



Written Submission to the National Roundtables on Corporate Social Responsibility

Peter Neilans, Chief Operating Officer *and*
Barbara Henderson, Vice President Investor Relations
Pacific Rim Mining Corp.

Pacific Rim Mining Corp. ("Pacific Rim" or "the Company") is a growth-oriented, revenue-generating, environmentally and socially responsible gold exploration company with operational and exploration assets in North, Central and South America. Pacific Rim's exploration programs are primarily centered in El Salvador, where the Company is expanding and developing its advanced-stage El Dorado gold project and is actively exploring a number of earlier stage projects. Pacific Rim's goal is to become a low cost, intermediate level gold producer by bringing the El Dorado gold project into operation while continuing to build a growth profile through exploration.

The Government of Canada is considering formally regulating Corporate Social Responsibility ("CSR") standards of compliance for Canadian mining companies working abroad and has convened the National Roundtables on CSR to gather opinions from a wide range of stakeholders on this proposal. As a Canadian-based company exploring, developing and eventually operating mining projects abroad, Pacific Rim is emblematic of the companies the government's possible CSR initiatives are meant to target. We therefore feel qualified to weigh in on this debate, and provide insight to the CSR Roundtables based on our experiences.

Honouring its responsibilities to the people who may be affected by its activities and the environment in which they live is a core value of Pacific Rim Mining Corp. The Company sets a very high standard for itself, often exceeding legal and regulatory requirements, and will settle for nothing less than being a model corporate citizen, both now as an exploration company and in the future as a mine operator.

Pacific Rim's social and environmental policies hinge on three key principles: transparency, minimizing the potential negative impacts of its activities, and maximizing potential positive outcomes for local stakeholders and the environment.

Pacific Rim believes local stakeholders should have access to the entire spectrum of information that allows them to make decisions that impact their lives. The Company puts this belief into practice on the ground by holding information sessions, publishing newsletters, making personal visits to area residents and accepting any and all invitations to discuss whatever concerns may arise.

Pacific Rim believes it is crucial that mining companies take all reasonable available steps to mitigate the potential environmental and social risks that may result from mining operations. While the Company believes that the social impacts of a mining operation are overwhelmingly positive, it also recognizes that the economic changes that accompany a new mining operation, both public and personal, can introduce challenges to society and accepts its responsibility to address and mitigate these challenges.

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On the environmental front, minimizing negative outcomes includes making use of modern technologies, overlapping risk mitigation systems, and minimizing the use of local resources. Exploration activities do not normally result in significant environmental impact though the Company takes steps to reduce the 'footprint' of its activities such as capping its drill holes and remediating its drill pad locations and access-ways.

Pacific Rim's plans for its proposed El Dorado operation demonstrate how the Company is committed to minimizing the potential for negative environmental impacts and, where possible, improving the current environmental conditions. Water quantity and quality is a critical issue for many local community members, some of whom fear that a mining operation in El Salvador could negatively impact their accessibility to the already strained supply of water or contribute harmful chemicals to the water supply. In fact, the El Dorado ore deposit exhibits virtually no environmental risk from harmful elements that could be introduced into the environment through its extraction. The Company's proposal to use cyanide in its ore processing includes at least 4 separate systems to minimize the potential introduction of cyanide into the environment. Firstly, the tailings will be pre-treated with the INCO process before being placed in the impoundment, which removes the majority of cyanide from the processed ore. Secondly, the tailings impoundment area will be double-lined with two impervious barriers, preventing the migration of any materials into the ground. Using these two systems together exceeds the environmental requirements of many mining jurisdictions including Canada and the United States. Thirdly, the Company will collect water from the tailings impoundment, which is naturally diluted by rainwater, and use this as the sole source of the operation's processing water requirements. Lastly, water runoff that may occur from time to time, particularly under extreme weather conditions, will pass through a water treatment facility to ensure that it meets extremely high water quality standards before being discharged. Not only is the Company taking all available steps to mitigate risk to the quality of the water supply, its tailings impoundment water collection system is designed to prevent any significant drawdown of local water supplies. In fact, the Company's proposed underground operations are expected to produce water from underground aquifers, which will be discharged at surface, naturally cleaned in a settling basin, treated, and then discharged into a natural riverway that is an important local source of surface water. This plan will ultimately result in an improvement to the water supply available to local residents, particularly in the dry season when surficial water flow in the riverway is normally greatly reduced.

A robust mining industry can be a key component of a vibrant economy. Mining provides well paying, often long term, jobs, each of which spurs a number of indirect employment opportunities. Because ore deposits are frequently discovered in rural areas, these new jobs occur where they are often needed the most. Pacific Rim recognizes the economic and social impact that new, well-paying jobs can bring to an area and strives to create balance in the distribution of this employment, ensure the health and safety of its workers, provide gender equality and non-discriminatory hiring practices in its workforce, promote and protect human rights and preserve the dignity and culture of the local communities, both now as an exploration company and in the future as a mine operator.

Pacific Rim believes it is the responsibility of mining companies to extend the positive benefits a mining operation can bring beyond merely employment opportunities. In El Salvador, the Company has set up an independent Foundation that serves as the vehicle through which the Company hopes to positively impact the quality of life of all of the community members in and around its projects. The mandate of this Foundation is to fund programs that promote health and education initiatives in the communities in and around its projects. The Foundation operates at

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arms length to the Company so that programs deemed high priority by the communities can receive funding so long as they meet the Foundation's criteria of health or education. The Foundation has already funded numerous initiatives to promote community health and education and protect or improve the environment, including: a reforestation program that has planted, or provided free of charge to individuals and institutions, over 30,000 fruit and forestry trees; a literacy program, in conjunction with the El Salvadoran Ministry of Education, whereby the Company provides funding for a teacher, supplies and equipment for an adult literacy program that is available to all community members; and local infrastructure projects aimed at rectifying health and safety concerns. To extend this initiative further, Pacific Rim has established a Legacy Fund to promote employment opportunities unrelated to mining and address the future social implications of the eventual closure of its proposed mining operation.

Clearly, Pacific Rim is cognizant of its social and environmental responsibilities and "walks the walk" both in the present and in its future plans, across the spectrum from individuals, to communities, regions and through to national issues...all without regulation or formal requirements.

Pacific Rim's attitude toward its social and environmental responsibility is a core value of the Company and is therefore unassailable. This may not be the case with every Canadian exploration and mining company working abroad, though in our experience, many do hold the same high regard for CSR as Pacific Rim. In the end, the rationale for conducting business in a socially and environmentally responsible manner doesn't matter as much as the fact that a company does so. And there are solid business reasons above and beyond ethics to adopt strong CSR practices.

Many junior exploration companies are focused solely on exploration with no intention of becoming producers and therefore have potentially limited impact on society and the environment. Senior mining companies have international reputations to maintain and usually have strong CSR policies. On the surface it would appear that the type of mining company most likely to ignore CSR best-practices yet have a high degree of potential to impact local communities and their environment would be emerging producers like Pacific Rim. They are largely an 'unknown commodity' with no track record.

We argue however, that emerging producers like Pacific Rim in fact have the most at stake, and therefore are highly likely to adhere to if not surpass best practices in CSR. First and foremost, with no history of revenues from production to draw on, emerging producers commonly require bank financing in order to build their mines, which in turn requires the emerging producer to adhere to IFC (World Bank) Performance Standards on Social and Environmental Sustainability, or the equally rigorous Equator Principles. This acts as *defacto* legislation because without meeting IFC or Equator Principle standards, a company will not obtain bank financing to bring its mine into production. Secondly, emerging producers usually have plans to grow beyond single mine operations and seek to build positive international reputations, which precludes anything but the highest social and environmental standards. Thirdly, the management and direction of many emerging producers is spearheaded by modern professionals who are aware of and most likely to place high value on social and environmental issues, and who seek to garner or maintain positive personal and corporate credibility.

Meeting stringent international social and environmental standards is an ethical reality for many mining companies, across the spectrum, and a business necessity for all. Pacific Rim and many of its peers meet and often exceed the highest international CSR standards and do so without

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being legislated. It is our opinion that enacting legislation to ensure CSR standards compliance will result in dissuading innovation, discouraging local solutions to local issues, and encouraging companies to meet minimum standards rather than excel. We believe that the mining industry, with counterbalance from business and civil society, polices itself well and encourages companies such as Pacific Rim to operate with the highest degree of social and environmental responsibility.

Should the Canadian government play a role in this issue and if so, what should that role be? Canadian mining companies, like the Canadian government, have a reputation for integrity. We believe the government should encourage best CSR practices for Canadian mining companies working in-country as well as abroad, perhaps by formally endorsing existing international CSR standards and best practices, creating a CSR rating system or index against which mining companies can be measured, or providing CSR advisory services. Developing new CSR standards and/or legislating compliance with existing standards would be redundant and would encourage companies to meet a minimum standard rather than pursue excellence and innovation above and beyond current standards.

We wish to thank the organizers of the National Roundtables on Corporate Social Responsibility for the opportunity to submit this paper and voice the opinions of Pacific Rim Mining Corp.

Respectfully,

Peter Neilans, Chief Operating Officer
Barbara Henderson, VP Investor Relations

on behalf of
Pacific Rim Mining Corp.