facility where he was responsible for iron removal and operating a circuit. Desmond is originally from Patrick's Cove, a community 30 km south-west of Placentia, NL.



Lesley Joy is a process metallurgist/engineer at Inco's research and development center in Sheridan Park.

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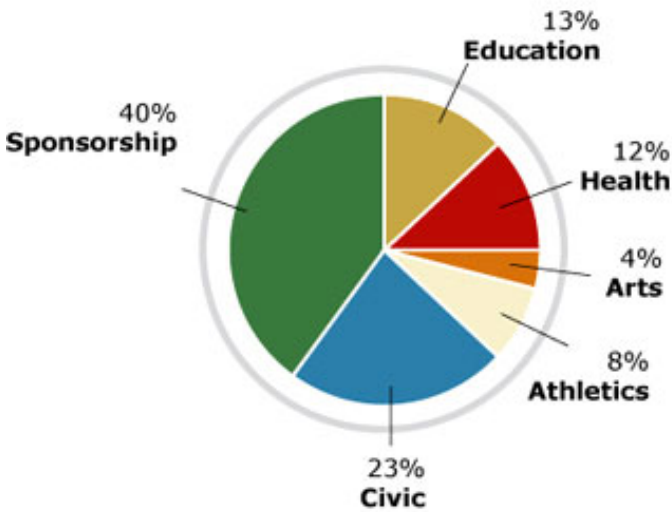
## INVESTING IN PEOPLE AND COMMUNITIES

We recognize the importance of helping communities and community members build programs and supports that will contribute to the long-term sustainability of the communities in which we operate. In that regard, VBNC is pleased to provide assistance to neighbouring communities through sponsorships, donations and other community investments.

### Sponsorships and Donations

We continued to support communities in Labrador and Newfoundland through sponsorships and donations to local organizations. In 2003, we provided \$82,650 in support of various community-based activities across a range of categories in the Province.

#### Summary of Sponsorships and Donations 2003



VBNC played a major role in bringing the Nunatsiavut Drum Dancers from Nain, Labrador, to Toronto, Ontario, to participate in the First Night Festival in December 2003.

\* All figures as of December 31, 2003 - All figures are in CDN dollars unless otherwise stated

## Community Investment

Among our community investments for 2003, VBNC contributed \$1.2 million to the Innu Healing Foundation's Building Hope Campaign to help build, equip and endow two community recreational facilities in Sheshatshiu and Natuashish. The centres will be vital community gathering places, providing recreational and other programs for Labrador Innu children and adults and creating a catalyst for inter-community activity.

Also during the year, the fifth and final instalment payment of \$3 million was made to the Labrador Health Centre in Happy Valley - Goose Bay. VBNC's total commitment toward the construction of the centre was \$15 million. The new 30-bed facility provides 24-hour care in acute, primary and secondary health services.

We also worked on developing scholarship programs for Aboriginal high school students who plan to pursue post-secondary education. Two separate programs were developed; one for Inuit high school students and one for Innu high school students. The scholarship program will be an annual program, beginning in 2004.

## Community Relations

At the hydromet demonstration facility site in Argentia, we opened an information office in early 2003 to provide the public with general information on the Voisey's Bay project and to accept resumes and charitable donation requests. The information office is one example of how we are keeping the communities where we operate informed and aware of the opportunities that exist related to the project by providing direct access to information and assistance.

In 2003, the Government of Newfoundland and Labrador's Minister of Environment requested that a Community Liaison Committee be established as a condition of releasing the Argentia hydromet demonstration plant from further environmental assessment. The Argentia Community Liaison Committee was established and has since been working with stakeholders in the Argentia area, including representatives from the municipalities and community organizations as well as various federal and provincial government departments. The Committee has become an important forum for the discussion of concerns and issues of interest to the residents of the area that relate to the development of the hydromet demonstration facility.



Charlotte Rich and baby William pose for a picture during their stay at the Labrador Health Centre.



In August VBNC was pleased to sponsor the Eastern Canadian Bantam Boys Fastpitch Softball Championships hosted by the Town of Placentia. VBNC's contribution of \$4,000 helped make the tournament a great success. Ten teams participated from Quebec, Ontario, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

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## WORKING TOGETHER

“VBNC has taken a flexible approach to building relationships with other stakeholders by working to understand and accommodate the needs of others and help them understand our needs. This approach has brought us to where we are today and will continue to lead us to success as we move forward with the project.”

*Phil du Toit,  
Managing Director*

The concept of partnering to achieve common goals is the foundation on which the Voisey’s Bay development agreement was built. In 2002, through Impacts and Benefits Agreements (IBAs) signed with Innu Nation and Labrador Inuit Association, VBNC began strengthening relationships with Aboriginal communities in Labrador. IBAs are legally binding agreements that establish targets for Innu and Inuit employment and training; company monitoring and reporting requirements; Aboriginal involvement in environmental monitoring, permit review and engineering drawing reviews; and addressing cultural issues. The progress we have made and the results we have achieved over the past year demonstrate that these relationships are intact, mutually supportive and are producing benefits for VBNC and Aboriginal peoples in Labrador.

We have also developed innovative partnerships with all levels of government and with Memorial University. These partnership agreements cover everything from research to human resources training to development principles to local benefits.

Our company is committed to working with all stakeholders to ensure that Newfoundlanders and Labradorians are the primary beneficiaries of the Voisey’s Bay project.

One of the most complex partnerships VBNC has forged is with the Resource Development Council (RDC), an organization that encompasses 17 trades unions. We negotiated an agreement with the RDC in 2002 that included a set of hiring guidelines that apply to all contractors working at the mine and concentrator site. The agreement with the RDC gives qualified non-unionized Innu, Inuit and other Labradorians, priority for jobs at site over union members from the island, dependent on whether or not an individual has the appropriate qualifications. The RDC has agreed to waive the practice normally used at unionized job sites, which requires contractors to rely exclusively on the unions to provide qualified workers. We will continue to work with the RDC in 2004 to negotiate a similar agreement for the construction of the hydromet demonstration facility in Argentina.



On October 25, 2003, twenty-seven elders from Innu Nation and Labrador Inuit Association traveled to the Voisey’s Bay construction site in northern Labrador. During their day-long visit, the group participated in an interpretive tour which included stops at the expanded construction camp at Anaktalak Bay and the mine and concentrator construction site.

For information about Voisey's Bay Nickel Company please visit our website at [www.vbnc.com](http://www.vbnc.com) or submit your information request by e-mail to [voiseysbayinfo@inco.com](mailto:voiseysbayinfo@inco.com).

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