Building Effective Community Relationships

Final Report of the Advisory Panel to Newmont’s Community Relationships Review

February 2009
February 2009

Mr. Jim Taranik, Chair  
Environment and Social Responsibility Committee  
Board of Directors  
Newmont Mining Corporation  
6363 South Fiddler’s Green Circle  
Greenwood Village  
Colorado, USA 80111

Dear Jim:

We are pleased to submit to you the final report of the Advisory Panel to Newmont’s Community Relationships Review.

As requested in our Terms of Reference, we have reviewed and provided comment on the methodology and the final Global Summary Report. In addition, we offer a number of recommendations to Newmont for moving forward most effectively.

Respectfully submitted,

______________________   ____ __________________________
R. Anthony Hodge, Chair  
Caroline Rees, Vice Chair

______________________   ____ __________________________
Cristina Echavarria  
Steve D’Esposito

______________________   ____ __________________________
Chris Jochnick  
Ignacio Rodriguez

______________________   ____ __________________________
Julie Tanner

______________________   ____ __________________________

# Contents

Preface ..........................................................................................................................1

Executive Summary .......................................................................................................3

## 1. Introduction

1.1 Evolution of the Community Relationships Review ..............................................7
1.2 Panel Membership ....................................................................................................8
1.3 Principles of Participation .......................................................................................9
1.4 Panel Mandate ..........................................................................................................9
1.5 Panel Activity Summary .........................................................................................10
1.6 Purpose of this Report ............................................................................................11

## 2. Methodology

2.1 Overall Methodology of the Review ......................................................................12
2.2 Methodology of Site Assessments .........................................................................18

## 3. Comments on the Final Global Report

3.1 Remaining Concerns ..............................................................................................22
3.2 Overall Assessment of the Global Report ..............................................................22

## 4. Recommendations For Moving Forward

4.1 Action Plan ..............................................................................................................27
4.2 Integrated Conflict Management System .............................................................28
4.3 Newmont Commitment to Community Accountability ....................................30
4.4 The Local-Regional Split on Responsibility for Community Relationships ....31
4.5 Ongoing External Advisory Mechanism ...............................................................31
4.6 Corporate Culture and Stakeholder Engagement ................................................32
4.7 Staff Training, Capacity Building and Performance Assessment ....................33
4.8 Summary of Recommendations ............................................................................35

## Appendix 1

- Newmont Board Recommendation Regarding Proposal No. 4 – Stockholder Proposal Requesting a Report Regarding Newmont’s Community Policies and Practices ............................................................41

## Appendix 2

- Advisory Panel Terms of Reference ....................................................................45

## Appendix 3

- Biographic Sketches, Advisory Panel Members .....................................................53

## Appendix 4

- *Preliminary List of Issues*, Identified by Panel Members to 5 September 07 ....59

## Appendix 5

- *Setting the Foundation*, Advisory Panel Interim Report No. 1, 15 October 07 .....65

## Appendix 6

- *Initiative in Transition*, Advisory Panel Interim Report No. 2, 21 April 08 ............77

## Appendix 7

- Towards an Ethical Lens .........................................................................................89
### Glossary

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASM</td>
<td>Artisanal and Small Scale Mining</td>
</tr>
<tr>
<td>CASM</td>
<td>Communities and Small-Scale Mining Initiative</td>
</tr>
<tr>
<td>CRR</td>
<td>Community Relationships Review</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>ESR Committee</td>
<td>Environment and Social Responsibility Committee of the Newmont Board</td>
</tr>
<tr>
<td>FPIC</td>
<td>Free Prior Informed Consent</td>
</tr>
<tr>
<td>GMI</td>
<td>Global Mining Initiative. International review of mining practices initiated by major mining companies.</td>
</tr>
<tr>
<td>ICMM</td>
<td>International Council on Mining and Metals</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
</tr>
</tbody>
</table>
Preface

Newmont's Community Relationships Review is the subject of this report. The Review is an unprecedented undertaking within the mining sector. It represents a very serious investment of time, energy and good faith on the part of all involved.

A number of tasks were more formidable than Newmont, the Study Directors and the Advisory Panel anticipated at the design stage. The time commitment to complete this work was also greater than anticipated. It is possible that the project objectives were somewhat over-ambitious. However, having set a high bar, a high level of accomplishment has also been achieved.

In the view of the Advisory Panel, the money and time invested are fully justified. This investment will place Newmont in a greatly strengthened position in terms of building effective, constructive and lasting company-community relationships, should Newmont choose to move forward along the lines suggested both in the Global Report and in this report to the Board.

The Advisory Panel is unanimous in its belief that the final Global Report submitted to Newmont by the Study Directors:

1. is a very good report with clear language and a tone that is frank and honest;
2. represents a significant contribution to understanding mine-community relationships across the Newmont system and across the mining industry in general; and
3. provides a strong basis for Newmont to move forward in its community relationships.

The Advisory Panel appreciates the risk that Newmont took in establishing this review process and putting this Advisory Panel in place. While due to our role, much of this report will focus on deficiencies, gaps and recommendations for change, we see the Review as a very positive step for Newmont and the mining sector.

We hope that the Review marks a significant step in signaling Newmont's wish to change the structure and tone of the company's engagement with communities and other key stakeholders at the global and site levels. Further, we hope that the family of reports that includes the Global Report, the Site Reports, this report, and the Board response, will enhance external stakeholders' sense of the challenges that Newmont faces and the steps that it will take to address them.

We believe that the CRR has demonstrated a process that can be useful to:

1. surface issues crucial to successful operations in a manner that the Board and company can respond to;
2. enhance understanding between stakeholders;
3. support the development of a problem-solving approach with key stakeholders where adversarial relations have been the norm in the past; and
4. tap into a diverse network of expertise that can be highly useful to the company in the future.

However, it is important that Newmont follow this phase of work with concrete action and not fall back on the institutional resistance and defensiveness we have at times perceived.
This company, like the mining industry in general, is facing dramatically changing operating conditions. There is a fundamental need to learn how to manage effectively and adjust in such an environment of change. We believe that the Community Relationships Review well exemplifies the kind of process that can contribute greatly to constructive change under these conditions.

For the Advisory Panel, this project has been a remarkable learning experience. Our exchanges within the Panel and between the Panel and Study Directors, Site Assessors, Newmont staff and the Newmont ESR Committee have been rich and rewarding, even if sometimes tough. We particularly wish to signal our thanks to:

- Jim Taranik and the ESR Committee of the Board;
- Dave Baker, Vice President, Environment and Social Responsibility and Chief Sustainability Officer;
- The Newmont staff team: Jo Render, Helen MacDonald, and Sally Ornelas;
- Gare Smith and Dan Feldman, Study Directors, and their team at Foley Hoag, particularly Sarah Altschuller;
- The Site Assessors and their field support teams;
- Jim Rader, Christina Sabater and the initial project team; and
- Ingrid Taggart of Anthony Hodge Consultants Inc. who provided support to the Panel throughout.

Our work has depended on each of the above.

We appreciate the opportunity to have participated in this project. We hope that our contribution serves to bring greater respect, integrity and effectiveness to the relationships that link Newmont and the broad range of interests touched by Newmont operations.

Cristina Echavarria  
Steve D’Esposito  
R. Anthony Hodge (Chair)  
Chris Jochnick  

Caroline Rees (Vice-Chair)  
Ignacio Rodriguez  
Julie Tanner  

February, 2009
Executive Summary

At Newmont’s April 2007 Annual General Meeting, shareholders passed a resolution that voiced concern about opposition to and potential conflict at Newmont’s operations and called for a review of relevant corporate policies and practices. In response, the Board initiated a company-wide review of community relationships. The Review sought:

- to better understand Newmont’s current community relationships and their contexts;
- to assess future risks and opportunities to Newmont with regard to these relationships;
- to analyze the relevance and effectiveness of Newmont’s policies, systems and controls as they relate to community relationships; and
- to identify the impact of resources, capacity and governance on the implementation of these policies and controls.

The ensuing Community Relations Review has been a major undertaking. The role of the Advisory Panel has been to address three questions for the Board. These are listed below along with a summary of the Advisory Panel’s response.

1. Does the scope and methodology of the Working Group’s approach ensure that the needed information and data are forthcoming both from company and community sources?

   Panel Response

   The structure of the process put in place was a strong one. It included a number of expert site-level assessments; aggregation of findings into an overarching Global Report; and an independent Advisory Panel to advise on the process and present its own recommendations to the Board. It is notable that the Advisory Panel included representatives of organizations that have been critical of Newmont in the past.

   However, the methodology was characterized by certain weaknesses both in terms of the overall initiative and the site-level assessments. Some of these have only become apparent with hindsight. Others were apparent and arose at the start. The most significant limitations flowed from: (1) the decision not to include sites at all stages of the project life cycle; and (2) the severely constrained time limit initially imposed on the initiative (initially about 6 months from the point that the Advisory Panel was engaged). By the time the decision was made to extend the review for a year only some of these methodological issues could be rectified.

   This said, it is the view of the Panel that the methodology used has resulted in rich and revealing material. The process itself has led to significant learning. Well-founded and rigorous recommendations for next steps have emerged for consideration by Newmont.
2. **Does the final Global Report provide an adequate basis for assessing:** (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

**Panel Response**

The Global Report provides a sound initial basis for these two assessments. It is clear that the nature of Newmont-community relationships varies considerably between different sites. While some of the reasons for this are to be found in the local context and events prior to Newmont’s arrival, the majority appears related to factors wholly or partially in Newmont’s control.

The review has not been able to explore policies and systems at the site level in the depth we would have hoped. However, the analysis of corporate-level policies and systems combined with site-level practices suggests that the gap for Newmont is not in the quantity of these policies, but is more related to (1) their coherence and clarity; and (2) the degree of understanding of this policy regime held by key individuals across the Newmont system, particularly at the site level; and (3) the effectiveness of implementation at the site level.

The Global Report must be seen as an essential step in an on-going process. Newmont is now well-positioned to build on this investment but to do so will require active engagement with communities and a collaborative approach to the design and implementation of the way forward.

3. **What additional recommendations to Newmont does the Advisory Panel have for charting a way forward that will strengthen relationships between Newmont and the communities in which it operates?**

**Panel Response**

The Panel offers the seven following recommendations to the Board:

**Recommendation 1 – Action Plan**

A concrete multi-year Action Plan should be collaboratively designed and implemented for moving forward. A commitment to developing such an Action Plan should be included in the Board’s response to this initiative to be tabled at the 2009 Annual General Meeting. It should be developed within a clearly defined timeframe. Its development should draw on collaborative processes to facilitate direct involvement of the range of interests important to Newmont’s community relationships.

The **Action Plan should include:**

1. **Overall.** An overall description of Newmont’s approach to community relationship-building, in light of the Community Relationships Review;

2. **Clarification of Commitments.** A clarification of Newmont’s commitment to transparency, collaboration, and Free Prior Informed Consent, showing how these aspects of Newmont Policy contribute to ensuring a fair distribution of costs, benefits, risks, and responsibilities, and how they will be achieved in practice across each of the company’s operations;
3. **Local Input.** An explicit process for seeking local input on the accuracy and adequacy of the insights captured in the Global Summary Report and an explicit process tailored to each site for strengthening local participation, feedback, and capturing the “voice of stakeholders” as this initiative proceeds into the future. For an effective feedback loop to occur, documents including the Global Report, the Site Reports, this Report and the Board’s Response should be translated into the main local languages;

4. **Indigenous People.** An approach for strengthening Newmont’s understanding of the particular issues related to host indigenous people;

5. **Gender Issues.** A clear set of steps for learning about gender issues related to each operation;

6. **All Operations, Full Project Life Cycle.** An explanation of how Newmont will extend its analysis and next steps beyond the detailed site studies included in this phase of work to include all sites, covering the full project life cycle from exploration through post closure;

7. **Artisanal and Small Scale Mining and Sustainable Development.** Specific steps to be taken at the relevant operations to gain the needed understanding of artisanal and small scale mining along with how this activity can be turned into a positive opportunity for effective community relationship building;

8. **Water.** Specific steps for developing an overarching and proactive approach to address the complex dimensions of the water issue across the Newmont system;

9. **Regional Managers.** A description of how Regional Managers will be involved as the process evolves;

10. **Policy.** A description of the steps to be taken to refine, clarify, and prioritize the complex policy regime that Newmont has committed to for governing community relationship building (Overall, there is no systematic, collated analysis of policies and systems, both cross-cutting and site-specific, with an assessment of their effectiveness and interrelationship, how they can be improved, and a prioritization of steps to be taken to improve their implementation. This is needed to clarify and refine the complex policy regime that Newmont has committed to for governing community relationships.)

11. **Integrated Conflict Management System.** Clear steps for the development of an integrated conflict management system for Newmont;

12. **Research Priorities.** Listing of prioritized research needs that have emerged from this initiative; and

13. **Prioritized Tasks, Responsibilities, Targets.** A prioritized list of tasks, responsibilities, and target dates for completion of tasks.

**Recommendation 2 – Integrated Conflict Management System**
Newmont should review and improve its grievance mechanisms and include them within a more holistic, integrated approach to conflict management.

**Recommendation 3 – Newmont Commitment to Community Accountability**
We urge the Board to consider articulating a statement on its accountability to communities and society along with specific steps for acting on this commitment.
Recommendation 4 – Review of Decision to Move Responsibility for Community Relationships from Local Sites to Regional Centers
We urge Newmont to review its decision to move responsibility for community relationships from local sites to regional centers, and to do so collaboratively with all involved, in order to establish the best way to move forward at each site.

Recommendation 5 – Ongoing Advisory Mechanism
We recommend that the Newmont Board create an ongoing mechanism to provide external input on key issues related to community relationship building across the Newmont system.

Recommendation 6 – Corporate Culture and Stakeholder Engagement
We recommend that Newmont assess whether its overall corporate culture with regard to stakeholder engagement is sufficiently open, confident, respectful and genuine to build the effective community relationships the Company is seeking.

Recommendation 7 – Staff Training, Capacity Building and Performance Assessment

7.1 Staff Training and Capacity Building
We recommend that Newmont initiate a program of staff training and discussion aimed at:

- enhancing staff sensitivities to cross-cultural issues, gender issues and conflict management, so as to strengthen their capacity to serve as “ambassadors” for effective community relationships; and
- building a sense of respect for community concerns amongst all Newmont employees while clarifying and strengthening the role of community input into the engineering design process.

We recommend that Newmont prioritize sites that would most benefit from such training, and that it consider involving relevant stakeholders in elements of that training where it can also help strengthen their understanding of Newmont’s values and build effective relationships.

7.2 Performance Assessment
We recommend that key performance indicators with regard to community relationships and conflict management be included in the performance reviews of all staff, in line with their respective functions.
1. Introduction

1.1 Evolution of the Community Relationships Review

At the April 24 2007 Annual General Meeting, Newmont shareholders passed the following resolution (the full Newmont Board Recommendation is found in Appendix 1):

Resolved: That shareholders request that a committee of independent board members be formed to conduct a global review and evaluation of the company’s policies and practices relating to existing and potential opposition from local communities and to our company’s operations and the steps taken to reduce such opposition; and that the results of that review be included in a report (omitting confidential information and prepared at reasonable cost) that is made available to shareholders prior to the 2008 annual meeting.

In response, the Newmont Board charged the three independent Directors that then made up the Environmental and Social Responsibility (ESR) Committee, Dr. James V. Taranik (Committee Chair), Governor Robert J. “Bob” Miller, and Ms. Veronica M. Hagen, with initiating what has come to be known as the Community Relationships Review. A Corporate Liaison Team was created under the leadership of Dave Baker, Vice President, Environment and Social Responsibility. In turn, a Working Group was commissioned under the direction of Jim Rader, President, Avanzar Consulting (Canada) Ltd, to undertake the necessary development of an appropriate methodology, fieldwork and documentation of results. The Board set the following four objectives for the Review:

**Community Relationships Review Objectives**

1. To assess and describe the current relationships between the selected Newmont operating sites and respective communities, and the contexts in which these relationships have developed;

2. To conduct an assessment of future risk and opportunities to Newmont with regard to our relationships with local communities;

3. To analyze the relevance of existing company policies, systems and controls and their effectiveness in guiding the company’s community development and community relations programs and activities; and

4. To identify the impact of the company’s resources, capacity and governance on the execution of policies and controls related to community development and community relations programs and activities.

As a final project component, this independent Advisory Panel was established to provide expert advice from a range of external perspectives in an effort to promote the highest possible quality and integrity of work (See Terms of Reference in Appendix 2). Invitations were extended in mid-July, 2007. Panel membership was in place by late August and the first meeting was convened in mid-September. Panel membership including choice criteria, mandate and activities are addressed below (Short biographical sketches appear in Appendix 3).

In early December 2007, the Advisory Panel was notified that Jim Rader had resigned his position as Study Director. In late January 2008, Newmont appointed Gare Smith and Dan Feldman, partners in the Corporate Social Responsibility practice group at the law firm Foley Hoag LLP, to serve as the new Study Directors.
1.2 Panel Membership

Choice Criteria

The following criteria were considered in identifying potential Advisory Panel Members:

- all members would have a working knowledge of the dynamics of the relationships between mining and communities;
- the Panel would reflect a range of expertise in one or more fields relevant to this study (such as stakeholder engagement, local community perspectives, assessment assurance, human rights, alternative dispute resolution, ethical investments, mining and communities, etc.);
- the Panel would bring a variety of perspectives – NGO, academic, research, local community, etc.;
- Members would be independent of Newmont, any business activities related to the company, or any local communities that might lead to a conflict of interest; and
- An effective working size was set at 5 to 8 panel members.

Members were confirmed by the Board on the recommendation of the Panel Chair in consultation with the Study Director and Corporate Team.

Members

Newmont originally appointed the following seven members to the Advisory Panel: Cristina Echavarria, Steve D’Esposito, R. Anthony Hodge (Chair), Chris Jochnick, Caroline Rees, Steve Rochlin, and Julie Tanner.

Following the recommendation in our first Interim Report that a panel member with direct experience living in a mining community be added, the Advisory Panel membership was expanded by one to include Ignacio Rodriguez.

On May 7 2008, Steve Rochlin resigned his position because of work load.

Also in May 2008, Anthony Hodge was appointed President of the International Council on Mining and Metals, to take effect October 1 2008. To provide a fallback should any conflict of interest arise as a result of this appointment, the Advisory Panel named Caroline Rees Vice-Chair in July 2008, with the ability to step in as Chair if and when needed.

The work of the Advisory Panel was then completed by the remaining seven Advisory Panel Members. They were assisted in their work by Ingrid Taggart of Anthony Hodge Consultants Inc.

Thus, the membership of the Advisory Panel responsible for this report is as follows:

Cristina Echavarria       Steve D’Esposito
R. Anthony Hodge (Chair)  Chris Jochnick
Caroline Rees (Vice-Chair) Ignacio Rodriguez
Julie Tanner

Short biographic sketches of all Panelists are provided in Appendix 3.
1.3 Principles of Participation

Panel members agreed that the following Principles would govern participation
(See Terms of Reference, Appendix 2).

Advisory Panel Principles of Participation

The process is designed to facilitate:
1. sharing experience and learning from the resulting dialogue;
2. understanding and respect for the diversity of perspectives brought to the table;
3. building effective working relationships;
4. identifying areas of common ground, differences and related reasons; and
5. the achievement of value for company, communities, and participants.

Participation
Advisory Panel Members have been selected to reflect a range of values, interests, and experience. They are invited to share insights in their personal capacity and not as representatives of any organization or interest. There is no expectation that Advisory Panel Members will report back to or seek approval from any organization or interest. Further, participation by Advisory Panel Members is not to be seen as an endorsement by any participant of Newmont decision making or any specific outcome.

Report
All Advisory Panel Reports will be prepared and distributed to the full Panel for review before being finalized and forwarded to the Newmont Board of Directors. The Panel’s final report will be made publicly available in its entirety.

No specific attribution of any comment made by any participant will be referenced in meeting reports or the final report of the Advisory Panel unless specifically requested by the participant. The final report will include a list of participants as well as these Principles of Participation.

Modified from Glenn Sigurdson, CSE Group, SFU Centre for Dialog, GUE, Vancouver, Canada

1.4 Panel Mandate

The Advisory Panel’s objectives were set by Newmont. They are found below and the full panel Terms of Reference are found in Appendix 2.

In short, the Advisory Panel was created to help ensure that the best possible quality of work was undertaken and the most useful results were achieved. Panelists’ agreement to participate in the Advisory Panel reflected each person’s commitment to the goals of the project even though playing an advisory role to a corporation was without precedent for the home (non-governmental) organizations of some panelists.
### Advisory Panel Objectives

**Objectives**

1. To provide advice on the quality and integrity of both the research process and presentation of findings to the Board, specifically responding to the following questions:
   
   - Will the scope and methodology of the Working Group's approach ensure that the needed information and data are forthcoming both from company and community sources?
   
   - Does the Working Group report provide an adequate basis for assessing: (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

2. To provide a report (direct and unedited by Newmont) to the Board of Directors that captures the Panel's perspectives on the research process, its findings, and any recommendations the Panel members may have for charting a path forward.

The Panel will work in cooperation with the Working Group and Board of Directors. The Panel's commentary on the final product, including their views on the process, the relevance and materiality of the Working Group's Report, the transparency of engagement, and so on, will be provided directly to the Board of Directors in an independent report.

Panel members will be expected to respect the fine balance that exists between the need for confidentiality and the need for transparency. They will be expected to act with integrity in discharging their review.

While providing advice and sharing insight freely, the Advisory Panel did not function in an audit role. Such a role carries a law-based responsibility to attest to accuracy and an associated “right” to ask questions and have answers supplied.

Despite this reality, the data and information required to facilitate these two different functions, are overlapping. In seeking to perform its advisory function, the Panel sometimes requested specific data and information, as would an auditor. Newmont was free to fulfill or deny such requests. In most cases, disagreements on this front were constructively addressed through timely discussion.

### 1.5 Panel Activity Summary

Prior to meeting for the first time, discussions were held between the Chair and each Panel member. A preliminary list of members’ actual or potential concerns was compiled (Appendix 4) and used as a starting point for discussion at the first meeting.

The Advisory Panel met four times. In each case the Panel met partially on its own and partially with others involved with the initiative, as indicated in the brackets below:

1. September 12 – 14 2007, Denver (also with Newmont Team and Study Directors)
2. February 18 – 19 2008, Denver (also with Newmont Team, Study Directors and ESR Committee)
3. May 11 – 13 2008, Denver (also with Newmont Team, Study Directors, and Field Team Representatives)
The main focus of the first meeting was the study methodology. In the month following this meeting the Panel focused on sharing views on how to strengthen the methodology of the site teams. Subsequently, and until the site reports were finalized following the May 2008 meeting in Denver (which included representatives of the site teams), Panel members put considerable effort into reviewing and commenting on the site reports.

In addition to the above face-to-face meetings, the Advisory Panel participated in a total of 14 conference calls throughout the life of the project.

This report is the third report to the Newmont Board from the Advisory Panel and represents its final submission of views and recommendations in line with its mandate. The others are:

1. Setting the Foundation: Interim Report 1. Submitted October 15 2007 (Appendix 5);

On December 17 2007, three formal letters were submitted regarding: (1) Issues Related to the Resignation of Jim Rader, Study Director; (2) Issues Arising from the Revised Time Line; and (3) the Minahasa Proposal.

Three formal notes were also provided as commentary on various drafts of the Global Report as follows:

1. July 20 2008, on the first (partial) draft
2. October 12 2008, on the second (partial) draft
3. November 30 2008, on the final (complete) draft

Following submission of the Panel’s comments on November 30 2008, the final draft of the Global Report was revised for a last time by the Study Directors. It was then circulated to the Advisory Panel on January 16 2009 for a final review prior to the Panel’s completion of this report.

1.6 Purpose of this Report

The purpose of this Final Report is to summarize the Panel’s response to the following questions:

1. Does the scope and methodology of the Working Group’s approach ensure that the needed information and data are forthcoming both from company and community sources?

2. Does the final Global Report provide an adequate basis for assessing: (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

3. What additional recommendations to Newmont does the Advisory Panel have for charting a way forward that will strengthen relationships between Newmont and the communities in which it operates?
2. Methodology

2.1 Overall Methodology of the Review

Process Issues

Project Timeline

The first meeting of the Advisory Panel took place on September 13 –14 2007. Prior to that meeting, an initial set of observations and potential concerns about the process was compiled through discussions between the Chair and each Panel member. This list of issues along with a retrospective comment on how the project addressed them is found in Appendix 4.

Without exception, the compressed timeline under which the study initially operated was the overarching issue of concern. The initial timeline was motivated by a Newmont Board commitment to report back to shareholders in April 2008. The relatively late appointment of the Advisory Panel meant that the first meeting did not take place until mid-September leaving a window of 6 months. The Advisory Panel saw this limited time frame as posing a risk to both the quality and integrity of the initiative.

At our first meeting we were asked to comment on the study methodology: one of our primary tasks if we were to meet our objectives. Yet due to the timeline, this review occurred just days before teams went into the field in Carlin (USA) and Waihi (New Zealand).

In spite of significant efforts on the part of both the Working Group and the Panel, this timing greatly limited the opportunity for Panel suggestions to influence the methodology before the studies began. We also expressed a major concern that it would limit the possibility of seeking feedback from communities on their experience of the process and the initial findings based on their views. This issue was re-emphasized in our First Interim Report (Appendix 5, see Section 2.2) and discussed with the ESR Committee in our face-to-face informal meeting held on September 14 2007.

As it turned out, the change in Study Directors in December 2007 – January 2008 led to a major adjustment. At that time, the Board postponed the final report-back to shareholders by one year. In our Interim Report No. 2 (Appendix 6) we signaled strong support for this revised timeline. However, it was too late to address our concerns about time constraints on the initiative's design phase and field work. Thus, our early concerns still stand and many of the issues that are discussed below have at least some link to the initially compressed time-horizon.
Site Selection and Addressing the Full Life Cycle

A range of sites was evaluated by Newmont and the Study Director. In the end, Newmont selected five sites for inclusion in the review. The Advisory Panel did not play a part in the choice of sites.

The five sites were together intended to provide a representative cross-section of Newmont operations based on the following criteria:

- Social, economic, cultural and political conditions at local, regional and national levels;
- Operating status and stage in the mine life-cycle;
- Link to indigenous peoples; and
- Geography.

Importantly, the decision was taken to limit the studied sites to operating mines. Newmont argued that this decision was appropriate because (1) doing so would provide a fair comparison between sites with developed and comparable policies, systems and controls and that it was the effectiveness of these that was being tested through this exercise; (2) at exploration, development and closed sites, relevant policies, systems and controls were not sufficiently implemented to test; and (3) choosing this set of operating sites would facilitate a comparison of policies, systems and controls where the enveloping operating conditions, cultures and environment were different (See Study Report, Section V, p. 22 – 24).

The Advisory Panel recognizes the above rationale. However, it is our view that the study would have significantly benefited from consideration of community relationship issues across a sample of Newmont sites representing all stages in the project life cycle from exploration through to post closure, even if a mature system for management of community relationships was not yet in place. Each stage, including exploration, construction, operation, temporary closure, closure, and post-closure raises particular issues related to community relationships and each involves a different set of Newmont employees.

For example, it is often underlying issues created during the exploration phase that subsequently give rise to conflict later in the project life cycle. Because the exploration phase of activity was not included in this study the link to such underlying issues has not been examined.

Similarly, there was no consideration given in this work to issues arising from the point of the contract or investment agreement negotiated between Newmont and a Government. There is growing evidence now being studied in greater detail that problems can arise from the terms of agreement and the extent to which the views, concerns, and expectations of the potentially impacted communities have been solicited, understood and addressed.

Equally, the construction phase can often involve a large influx of “outside” workers for a short time, resulting in social turmoil. This too gives rise to a set of community relationship issues far different from those experienced in the operation phase.

In the middle of a project, temporary closure – whether due to a drop in commodity prices, labour dispute, equipment failures, mine emergency or other reasons – is a relatively common occurrence. Long periods of closure can have significant negative impacts on the workforce, communities and local providers of goods and services – particularly when closure decisions are precipitous – engendering anxieties similar to those linked to permanent closure. It can also lead workers to resort to artisanal and small-scale mining due to economic need. All of these effects raise the risks of conflict. This topic has not been addressed by the review but is particularly relevant in the current economic climate.
At the end of the project life cycle, closure and post-closure activities also bring special issues unique to those phases and different than those of the operating phase. Anticipation of such issues can also fuel community concerns in earlier stages of the project life cycle. There are concrete issues of liability here that the Board would want to be fully apprised of to ensure that systems were in place to both reduce costs to the company and to maximize opportunities to fairly share benefits and responsibilities with host communities over the long term.

We are pleased that this limitation is explicitly mentioned in the Global report and we support the conclusions that:

1. “...the drafting of this report does not represent the end of Newmont’s review process. Any future action based on the findings of the CRR must involve engagement, analysis, and implementation at all of Newmont’s project sites” (Study Report, Section V, p. 24);

2. “As noted in Section V, the decision to limit the CRR to sites in the Operation stage means that this report cannot assess stakeholder perceptions and reactions to Newmont’s actions throughout the full life cycle of its mines. The Lessons in this Section highlight a number of stakeholder concerns at specific mines that have their origins in pre-Operation stages of development, as well as stakeholder concerns about the closure of mines. The decision to limit the CRR to sites in the Operation stage also has limited the degree to which this report can address some key issues, such as FPIC [free, prior and informed consent]. These are serious limitations ...” (Study Report, Section VI, p. 60)

Further, we concur with the Study Directors’ recommendation that “further study of mines at various stages of development and operation” be undertaken. This issue is taken up as part of our recommendation on development of an Action Plan for moving forward. (See Recommendation 1, Section 4.1)

The Minahasa Issue

From the outset, the Panel strongly encouraged the inclusion of Minahasa (Indonesia) amongst the sites to be examined in detail. In our Interim Report No. 1 (Appendix 5), we emphasized the need to assess the substantive insights drawn from that experience. We pointed out that given the high media profile, not including Minahasa could seriously undermine the credibility of the whole initiative from a public perspective by sparking questions about the Company’s motivation to exclude it. We suggested that Newmont could build credibility and generate trust by demonstrating that it can admit mistakes, learn from them and take appropriate remedial action.

Newmont’s caution on this question is linked to the ongoing legal activity surrounding Minahasa. Newmont also argued that with its closed status and with most stakeholders having left the vicinity of the site, a different methodology was required.

The Panel proposed an approach that would include: (1) a desk review of available information; (2) interviews with Newmont employees; and (3) interviews with some of the community players that had been involved. In the end, a sequenced approach was arrived at that would start with the desk review and interviews with Newmont employees. While we had hoped that external interviews could take place before the end of this study, we accepted advice from the study team that proceeding at this time might be counterproductive.

The full report of work to date on Minahasa was made available to the Study Directors and the Advisory Panel and its key aspects are summarized in Section V-G of the Global Report. The Board committed to us that the full Minahasa Report would be released in the future when the current legal issues were resolved. We look forward to its public release as soon as circumstances allow.
Participants

Advisory Panel Composition

In our first Interim Report (Appendix 5) we argued that the composition of the Advisory Panel should be expanded to include an individual who was living in a community affected by mining activities. We are pleased that Newmont accepted our suggestion, and that Ignacio Rodriguez was added to the Advisory Panel as a result.

Site Assessor Selection

Also in our first Interim Report (Appendix 5) we asked for assurance that the assessor selection process was appropriate – that is, that the criteria used were explicit and appropriate and that there be full disclosure of real or perceived conflicts of interest.

We are generally satisfied with the integrity of these processes, based upon the information we received. A methodological concern arose in one case where a site assessor had for many years been part of a dominant interest group in the community. This theoretically risked introducing an imbalance in the handling of concerns of wider interest groups at the site. The Panel was not able to assess whether this had any effect in practice.

Involvement of Newmont Regional Managers

Towards the end of the Study we gained a sense that the involvement of the Regional Managers in the Study was not as strong as would have been ideal. We confirmed with the Study Directors that the respective regional managers were: (1) interviewed by each of the site teams, and (2) subsequently involved in soliciting and offering feedback on each of the site reports.

However, it remains unclear to what extent they were involved in the concept and design of the Community Relationships Review and therefore how far they feel they have a stake in implementing changes recommended. Their commitment to implementation will be critical, and as this initiative evolves after this study they need to be fully engaged. We address this issue in Recommendation 1, Section 4.1 below.

Local Participation and Feedback

The generation of tension between parties is inevitable and even necessary to address differences when alternative value sets come face-to-face. However to find a way forward that is based on respect and common ground, constructive relationships are essential. Such relationships are only possible through local participation and feedback.

We have consistently recommended that the Global Report, Site Reports, this Report, and the formal Board response be used as a basis for re-engagement by Newmont with the communities. External stakeholders need to be asked if the project captured their viewpoints and insights. The completion of this feedback loop presents a wonderful opportunity for advancement through collaboration with communities. This issue is dealt with in Recommendation 1, Section 4.1 below.
We recognize that Newmont and its host communities have a certain ongoing relationship as a result of the years that Newmont has already been at the various sites. However, we reiterate our previous observation that this initiative must be seen as a fresh step in an ongoing process of building effective relationships between the company and the communities which host Newmont operations. It is only through such ongoing relationship building that the benefits of this project and a capacity for continuous improvement in community relationships will be realized. A significant, initial investment has been made but the return on that investment is not in hand and will not be until further steps are taken.

Process Integrity and Transparency

**Independence of the Study Directors and Site Teams**

We asked for and received full written assurance of the independence of the Study Directors and the Site Teams. In addition, we questioned members of all teams during face-to-face meetings. We are satisfied with the responses that we received and saw evidence that in the areas we probed they were able to function in a fully independent manner.

In the case of both Yanacocha and Ahafo, there remains a lingering concern that company fact checking and editing may have felt like pressure to the study teams and may have led to changes to the site reports. This may have either constrained or diluted the reporting of some valid community perceptions. We requested and received sequential drafts of the site reports. Based on this review and on discussion with site assessors, we concluded that the issue here was not one of intentional manipulation, but of a lack of clarity at the start of the process as to what ‘fact-checking’ should justifiably encompass.

During the transition between Study Directors, significant effort was made to ensure that documents were passed with full security. On behalf of the Advisory Panel, Steve D’Esposito witnessed the transfer of sealed, signed and secured documents and fully attested to the integrity of the transfer process.

**Potential Conflict of Interest of the Advisory Panel Chair**

In May 2008, the Advisory Panel Chair, R. Anthony Hodge was appointed President and CEO of the International Council of Mining and Metals (“ICMM”). He assumed his position at ICMM on October 1 2008. With that appointment, Panel members were concerned about the potential for a perceived conflict of interest given that ICMM represents major mining companies including Newmont.

The Advisory Panel was satisfied that their Chair was functioning in a fully unbiased and fair way and confirmed that they wanted Dr. Hodge to continue as Chair. However, to serve as back-up should these new duties lead to an actual conflict of interests, Caroline Rees was elected Vice Chair of the Advisory Panel in July 2008.
**Transparency: Advisory Panel Transparency Protocol, Project Web Site**

From the beginning, Panel members expressed a commitment to operate in a manner that was transparent. As a result, and based on the Advisory Panel's development of a Protocol to govern the transparency issue, the following eight statements were included as part of our Terms of Reference (Section 8, Appendix 2):

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<tr>
<th>Statement</th>
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<tbody>
<tr>
<td>1.</td>
<td>Advisory Panel members will not be asked to sign a confidentiality agreement.</td>
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<tr>
<td>2.</td>
<td>The Panel is commissioned by the Board of Directors and the formal line of reporting is to the Board.</td>
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<tr>
<td>3.</td>
<td>Success of this initiative is only possible through maintenance of a spirit and practice of overall transparency. This has been recognized by all involved.</td>
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<tr>
<td>4.</td>
<td>Little (if any) sensitive or confidential material is expected to come before the Panel. However, it may happen, and if so, the Panel will need to respect sensitivities, be they associated with individuals, communities, or the company.</td>
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<tr>
<td>5.</td>
<td>Panel members must respect the internal process of Advisory Panel deliberations. To be fair to this process, the details of Advisory Panel discussion need to stay in the room. This is essential for facilitating full expression of ideas and entering into a process of give and take in which a participant is sometimes influencing others and sometimes being influenced by others. In the absence of this kind of flow, not only would expression of ideas be inhibited, but so too would the learning process for all concerned. Such learning and the drawing out of lessons is at the heart of the Panel's task. Each Panel member is participating as an individual, not as a representative of a broader organization or alliance (this is covered in the &quot;Principles of Participation&quot;).</td>
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<tr>
<td>6.</td>
<td>A summary document of each of the Advisory Panel deliberations, once agreed upon by panel members, will be made public. Release timing is a decision that rests with the Board. However, given the Board's commitment to process transparency, there is little incentive to withhold Panel reports.</td>
</tr>
<tr>
<td>7.</td>
<td>It is possible and reasonable to share a sense of the general activities of the Advisory Panel orally with colleagues provided the above points are respected.</td>
</tr>
<tr>
<td>8.</td>
<td>In short, there is a dependence on the personal professional integrity of panel members to make an ethical decision if a question related to confidentiality arises. If a question arises, the best course of action is to discuss it with the whole panel.</td>
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Statement 6 in the above set was never fully implemented – full agreement between Newmont and the Advisory Panel was not achieved in terms of exactly what this would mean in practice. While the Panel interim reports are now being released as appendices to this report, the Panel's desire was that a summary of panel deliberations would be made public along the way as the project proceeded.

Key to the objective of keeping interested parties informed about the process was a project website: an idea that originated from Newmont Board members. It was agreed that the website would be a Newmont responsibility as a way to report on the CRR and its progress to external stakeholders. The idea of creating a mechanism for external stakeholders to contact the Advisory Panel members was also discussed.
The website was launched about half-way through the project but the human resources were not put to making it “come alive.” It did not contain the kind of information that the Advisory Panel had envisioned – particularly progress reports along the way about the initiative in general and the deliberations of the Advisory Panel in particular.

In our view this is unfortunate from two perspectives. First, because we were unable to provide a public summary of the issues we were raising in the process, we were not able to meet our own public transparency commitment. This situation was noted by some external stakeholders who were asking for information about the initiative.

Secondly, there were many examples of very positive responses from Newmont to issues we raised during the project, which should have been recognized more widely. A significant trust-building opportunity was therefore lost.

In the next phase of activity and for any similar initiative undertaken within Newmont or under any other company, we would urge participating parties to fully resolve the issue of transparency in both conceptual and pragmatic terms at the outset and not let the issue linger.

2.2 Methodology of Site Assessments

Process

Consistency Across Sites

In our first Interim Report (Appendix 5, Section 2.7), we noted:

> Newmont sites are located in widely dispersed locations and in varying cultures. Such differences lead the Panel to be concerned about the challenge of achieving consistency in applying the methodology from site to site. We are appreciative of the collaborative way that the Working Group developed its methodology, the built-in check processes that are included inside the methodology, and the ongoing communication within the Assessors’ Team. These factors go some way to ensuring consistency.

The Study Directors were able to work with the assessors to reduce considerably the initial inconsistencies across site reports in terms of issues covered. However, there remain discrepancies that have hindered comparative assessment across the sites and limited the drawing of insights regarding which issues are systemic to Newmont and which are site-specific. Had more time been available at the start of the project when the methodology was defined, these problems might have been avoided.

Concern for the consistency of analysis across and between sites led the Panel to urge Newmont to convene a workshop involving representatives of the ESR Committee, the Advisory Panel, Study Directors, five Site Teams and Newmont Project Team. The resulting workshop (held May 11 – 13 2008) was the first and only time that the Site Teams met face-to-face.

It provided the Panel as well as Newmont and the Study Directors with an opportunity to hear first-hand accounts from the assessors. Everyone was able to share viewpoints on the significance of key events and conditions that contributed to community attitudes toward the company. Most importantly, it allowed the site teams themselves to compare experiences and bring a degree of consistency that we believe would not otherwise have been possible. The resulting benefits for all involved were significant.
Choice of, and Contact with, External Stakeholders for Participation in the Five Site Studies

In our first Interim Report (Appendix 5) we pointed out the importance of being clear on the criteria used for selection of external stakeholders for interviews during the site assessments, and that, to ensure integrity, full disclosure of real or perceived conflicts of interest was essential.

We recognize that the involvement of some interviewees was only possible through a commitment to confidentiality. We respect those commitments and thus we were not able to undertake a full analysis of all lists of interviewees for all sites.

We are generally satisfied that appropriate processes were used for selection of external stakeholders and that for the most part the selection resulted in a fair representation of local interests and perspectives in each of the five detailed site studies.

Where we noticed some gaps in participation, the study teams were typically able to explain the efforts they made and challenges they faced. Some gaps may nevertheless have created potential weaknesses, for example in the case of the Western Shoshone at the Carlin site, whose concerns do not appear to be substantially reflected in the site report, and therefore in the Global Report itself.

Expressing Stakeholders’ Voices

Early in the work of the Advisory Panel we called for recognition of the “stakeholders’ voice” in this work, meaning that the views of community stakeholders should permeate the report throughout and not be lost in broad summaries of their perspectives. More specifically we called for a feedback loop to strengthen this aspect of the work. We returned to this same point in our comments on the draft Global Report.

It is this same concern that motivated the Advisory Panel to add a Panel member who would enhance our own sensitivity to the perspective of local stakeholders. Newmont accepted this suggestion and Ignacio Rodriguez was a rich addition to the group.

Capturing the voices of stakeholders (on matters such as Newmont’s impacts on water and the “culture of fear” at Yanacocha) is not a matter of opining what is “right” or “wrong”. Nor is it a matter of agreeing or not with the concerns. It is simply a matter of recognizing those concerns in the terms in which they are expressed. It is a matter of respect. Such respect is at the heart of effective relationship building.

Often the greatest risks to Newmont lie with groups in the community that disagree with the company’s policies and practices. Ensuring that their concerns are heard, expressed, and understood will lead to better risk awareness and improved outcomes.

The safest way to ensure success in this regard is to: (1) describe stakeholder concerns as well as possible; and then (2) check with stakeholders themselves to see if their concerns have been accurately captured. In the case of Carlin, this kind of approach would move a step beyond recognizing the dissenting voices of the Western Shoshone and devising recommendations to address their concerns, and would actually verify and demonstrate that their concerns have been properly heard.
The final Global Report has come a long way towards meeting the Panel's concern that stakeholder voices come through clearly. The Panel very much welcomes this. However, because this project has not included a feedback loop to date, it remains vulnerable unless an explicit commitment is made to pursue this in an Action Plan that will guide the next phase of activity. Doing so would reflect Newmont's own commitment to engage with its host communities in a way that is transparent and respectful. This topic is dealt with in Recommendation 1, Section 4.1 below.

**Separation of Grievance Handling from Conflict Management**

The separation of conflict management and grievance mechanisms into two discrete issues within the methodology for the site assessments is a flaw in the methodology. The Global Report helpfully brings them more closely together in the context of the three recommendations on ‘Managing Conflict Responsibly’ (Global Report, Section VI C p. 107).

This issue is further addressed in Recommendation 2, Section 4.2 below.

**Issues Not Sufficiently Captured**

**Indigenous Peoples’ Issues**

In its final form, the Global Report still provides insufficient analysis of the risks for Newmont in its interactions with indigenous peoples. The report raises a variety of challenges to the Company’s relations with the Western Shoshone around Carlin Mine and the Iwi around Waihi. But these are in themselves highly complex issues that are not effectively described in the site reports – and quite possibly lay beyond their scope, timeframe and resource allocation. On this front our sense is that Newmont remains vulnerable.

This gap needs to be addressed in the next phase of work and thus is included in Recommendation 1, Section 4.1 below.

**Free Prior Informed Consent (FPIC)**

Newmont has stated that it respects Free Prior and Informed Consent (FPIC) (see footnote 25 of the Global Report), but fails to clarify how that commitment is implemented in practice. This lack of clarity poses a risk to Newmont’s relationships with key stakeholders. FPIC – as derived from ILO Convention 169 and the Declaration on the Rights of Indigenous Peoples – plays a critical role in building trust and accountability with communities and accordingly it is important that Newmont clarify and communicate how FPIC contributes to ensuring a fair distribution of costs, benefits, risks, and responsibilities, and how it will be achieved in practice across each of the company’s operations.

The issue is further dealt with in Recommendation 1, Section 4.1 below.

**Gender Issues**

Gender issues are of increasing concern across the mining industry particularly in terms of: (1) impacts of mining on women’s livelihoods throughout the mine life-cycle (within the mine project and across the host community); and (2) a range of family and community implications that arise in mining families but that almost always default to women in terms of the dominant impacts.
Reflecting the study methodology and the resulting site reports, the Global Report is largely silent on gender concerns. This is a serious gap that must be addressed in subsequent work. Each of the five sites that were reviewed in detail would have different insights to offer in this regard.

We address this in Recommendation 1, Section 4.1 below.

**Artisanal and Small Scale Mining (ASM) and Sustainable Development**

The site studies provided no substantive insight on the issues of conflict between artisanal and small-scale miners and Newmont at some localities. In part this may be due to the fact that the sample of sites selected did not include any sites in the exploration or closure phases, when the presence of conflict with ASM is likely to be more prevalent. The Study Directors have noted this deficiency (footnote 25, page 92) indicating that these miners represent an important stakeholder group in some communities surrounding Newmont’s mines.

We concur with their suggestion that Newmont should ensure that sufficient engagement strategies exist for this group of stakeholders, and welcome Newmont’s engagement with this issue through broader industry initiatives, such as ICMM and CASM. We note Newmont’s recognition that the significance of this issue is growing and is likely to continue to do so.

This topic is captured in Recommendation 1 in Section 4.1 below.

**Water**

The final global report includes a discussion on water issues on pp. 123 and 124 (Section VI).

This is an issue that from a “western” perspective spans concerns for water quality and water quantity both in terms of environmental and human impacts. The intensive use of water in mining often competes with local consumption needs – for people, agriculture and other local economic activities. At the same time, effluent discharges to surface and groundwater and in some instances, acid rock drainage can have serious effects on human and ecosystem health.

In addition, for many who live on the land, the significance of water is closely linked to the foundations of their culture, even their spiritual practices. In many places in the world, a traditional, deep-seated identification and affiliation with land and all its resources gives rise to a kind of natural and long-standing ‘common law’ governing water use in practice.

Contemporary national legislation is superimposed on this traditional system and rarely accounts for the traditional uses and traditional rights to access that are embedded in local cultural practices.

The result is a significant underlying tension that is inexplicable to one looking only through “western” eyes. The only way that this situation can be addressed is to seek and gain a degree of trust that facilitates an expression of this dimension. This is the “voice of stakeholders” that is described previously.

On pp. 123 and 124 (Section VI), the Study Directors argue that Newmont needs to take a proactive approach to addressing the extraction, management, use, and conservation of water. We strongly endorse this suggestion and have included a “water” element in our Recommendation 1, Section 4.1 below.
3. Comment on the Final Global Report

3.1 Remaining Concerns

The previous sections reflect issues that the Panel found were not adequately reflected in the site-level reports, whether due to the methodology, time constraints or other factors. Many of these gaps are inevitably reflected also in the final Global report, in particular:

1. Analysis and prioritization of Newmont’s site-level policies and needed improvements;
2. Intercultural tensions;
3. Addressing gender issues;
4. Accountability to impacted communities;
5. Artisanal and small scale mining; and
6. Addressing community relationship issues across the full project life cycle.

These topics are addressed in Recommendation 1 Section 4.1 below.

3.2 Overall Assessment of the Global Report

We appreciate the inclusion in the Global Report of a “self-assessment” of its success in meeting its objectives (Global Report, Appendix 2). We believe that this kind of assessment is important for drawing lessons from an unprecedented project such as this. Below we comment on each objective. In overall terms, we concur with the Study Directors’ self-assessment.
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<th>Objective</th>
<th>Study Directors’ Assessment</th>
<th>Advisory Panel Comment</th>
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<tr>
<td>1. To assess and describe the current relationships between the selected Newmont operating sites and respective communities, and the contexts in which these relationships have developed.</td>
<td>The Study Directors provided overview assessments and descriptions of the current relationships between the selected operating sites and surrounding communities. These overviews are set forth in Section V. In Section VI, the Study Directors provided significant detail regarding specific aspects of these relationships in the process of framing lessons applicable to the whole company. The descriptions include overviews of the contexts in which these relationships have developed. The Study Directors relied primarily on the work of the study teams in describing the relationships between the operating sites and community stakeholders. The Study Directors reviewed outside material providing perspectives, historical analyses, and criticisms of each site, but did not provide substantial descriptions in the report of the broader literature addressing the sites. Overall: The Study Directors believe that they were able to meet this objective based on the methodology of the CRR and the time frame available.</td>
<td>In overall terms, the Advisory Panel concurs with the Study Directors’ Assessment. However, we believe that more analysis of the pre-existing information base might have been possible and useful for the final report. We recognize that time and resource constraints militated against doing so.</td>
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Objective | Study Directors’ Assessment | Advisory Panel Comment
--- | --- | ---
2. To conduct an assessment of future risks and opportunities to Newmont with regard to its relationships with local communities. | The Study Directors highlighted current and future risks to Newmont with regard to its community relationships throughout the report, but especially in Section VI. The Study Directors identified broad opportunities for the company to make changes in how it manages community relationships. At the local level, the study teams sought to highlight specific opportunities for each site in their narrative reports. The Study Directors provided big-picture lessons and opportunities applicable to all of Newmont’s operating locations, rather than framing potential management opportunities at specific sites. Overall: The Study Directors believe that they were able to meet this objective based on the methodology of the CRR and the time frame available. | In overall terms, the Advisory Panel concurs with the Study Directors’ Assessment.

As above, our sense is that more analysis might have been possible given adequate time and resources. In particular, we believe that the methodology and time constraint combined to limit examination of deeper underlying factors, which may hold the key to reducing conflict in some cases.
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<td>3. To analyze the relevance of existing company policies, systems, and controls, and their effectiveness in guiding the company's community development and community relations programs and activities.</td>
<td>The Study Directors analyzed corporate-wide policies, systems, and controls. The study teams did not provide the Study Directors with comprehensive or specific descriptions of site-specific policies, systems, and controls at the respective mine sites. Frequently, study teams indicated that a policy was in place to address a particular concern, but did not identify whether that policy was tied to a site-specific operating procedure or was identical to, or guided by, a corporate-wide standard or policy. The Study Directors believe that they were able to address the “relevance” of specific policies, systems, and controls, but were limited in their ability to address the “effectiveness” of specific policies due to lack of information about site-level implementation. That said, the Study Directors believe that they were able to highlight both successes and failures with regard to the effectiveness of Newmont’s broader approach to community relationships. Overall: The Study Directors believe that they were able to address the relevance of corporate-wide policies, systems, and controls. The Study Directors were limited, however, in their ability to address the effectiveness of site-specific policies, systems, and controls based upon the nature of the information gathered by the study teams. This limitation highlights a mismatch between the research approach of the study teams and the objectives of the CRR. Future initiatives launched by Newmont could seek to address this limitation by focusing specifically on site-specific policies, systems, and controls.</td>
<td>The Advisory Panel concurs with the Study Directors’ Assessment. We agree that the relative lack of information about local policies, systems and controls, and the resulting lack of analysis about how they relate to corporate-level policies, systems and controls, represents an important gap in the review. To the extent that there is a disconnect between corporate-level CSR policies and site-level practices or implementation, the risk profile for Newmont has the potential to increase.</td>
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<td>4. To identify the impact of the company’s resources, capacity, and governance on the execution of policies and controls related to community development and community relations programs.</td>
<td>The Study Directors provided information regarding the impact of Newmont’s institutional and personnel capacity on the execution of policies and controls related to community development and community relations. The Study Directors analyzed the impact of training, accountability measures, and management structures. The Study Directors were not able, however, to comment on key components of the resources that Newmont has dedicated to community relations at the mine sites. The Study Directors do not have information on budgets for ESR personnel and programs at the various mine sites, nor do they have specific information on the numbers and specific expertise of mine site personnel. Overall: The Study Directors believe that they were able to provide information on key, but not all, significant resource, capacity, and governance issues relevant to the execution of policies and controls related to community development and community relations. The methodology of the CRR limited the ability of the Study Directors to comment on some issues, such as budget and the specific expertise of mine site personnel. Future initiatives launched by Newmont could seek to address this limitation by focusing specifically on resource and capacity issues, including budgets and the expertise of mine site personnel.</td>
<td>The Advisory Panel concurs with the Study Directors’ Assessment. We remain concerned about (1) the limit to the study’s ability to fully assess the effectiveness of implementation and (2) our overall sense that the biggest current gap is more related to implementation than the design of guiding policies or guidelines in the first place. We agree that this is an important area of future inquiry for Newmont.</td>
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4. Recommendations for Moving Forward

4.1 Action Plan

**Recommendation 1 – Action Plan**
A concrete multi-year Action Plan should be collaboratively designed and implemented for moving forward. A commitment to developing such an Action Plan should be included in the Board’s response to this initiative to be tabled at the 2009 Annual General Meeting. It should be developed within a clearly defined timeframe. Its development should draw on collaborative processes to facilitate direct involvement of the range of interests important to Newmont’s community relationships.

The Action Plan should include:

1. **Overall.** An overall description of Newmont’s approach to community relationship-building, in light of the Community Relationships Review;

2. **Clarification of Commitments.** A clarification of Newmont’s commitment to transparency, collaboration, and Free Prior Informed Consent, showing how these aspects of Newmont Policy contribute to ensuring a fair distribution of costs, benefits, risks, and responsibilities, and how they will be achieved in practice across each of the company’s operations;

3. **Local Input.** An explicit process for seeking local input on the accuracy and adequacy of the insights captured in the Global Summary Report and an explicit process tailored to each site for strengthening local participation, feedback, and capturing the “voice of stakeholders” as this initiative proceeds into the future. For an effective feedback loop to occur, documents including the Global Report, the Site Reports, this Report and the Board Response should be translated into the main local languages;

4. **Indigenous People.** An approach for strengthening Newmont’s understanding of the particular issues related to host indigenous people;

5. **Gender Issues.** A clear set of steps for learning about gender issues related to each operation;

6. **All Operations, Full Project Life Cycle.** An explanation of how Newmont will extend its analysis and next steps beyond the detailed site studies included in this phase of work to include all sites, covering the full project life cycle from exploration through post closure;

7. **Artisanal and Small Scale Mining and Sustainable Development.** Specific steps to be taken at the relevant operations to gain the needed understanding of artisanal and small scale mining along with how this activity can be turned into a positive opportunity for effective community relationship building;

8. **Water.** Specific steps for developing an overarching and proactive approach to address the complex dimensions of the water issue across the Newmont system;

9. **Regional Managers.** A description of how Regional Managers will be involved as the process evolves;
10. **Policy.** A description of the steps to be taken to refine, clarify, and prioritize the complex policy regime that Newmont has committed to for governing community relationship building *(Overall, there is no systematic, collated analysis of policies and systems, both cross-cutting and site-specific, with an assessment of their effectiveness and interrelationship, how they can be improved, and a prioritization of steps to be taken to improve their implementation. This is needed to clarify and refine the complex policy regime that Newmont has committed to for governing community relationships.)*

11. **Integrated Conflict Management System.** Clear steps for the development of an integrated conflict management system for Newmont;

12. **Research Priorities.** Listing of prioritized research needs that have emerged from this initiative; and

13. **Prioritized Tasks, Responsibilities, Targets.** A prioritized list of tasks, responsibilities, and target dates for completion of tasks.

The Project Directors’ mandate did not include design of a concrete Action Plan that would serve as a road map for Newmont to move ahead. A commitment to deliver such an Action Plan will be expected by shareholders at the Annual General Meeting in April and we urge the Board not to disappoint on this front.

We have consistently urged, and do so once more, that the details of the Action Plan be designed through an open and collaborative workshop process, demonstrating a way of doing business that is consistent with the stated objectives of Newmont’s leadership.

Newmont has made a significant investment in understanding community relationships through this project and there is now a rare opportunity to capitalize on that investment by convening a workshop that would see the Project Directors, representatives of the site teams, Newmont Project Team, Advisory Panel and ESR Board Committee work together to design the best way forward.

We therefore urge the Board to commit at the AGM to developing the Action Plan within a clearly define timeframe and using a collaborative process such as the workshop suggested.

### 4.2 Integrated Conflict Management System

**Recommendation 2 – Integrated Conflict Management System**

Newmont should review and improve its grievance mechanisms and include them within a more holistic, integrated approach to conflict management.

The methodology for the site assessments addressed conflict management and grievance mechanisms as two discrete issues. The Global Report helpfully brings them more closely together in the context of the three recommendations on ‘Managing Conflict Responsibly’. The Panel believes that it is imperative that Newmont understand and address grievances and conflict in a holistic and integrated manner, which recognizes that even the smallest every-day complaint sits potentially on a continuum with major protests and lawsuits.

The experiences of Minahasa and Yanacocha show how concerns that were ignored or mishandled by Newmont escalated into crisis events. The experience of Yanacocha also shows the more indirect results of a systematic failure to handle community complaints, leading to a cumulative sense of distrust and grievance and a mine-community relationship that is incapable of absorbing sudden problems. By contrast, the early and constructive
handling of complaints about amenity issues at Waihi, with the ability to halt operations until they are resolved satisfactorily, appears to have built an environment of trust that allows unforeseen problems to be handled constructively, without escalating to open conflict.

Viewed within the broader context of conflict management, effective, accessible, transparent and predictable grievance mechanisms are a means for Newmont to identify problems early on before they escalate directly into protests or build a sense of cumulative grievance. They are an essential means to mitigate and manage risk. They are also crucial to build trust among communities that Newmont is committed to identifying and addressing their concerns.

These grievance mechanisms should preferably be designed jointly with communities. Doing so can help ensure that they are compatible with traditional/local means of dispute resolution and therefore more likely to be effective. It can help ensure that they are used constructively by building a shared interest in their success. And it can tie them to the broader work of stakeholder engagement and dispute prevention throughout the life-cycle of the mine.

However grievance mechanisms should not operate in isolation. It is essential to link them to wider conflict management policies and procedures. As the Global Report notes, there are instances where Newmont has adopted a technical and legalistic approach to environmental data, dismissing community perceptions and concerns. This approach has tended to build grievance and sow the seeds of conflict.

Building processes for joint fact-finding, with communities supported by experts they trust (when needed), may be essential to give communities the confidence and capacity to engage with Newmont in resolving disputes. Tracking and analyzing trends and patterns in complaints submitted to grievance mechanisms is also essential in identifying where there are systemic issues likely to generate conflict, and policies or procedures that need amending to avoid this.

Furthermore, effective conflict management requires a coherent culture of conflict management within Newmont that supports this approach. The Global Report appears to identify situations where community relations officers are encouraged and trained to engage productively with communities. Yet this can be thwarted by operational staff taking a technical approach and dismissing community perceptions of environmental impacts. In other cases, a defensive and legalistic response by parts of Newmont removes the space for local staff to engage in dialogue, acknowledge community concerns and openly explore solutions. Such mixed messages can be confusing for staff and counterproductive with communities, reducing the likelihood of effective dispute management.

The Advisory Panel therefore recommends that Newmont review its approaches to conflict management in a holistic manner which:

1. recognizes the need for improved grievance mechanisms in many instances;

2. reflects the link between these mechanisms and other aspects of conflict management, which include processes that:
   • address historic grievances;
   • facilitate joint environmental assessment and fact-finding;
   • track trends and patterns in complaints; and
   • continuously strengthen the company’s culture of dispute resolution.
Newmont might also consider a corporate-level conflict management strategy or mechanism to address issues that transcend sites. This could serve as a fallback or alternative for situations when site-level mechanisms fall short.

4.3 Newmont Commitment to Community Accountability

**Recommendation 3 – Newmont Commitment to Community Accountability**

We urge the Board to consider articulating a statement on its accountability to communities and society along with specific steps for acting on this commitment.

This issue is addressed on p. 2 of the Global Report and again on pp. 92, 93, and 132.

We concur with the Study Directors’ overarching conclusion (p. 132) that:

*Ultimately, Newmont must recognize that it is accountable to stakeholders for its actions. Where accountability is not enforced through legal and regulatory mechanisms, there is nonetheless an underlying moral imperative to treat stakeholders fairly and in a manner that demonstrates respect for their needs and concerns.*

The concept of accountability serves as a thread that ties all elements of this initiative together. Strong community relationships are premised on good faith and accountability.

Building on the Study Director’s conclusion above, we urge the Board to articulate and implement a statement, which clarifies Newmont’s position on this topic as part of their foundation for moving forward. Such a statement might include:

1. Newmont’s specific commitments/obligations relevant to communities, and their relation to legal obligations, internal policies, voluntary standards, human rights, etc;
2. A commitment to effective reporting and transparency on intentions, impact assessments, impact studies, revenues, lobbying, grievances etc;
3. A desire for robust dialogue and consultations throughout the life cycle: a real intention to “hear” communities, not just listen;
4. An elucidation of Newmont’s understanding of “Free Prior Informed Consent” and how it would apply to its operations in practice;
5. A commitment to minimum standards for effective complaints/grievance mechanisms;
6. A commitment to participatory monitoring of environmental and social risks, costs, benefits, and the discharge of responsibilities; and
7. An independent third-party review of commitments and policies with the results reported to and subsequently discussed with communities.

We would also encourage a review of the organizational structure as it pertains to community relationship personnel, to ensure there is effective oversight of this key function at the local, regional and corporate levels.
4.4 The Local-Regional Split on Responsibility for Community Relationships

Recommendation 4 – Review of Decision to Move Responsibility for Community Relationships from Local Sites to Regional Centers
We urge Newmont to review its decision to move responsibility for community relationships from local sites to regional centers, and to do so collaboratively with all involved, in order to establish the best way to move forward at each site.

From a community relations perspective, Newmont’s restructuring decision, which moved overall responsibility for community relationships from local sites to regional centers seems to work directly against its interest in improved community relations.

The Waihi site report brings this out as a specific concern of the community. One can see related problems in the Yanacocha and Batu Hijau mines. It doesn’t emerge in the case of Carlin because the regional office is actually very close to the site - but ironically this has meant that those at the site appear not to have a focus on community relations at all - this all happens in Elko. And equally, we see that the communities around Carlin report that they cease to feel that they are treated with respect when Newmont corporate from Denver gets involved, just as those at Waihi feel or fear such a shift in relations with the regional office in Australia moving into the lead. (See pages 76 and 126 of the Global report.)

Moving responsibility for issues related to community relations geographically away from the community area has a predictably negative impact on community relationships. This issue is not facile and appropriate resolution depends on the personalities involved, the needs of the community, local operations, regional offices and corporate headquarters. One size does not fit all: innovation is required on this front as on any other.

4.5 Ongoing External Advisory Mechanism

Recommendation 5 – Ongoing Advisory Mechanism
We recommend that the Newmont Board create an ongoing mechanism to provide external input on key issues related to community relationship building across the Newmont system.

The issues that we have dealt with in this initiative are evolving quickly as more knowledge, understanding and sensitivity to mining-community relationship building is gained. This initiative has positioned Newmont at or near the leading edge of this field and it is important for Newmont to stay there. To do so, some kind of mechanism should be created that will continue to funnel leading-edge ideas into Newmont. Thus we suggest the creation of an ongoing Advisory Group on Community Relationships. Alternatively, a broader group focused on sustainability, with community relations as a principle focus area, could be created as a primary means to provide external input on key issues.

One issue that could be addressed by such an Advisory Group is the emerging issue of how best to apply ethical analyses to the mine design and implementation process. A discussion of this topic is provided in Appendix 7. It is the Panel’s belief that this is an important emerging topic and that Newmont needs to be proactive in understanding the implications for its operations.

Creating such an Advisory Group would serve to send a clear signal across the Newmont system of the importance of this issue to the company.
4.6 Corporate Culture and Stakeholder Engagement

**Recommendation 6 – Corporate Culture and Stakeholder Engagement**

We recommend that Newmont assess whether its overall corporate culture with regard to stakeholder engagement is sufficiently open, confident, respectful, and genuine to build the effective community relationships the Company is seeking.

As an Advisory Panel, we are outside Newmont’s corporate culture. And yet Newmont created our Panel and asked our comment – we were invited in. The issues that we raise in this section are delicate but we believe they may be critical to Newmont achieving strengthened community relationships.

Corporate culture is notoriously difficult to define and our exposure to Newmont through this project has been limited to particular issues. Any large institution has many different personalities and perspectives within it, which collectively shape the overall culture at play. While we interacted directly with a small project team, they were the conduit on to many more individuals engaged in this review across Newmont. These comments therefore relate to a collective sense of Newmont’s culture, as we perceive it. We emphasize that we do not mean this discussion or any aspect of it to be taken personally by anyone involved with this initiative. We raise the issue here since it appeared to resonate with the experiences of some community groups as identified in site reports.

While in many instances communication between Newmont and the Advisory Panel was efficient and effective, we sometimes encountered a degree of institutional resistance and defensiveness in response to our information requests. As a result, the messaging from the company was sometimes inconsistent. At times engaged, open and willing to share information and listen, and at other times more inclined to serve as arbiter/controller of information.

The inconsistency was also reflected more broadly across Newmont. On the one hand, we were party to an initiative aimed at open communication with communities including many interests critical of Newmont. On the other, on November 11 2008 media reported the following statement of Newmont Mining Corporation Senior Vice President, Carlos Santa Cruz:

“…the main obstacle to developing new deposits at the mine in northern Peru is opposition from what he called “minority groups” who have created a climate of conflict that has stopped or delayed investments in new mining projects”.

This kind of comment reflects a combative stance that casts all the blame on others. It risks inflaming conflicts rather than facilitating effective communication and relationship building that was being sought by the Community Relationships Review.

This inconsistency and the analysis of some of the challenges set out in the site reports and the Global Report together imply that the root causes may extend beyond particular policies or behaviors to aspects of Newmont’s corporate culture.
It is for Newmont to consider whether these inevitably impressionistic views reflect a broader reality either throughout the company or in particular areas. Our recommendation is simply that the company reflects upon this and assess whether or not aspects of its corporate culture give rise to an approach that is consistently open, confident, respectful and genuine when relationships are at stake. Such an approach is needed if effective community relationships are to be achieved.

The initiative of the Board and senior management in supporting this review marks a significant step in that direction.

4.7 Staff Training, Capacity Building and Performance Assessment

Recommendation 7 – Staff Training, Capacity Building and Performance Assessment

7.1 Staff Training and Capacity Building

We recommend that Newmont initiate a program of staff training and discussion aimed at:

• enhancing staff sensitivities to cross-cultural issues, gender issues and conflict management, so as to strengthen their capacity to serve as “ambassadors” for effective community relationships; and
• building a sense of respect for community concerns amongst all Newmont employees while clarifying and strengthening the role of community input into the engineering design process.

We recommend that Newmont prioritize sites that would most benefit from such training, and that it consider involving relevant stakeholders in elements of that training where it can also help strengthen their understanding of Newmont’s values and build effective relationships.

7.2 Performance Assessment

We recommend that key performance indicators with regard to community relationships and conflict management be included in the performance reviews of all staff, in line with their respective functions.

7.1 Staff Training and Capacity Building

The challenges staff can face in building effective community relationships are significant, not least when working in different cultures and dealing with very wide-ranging concerns of communities. Not only community relations staff but also, those tasked with exploration, design and construction, operations, and closure play a significant role in building effective community relationships.

It is inevitable that training is needed to build the capacity of staff to understand how they can impact community relationships and how to ensure those impacts are positive. Only with such training can they be effective “ambassadors” for the mine in their interactions with local communities: bringing understanding of the company to the community and of the community to the company.

Particularly important in this regard is training in:

• cross- or inter-cultural issues: tailored to the different locations where Newmont operates and the different cultures of its staff;
• gender issues: understanding how corporate decisions and actions impact men and women differently; and
• conflict management: in the day-to-day interactions of staff with communities, and as part of a wider corporate conflict management system.

Capacity building in these areas can also assist a significant evolution of Newmont’s corporate culture.
**Community Relationship Building and the Link to the Engineering Design Process.** We are of the view that development of effective community relationships is part of good engineering design. Effective community relationships will lead to use of local knowledge and insight that will improve mine design, bring efficiencies, and add to the operation particularly over the long term. It is not a matter of “PR” but rather part of good corporate culture no different from the culture of Health and Safety that has evolved over the past several decades.

This is not to suggest that technically untrained stakeholders be invited to design, build and implement a mining operation. Rather, there are many issues which impact local conditions and for which local knowledge is essential for setting the design boundary conditions. On such issues, community members are more expert than the engineers and technicians who often come from far afield and do not have the benefit of local knowledge.

**Community Capacity and Understanding.** There is also a need to strengthen any host community’s understanding of what Newmont does and why, and the values it is seeking to uphold. By involving communities as suggested above, and holding periodic facilitated discussion and/or training of community representatives and key staff in an appropriate manner, Newmont can contribute to building capacity and heightening the sensitivity of company staff and community members alike to one another’s values.

### 7.2 Performance Assessment

The Global Report notes that:

> “what matters most for communities is whether the drafting of standards and the provision of implementation tools by corporate personnel in Denver effects behavior at the regional and site levels. The development of standards and management systems can only go so far, and it is apparent that there are significant gaps between the language of Newmont’s standards and the practices at the mine sites. Corporate-level responsibility for the development of standards and systems can only go so far if those corporate-level personnel do not have the tools and mechanisms to drive the standards down to the mine sites and hold regional and local staff accountable for their performance in implementing the standards… Metrics drive performance and thus the lack of measurable indicators negatively impacts the ability of the ESR team to be successful”.

The Advisory Panel fully supports this assessment and underlines that it is not just a matter of the performance of community relations or external affairs staff, but of staff across all functions, where their actions or decisions have an impact on communities. We believe that unless and until social performance indicators that reflect staff performance in this regard are integrated into their annual performance reviews, it will remain difficult for Newmont’s management to ensure that consideration of community relationships is taken as seriously as they wish across the company as a whole.
4.8 Summary of Recommendations

Recommendation 1 – Action Plan
A concrete multi-year Action Plan should be collaboratively designed and implemented for moving forward. A commitment to developing such an Action Plan should be included in the Board’s response to this initiative to be tabled at the 2009 Annual General Meeting. It should be developed within a clearly defined timeframe. Its development should draw on collaborative processes to facilitate direct involvement of the range of interests important to Newmont’s community.

The Action Plan should include:


2. Clarification of Commitments. A clarification of Newmont’s commitment to transparency, collaboration, and Free Prior Informed Consent, showing how these aspects of Newmont Policy contribute to ensuring a fair distribution of costs, benefits, risks, and responsibilities, and how they will be achieved in practice across each of the company’s operations;

3. Local Input. An explicit process for seeking local input on the accuracy and adequacy of the insights captured in the Global Summary Report and an explicit process tailored to each site for strengthening local participation, feedback, and capturing the “voice of stakeholders” as this initiative proceeds into the future. For an effective feedback loop to occur, documents including the Global Report, the Site Reports, this Report and the Board’s Response should be translated into the main local languages;

4. Indigenous People. An approach for strengthening Newmont’s understanding of the particular issues related to host indigenous people;

5. Gender Issues. A clear set of steps for learning about gender issues related to each operation;

6. All Operations, Full Project Life Cycle. An explanation of how Newmont will extend its analysis and next steps beyond the detailed site studies included in this phase of work to include all sites, covering the full project life cycle from exploration through post closure;

7. Artisanal and Small Scale Mining and Sustainable Development. Specific steps to be taken at the relevant operations to gain the needed understanding of artisanal and small scale mining along with how this activity can be turned into a positive opportunity for effective community relationship building;

8. Water. Specific steps for developing an overarching and proactive approach to address the complex dimensions of the water issue across the Newmont system;

9. Regional Managers. A description of how Regional Managers will be involved as the process evolves;
10. **Policy.** A description of the steps to be taken to refine, clarify, and prioritize the complex policy regime that Newmont has committed to for governing community relationship building. *(Overall, there is no systematic, collated analysis of policies and systems, both cross-cutting and site-specific, with an assessment of their effectiveness and interrelationship, how they can be improved, and a prioritization of steps to be taken to improve their implementation. This is needed to clarify and refine the complex policy regime that Newmont has committed to for governing community relationships.)*

11. **Integrated Conflict Management System.** Clear steps for the development of an integrated conflict management system for Newmont;

12. **Research Priorities.** Listing of prioritized research needs that have emerged from this initiative; and

13. **Prioritized Tasks, Responsibilities, Targets.** A prioritized list of tasks, responsibilities, and target dates for completion of tasks.

**Recommendation 2 – Integrated Conflict Management System**
Newmont should review and improve its grievance mechanisms and include them within a more holistic, integrated approach to conflict management.

**Recommendation 3 – Newmont Commitment to Community Accountability**
We urge the Board to consider articulating a statement on its accountability to communities and society along with specific steps for acting on this commitment.

**Recommendation 4 – Review of Decision to Move Responsibility for Community Relationships from Local Sites to Regional Centers**
We urge Newmont to review its decision to move responsibility for community relationships from local sites to regional centers, and to do so collaboratively with all involved, in order to establish the best way to move forward at each site.

**Recommendation 5 – Ongoing Advisory Mechanism**
We recommend that the Newmont Board create an ongoing mechanism to provide external input on key issues related to community relationship building across the Newmont system.

**Recommendation 6 – Corporate Culture and Stakeholder Engagement**
We recommend that Newmont assess whether its overall corporate culture with regard to stakeholder engagement is sufficiently open, confident, respectful and genuine to build the effective community relationships the Company is seeking.
Recommendation 7 – Staff Training, Capacity Building and Performance Assessment

7.1 **Staff Training and Capacity Building**
We recommend that Newmont initiate a program of discussion and training for staff aimed at:

- enhancing staff sensitivities to cross-cultural issues, gender issues and conflict management, so as to strengthen their capacity to serve as “ambassadors” for effective community relationships; and

- building a sense of respect for community concerns amongst all Newmont employees while clarifying and strengthening the role of community input into the engineering design process.

We recommend that Newmont prioritize sites that would most benefit from such training, and that it consider involving relevant stakeholders in elements of that training where it can also help strengthen their understanding of Newmont’s values and build effective relationships.

7.2 **Performance Assessment**
We recommend that key performance indicators with regard to community relationships and conflict management be included in the performance reviews of all staff, in line with their respective functions.
Appendix 1: Newmont Board Recommendation Regarding Proposal No. 4-Stockholder Proposal Requesting a Report Regarding Newmont's Community Policies and Practices

Appendix 2: Advisory Panel Terms of Reference

Appendix 3: Biographic Sketches, Advisory Panel Members

Appendix 4: Preliminary List of Issues, Identified by Panel Members to 5 September 07

Appendix 5: Setting the Foundation, Advisory Panel Interim Report No. 1, 15 October 07

Appendix 6: Initiative in Transition, Advisory Panel Interim Report No. 2, 21 April 08

Appendix 7: Towards an Ethical Lens
Appendix 1: Newmont Board Recommendation Regarding Proposal No. 4 – Stockholder Proposal Requesting a Report Regarding Newmont’s Community Policies and Practices
Appendix 1: Newmont Board Recommendation Regarding Proposal No. 4—Stockholder Proposal Requesting a Report Regarding Newmont’s Community Policies and Practices

http://www.sec.gov/Archives/edgar/data/1164727/000119312507046484/ddef14a.htm

Board Recommendation

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THIS PROPOSAL FOR THE FOLLOWING REASONS:

The Board of Directors has established the Environmental, Health and Safety Committee, a standing committee of the Board, which is comprised of at least three independent directors. The Committee is charged with overseeing a wide variety of Company policies and practices designed to achieve environmentally sound and responsible resource development. Therefore, it is well-suited to review and evaluate the Company’s policies and practices relating to its engagement with host communities around its operations. In conducting its review and evaluation of such policies, the Committee will also evaluate any existing and potential opposition to Newmont’s operations from those communities. The results of that review will be included in a report (omitting confidential information and prepared at reasonable cost) made available to the stockholders prior to the 2008 annual meeting of stockholders.

In particular, the Committee will meet at least twice a year to (a) review the effectiveness of the policies and systems for managing community risks associated with the Company’s activities; (b) prepare a public assessment of the Company’s community affairs performance; (c) report to the Board the Committee’s findings, conclusions and recommendations on specific actions or decisions the Board should consider; (d) engage independent experts or advisors, to the extent it is deemed necessary, who have recognized expertise in community affairs; and (e) oversee Newmont’s policies, standards, systems and resources required to conduct its activities in accordance with the Company’s Core Values.
Appendix 1: Newmont Board Recommendation Regarding Proposal No. 4 - Stockholder Proposal
Requesting a Report Regarding Newmont's Community Policies and Practices

Newmont Mining Corporation
US SEC - SCHEDULE 14A
Proxy Statement: Notice of 2007 Annual Meeting of Stockholders

The Company has been advised that the following resolution and statement in support thereof may be presented by or on behalf of a beneficial owner of shares of the Company's common stock at the Annual Meeting of Stockholders. The name and address of such beneficial owner, together with the number of shares of common stock held by such beneficial owner, will be furnished by the Company, to any person, orally or in writing as required, promptly upon the receipt of such request.

“NEWMONT MINING 2007

Whereas:
Several Newmont projects in developing countries have been undermined by community protests over the years. A pattern of community resistance to the company's operations, especially in Peru, Indonesia, and Ghana, raises concerns about issues such as the company's mining waste disposal practices, the potential for water pollution, development on sacred sites, and community resettlement.

- In November 2005, police shot and killed one farmer and injured three others near Newmont's Akyem mine in Ghana, after a protest calling for additional compensation for crops. In a response by Newmont, the company later acknowledged that it “did not heed early warnings in the villages that the situation could escalate.”

- In April 2006, villagers burned Elang exploration camp on Sumbawa Island, Indonesia, temporarily suspending operations. Last year, exploration was also suspended temporarily after residents asked the company to hire more community members and purchase more local supplies, according to the Denver Post.

- In November 2004, the company removed Cerro Quilish from the mine plan and reserves of Minera Yanacocha, in which Newmont holds majority interest, after community protests against exploration activities resulted in a sustained blockade to the mine. Yanacocha asked for its exploration permit to be revoked, primarily due to increased community concerns. According to the firm's 10-K Annual Report 2004, it reclassified 2.0 million ounces of gold from “proven and probable” to “mineralized material not in reserve.” Yanacocha's operations manager said in a BBC news article that the company failed to understand the magnitude of the community's concern.

- In August 2006, local residents blocked access to Yanacocha for six days, briefly shutting down the mine over concerns related to job security, water protection, and community investments. The blockade followed a series of clashes between protestors, security guards, and police, during which one farmer was shot to death, according to Inter Press Service.

- On February 17, 2006, The New York Times reported that Newmont agreed to pay $30 million to Indonesia in a settlement of a civil lawsuit in which the government argued that Newmont had polluted a bay with arsenic and mercury, making villagers sick.
Resolved:

That shareholders request that a committee of independent board members be formed to conduct a global review and evaluation of the company's policies and practices relating to existing and potential opposition from local communities and to our company's operations and the steps taken to reduce such opposition; and that the results of that review be included in a report (omitting confidential information and prepared at reasonable cost) that is made available to shareholders prior to the 2008 annual meeting.

Supporting Statement:

Newmont Mining's success depends not only on receiving legal permits and licenses, but also on the acceptance and cooperation of the communities it affects.”
Appendix 2: Advisory Panel Terms of Reference
1. Introduction

On Tuesday, April 24 2007, nearly 92% of Newmont shareholders voted in favor of a resolution requesting the Board of Directors to conduct a global review and evaluation of Newmont's policies and practices relating to the existing and future relationships with local communities, including aspects of potential conflict and opposition.

The Newmont Board of Directors' Environmental and Social Responsibility Committee is responsible for overseeing Newmont’s policies, standards, systems and resources required to conduct its activities in accordance with the Company’s Core Values. The Board of Directors has charged the Committee with undertaking the necessary work to develop a response to the shareholder resolution.

To aid in the preparation of its report, the Committee has commissioned a Working Group of expert consultants who will work with Newmont personnel in undertaking the required tasks.

The Working Group will:

- assess and describe the current relationships between Newmont operating sites and their respective host communities;
- assess the future risk and opportunities to Newmont with regard to the relationship with communities adjacent to operating sites;
- analyze the relevance of existing policies and controls and their effectiveness in guiding community development and community relations programs and activities, both at a corporate and regional level; and
- identify the impact of the company’s resources, capacity and governance on the execution of policies and controls related to community development and community relations programs and activities.

The Working Group's interactions with Newmont operations will be facilitated by Newmont's Vice President for Environmental Affairs and Sustainable Development. In addition, an Advisory Panel of 5 to 8 members will also be convened to serve in an independent review capacity for this initiative. The purpose of this note is to describe the Terms of Reference for the Advisory Panel.
2. Objectives and Mandate of the Advisory Panel

The primary role of the Panel is to:

1. Review the approach and findings of the Working Group. Specifically the Panel is asked to respond to the following questions:
   - Will the scope and methodology of the Working Group’s approach ensure that the needed information and data are forthcoming both from company and community sources?
   - Does the Working Group report provide an adequate basis for assessing: (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

2. Provide a report (direct and unedited by Newmont) to the Board of Directors that captures the Panel’s perspectives on the research process, its findings, and any recommendations the Panel members may have for charting a path forward for building community relationships.

The Panel will work in cooperation with the Working Group and the Board of Directors. The Panel’s commentary on the final product, including its views of the process, the relevance and materiality of the Working Group’s report, the transparency of the engagement, and so on, will be provided directly to the Board of Directors in an independent report.

Panel members will be expected to respect the fine balance that exists between the need for confidentiality and the need for transparency. They will be expected to act with integrity in discharging their review.

3. Tasks and Required Level of Effort

Panel Members are expected to discharge the following tasks:

1. Meetings: Prepare for and participate in three or four face-to-face meetings;
2. Participate in conference calls as required between meetings; and

The project will take place from August 2007 until late fall 2008.

If a Panel member cannot fulfill her/his duties with regard to the project, the Advisory Panel and Board of Directors will collaborate in naming a replacement if that best meets the needs of the project at that time.

4. Advisory Panel Membership and Chair

To initiate the panel, the Board appointed Dr. R. Anthony Hodge, Professor of Mining and Sustainability at Queen’s University, Canada as Chair. The Chair’s primary role is to facilitate the participation of Panel members in this initiative. He will be responsible for ensuring: (1) the smooth operation of the Advisory Panel deliberations; (2) effective communication between Panel members, and between the Panel, Working Group, and Board of Directors; and (3) that the perspectives and opinions of all Panel members are gathered and accurately transmitted to the Working Group and Board of Directors in a transparent and timely fashion.
The following criteria were considered in choosing Advisory Panel Members:

- all members would have a working knowledge of the dynamics of the relationships between mining and communities;
- the Panel would reflect a range of expertise in one or more fields relevant to this study (such as stakeholder engagement, local community perspectives, assessment assurance, human rights, alternative dispute resolution, ethical investments, mining and communities, etc.);
- the Panel would bring a variety of perspectives – NGO, academic, research, local community, etc.;
- Members would be independent of Newmont, any business activities related to the company, or any local communities that might lead to a conflict of interest; and
- An effective working size was set at 5 to 8 panel members.

Members were confirmed by the Board on the recommendation of the Panel Chair in consultation with the Study Director and Corporate Team. Support to the Panel will be provided by Ingrid Taggart of Anthony Hodge Consultants Inc.
5. Principles of Participation

Participation in the Advisory Panel will be governed by the following Principles.

Advisory Panel Principles of Participation

The process is designed to facilitate:

1. sharing experience and learning from the resulting dialogue;
2. understanding and respect for the diversity of perspectives brought to the table;
3. building effective working relationships;
4. identifying areas of common ground, differences and related reasons; and
5. the achievement of value for company, communities, and participants.

Participation

Advisory Panel Members have been selected to reflect a range of values, interests, and experience. They are invited to share insights in their personal capacity and not as representatives of any organization or interest. There is no expectation that Advisory Panel Members will report back to or seek approval from any organization or interest. Further, participation by Advisory Panel Members is not to be seen as an endorsement by any participant of Newmont decision making or any specific outcome.

Report

All Advisory Panel Reports will be prepared and distributed to the full Panel for review before being finalized and forwarded to the Newmont Board of Directors. The Panel’s final report will be made publicly available in its entirety.

No specific attribution of any comment made by any participant will be referenced in meeting reports or the final report of the Advisory Panel unless specifically requested by the participant. The final report will include a list of participants as well as these Principles of Participation.

Modified from Glenn Sigurdson, CSE Group, SFU Centre for Dialog, GUE, Vancouver, Canada

6. Task Descriptions

(Note: see Advisory Panel Final Report for a description of the final "as completed" tasks.)

Meetings

The following meetings are envisioned:

1. September 13, 14.  (1) Review of overall project; (2) review approach and methodology to be used by Working Group; (3) review and refine Advisory Panel Terms of Reference; (4) draft first commentary.
2. February 18, 19.  Revise the project work plan with the Newmont corporate team and new Study Co-Directors.
3. May 11, 12.  Review the site reports with the Newmont corporate team, new Study Co-Directors, and leads of each site Assessment team.
5. October.  Meet with the ESR Committee to review the Advisory Panel’s Observations and Recommendations.

Meetings will require review of documents in preparation and review of draft meeting notes/reports after.
Conference Calls
Conference calls between meetings will be convened as required.

Reports
Four “reports” to the Board are envisioned as follows:

1. **Interim Report No. 1.** Initial commentary following Meeting 1: addresses the overall project design and approach.
2. **Interim Report No. 2.** Second commentary following Meeting 2: addresses issues related to the Transition in study leadership.
3. **Interim Report No. 3.** Third commentary following Meeting 3; addresses observations related to the site reports.
4. **Final Report.** Draft Final report to be prepared following Meeting 4 in early September. Final Report to follow after interaction with the Newmont team, Study Co-Directors, and ESR Committee.

Reports are targeted to be about 10 to 15 pages in length, with additional appendices as may be required.

7. Communications

The Chair will represent the views of the Advisory Panel to the Working Group, Corporate Team, and Board of Directors unless otherwise agreed to by the full Advisory Panel.

Panel members will respect the sensitivity and confidentiality of all work products and discussions until such time as public dissemination is agreed upon with the Working Group and Board of Directors.

8. Confidentiality

1. Advisory Panel members will not be asked to sign a confidentiality agreement.
2. The Panel is commissioned by the Board of Directors and the formal line of reporting is to the Board.
3. Success of this initiative is only possible through maintenance of a spirit and practice of overall transparency. This has been recognized by all involved.
4. Little (if any) sensitive or confidential material is expected to come before the Panel. However, it may happen and if so, the Panel will need to respect sensitivities, be they associated with individuals, communities, or the company.
5. Panel members must respect the internal process of Advisory Panel deliberations. To be fair to this process, the details of Advisory Panel discussion need to stay in the room. This is essential for facilitating full expression of ideas and entering into a process of give and take in which a participant is sometimes influencing others and sometimes being influenced by others. In the absence of this kind of flow, not only would expression of ideas be inhibited, but so too would the learning process for all concerned. Such learning and the drawing out of lessons is at the heart of the Panel’s task. Each panel member is participating as an individual, not as a representative of a broader organization or alliance (this is covered in the “Principles of Participation”).
6. A summary document of each of the Advisory Panel deliberations, once agreed upon by panel members, will be made public. Release timing is a decision that rests with the Board. However, given the Board's commitment to process transparency, there is little incentive to withhold Panel reports.

7. It is possible and reasonable to share a sense of the general activities of the Advisory Panel orally with colleagues provided the above points are respected.

8. In short, there is a dependence on the personal professional integrity of panel members to make an ethical decision if a question related to confidentiality arises. If a question arises, the best course of action is to discuss it with the whole panel.

9. **Compensation and Benefits**

Panel members will be offered compensation in recognition of the time spent on Advisory Panel duties. Compensation will respect the policies of members’ employing organizations. Reasonable expenses related to fulfilling their duties to the project outside of their individual work environment, including travel, lodging and meals for the purpose of attending meetings, will be covered by the project.
Cristina Echavarria
Executive Director
Alliance for Responsible Mining (ARM)
Medellín, Colombia

Cristina Echavarria has over 20 years of experience in community development, social research and administration of research programs in participatory natural resource management, with emphasis on the social, environmental and governance dimensions of the sustainable development of mineral rich regions. She is the founder of an NGO working with campesinos and Indigenous Peoples in North Colombia, and creator in 1997 of a research program on Mining, Environment and Communities at the University of Antioquia (Medellín, Colombia). She has directed research programs to develop intercultural natural resource management tools, has developed formal and non-formal education programs, participatory action research for the organization and promotion of women, and has extensive experience in applying communications for development by combining traditional media (print, radio, TV) with ICT’s, and popular cultural expressions and both traditional and scientific knowledge. Between 2000-2002 she coordinated the multi-stakeholder consultation processes of the MMSD project in Latin America, and went on to facilitate the formation of knowledge networks around mining and sustainable development issues in that region. She has been a keynote speaker in numerous regional and global conferences, and has published widely. Between 2000 and early 2005 she was the Director of the Mining Policy Research Initiative of Canada’s International Development Research Centre. Since mid 2005, as ARM’s Executive Director, she has led the development of responsibility standards for artisanal and small scale mining, and the development of the first global Fair Trade labelling initiative for gold. Ms. Echavarria holds a BA in Archaeology and Geology from the University of Bristol (UK), and an MSc in Educational Development and Social Research from Nova University (USA).

Steve D’Esposito
President, RESOLVE
Washington, D.C.

Steve D’Esposito has worked for over 25 years as an environmental advocate, with a specific focus in the past 5 years on working across sectors to identify and promote solutions to environmental challenges.

On October 1, 2008 Steve was appointed as President of RESOLVE and the EARTH SOLUTIONS CENTER. From 1998-2008, Steve served as President and CEO of EARTHWORKS. Before becoming president of EARTHWORKS in January 1998, Steve served as Vice President for Policy.

Before joining EARTHWORKS, Steve was instrumental in building Greenpeace USA into one of the largest environmental groups in the U.S., from 1986 through 1992. From 1993 through early 1996, Steve served as Deputy Director and then Executive Director of Greenpeace International in Amsterdam, the Netherlands. Prior to his work with Greenpeace, Steve was Field Director for the New York Public Interest Research Group. Steve also led a community-based voluntary recycling effort in Washington D.C. and then helped pass recycling legislation. Steve received a bachelor’s degree in political science from Tulane University in New Orleans in 1983.
R. Anthony (Tony) Hodge (Advisory Panel Chair)
President, International Council on Mining and Metals, London UK
Professor of Mining and Sustainability, Queen’s University, Canada

On October 1, 2008, R. Anthony Hodge assumed duties as President and CEO of the International Council of Mining and Metals in London UK. This follows from his appointment a year earlier as Kinross Professor of Mining and Sustainability, Queen’s University at Kingston.

For the past 30 years he has been in private practice as a consulting engineer. His projects have ranged across a rich variety of assignments related to mining, aboriginal relations, nuclear waste management, water resources, energy policy, and the distribution of benefits from resource developments.

He received his B. A. Sc. (1972) and M. A. Sc. (1976) degrees from the University of British Columbia (Geological Engineering). He was awarded his Ph. D. (interdisciplinary) in 1995 from McGill University as a result of work that focused on reporting on progress toward sustainability. Prior to his recent appointment at Queen's University, he taught at Royal Roads University in their graduate program on environment and management. He also held an adjunct position with the School of Public Policy at the University of Victoria.

From 1989 – 1992, Anthony was President of Friends of the Earth Canada. He served on the National Round Table on the Environment and the Economy (NRTEE) from 1992 - 1996. Through 2001 and 2002 he led the North American component of a global multi-interest review of practices mining/mineral industry (MMSD – North America). As part of this work he championed development of the Seven Questions to Sustainability – How to Assess the Contribution of Mining and Mineral Activities. Anthony has written, spoken, and taught extensively on the issue of applied sustainability, particularly in terms of practical application in the mining industry.

Chris Jochnick
Director, Private Sector Department, Oxfam America
Coordinator, Private Sector Team, Oxfam International
Boston, MA

Chris Jochnick is the Director of the Private Sector Department at Oxfam America and Coordinator of the Private Sector Team of Oxfam International. Mr. Jochnick is the co-founder of the Center for Economic and Social Rights (NY) and the Centro de Derechos Economicos y Sociales (Ecuador). He has worked for over fifteen years on issues of human rights and corporate accountability, including seven years in Latin America supporting grassroots campaigns around trade, health and extractive industries. He has participated in a number of multi-stakeholder initiatives and sits on the Steering Committee of the Voluntary Principles on Security and Human Rights and on the International Advisory Panel of JO-IN. Prior to joining Oxfam, Mr. Jochnick worked as a corporate attorney with the Wall Street law firm of Paul, Weiss, Rifkind, Wharton and Garrison, where he advised companies on environmental and social liabilities. Mr. Jochnick is a graduate of Harvard Law School, a former MacArthur Research and Writing fellow and Echoing Green fellow. He recently co-edited the book Sovereign Debt at the Crossroads (Oxford, 2006) and has published and lectured widely on issues of human rights, business and development. He is a lecturer of law at Harvard Law School, where he teaches a course on business and human rights.
Caroline Rees
Director, Governance and Accountability Program
Corporate Social Responsibility Initiative
Harvard Kennedy School, Harvard University

Caroline Rees is Director of the Governance and Accountability Program at the Corporate Social Responsibility Initiative of Harvard Kennedy School. Her primary focus is on the analysis and development of mechanisms that address grievances arising from the impact of corporate operations on the communities where they operate and workers in their supply chains. She is also an advisor to Professor John Ruggie, the UN Secretary-General's Special Representative for Business and Human Rights and member of the Board of the Institute for Human Rights and Business.

Caroline previously spent 14 years with the British Foreign and Commonwealth Office. From 2003-2006 she was posted at the UK's Mission to the United Nations in Geneva, where she led the UK's human rights negotiating team. She was closely involved in negotiations on issues such as human rights in Sudan and the Middle East, the right to development, the Declaration on the Rights of Indigenous Peoples and business and human rights. In 2005 she chaired the negotiations that created the mandate of the Special Representative of the Secretary-General for business and human rights. Her prior foreign service career covers Iran, Slovakia, the UN Security Council and the negotiations leading to the 2004 enlargement of the European Union. Caroline has a BA Hons from Oxford University and an MA in Law and Diplomacy from the Fletcher School, Tufts University.

Ignacio Rodriguez
Community Representative

Ignacio has a B.A. from Pan Americana University and an M.A. from Oklahoma State University. He was a Vocational Rehabilitation Councilor with the Texas Education Agency, Director of a Community Mental Health Center, Deputy Director of the Division of Forensic Psychiatry of the Colorado Menial Health Institute and retired as a Project Officer with the National Institute of Mental Health, Department of Health and Welfare.

He devoted significant time as a participant in the reclamation effort at the Summitville Superfund Site in Colorado effluent from which severely degraded the Alomosa River which in turn traversed his ranch. He served as Chairman of the Summitville Technical Assistance Group and is presently a Board Member of the Alliance for Responsible Mining.
**Julie Tanner**  
Assistant Director of Socially Responsible Investing  
Christian Brothers Investment Services  
New York, NY

Ms. Tanner is responsible for researching the performance of and engaging in dialogue with companies in order to improve environmental and social policies and practices. She has been instrumental in advocacy successes, including agreements with JPMorgan Chase that resulted in the creation of the position of Director of Environmental Affairs and the development of environmental policies for its investing activities and an agreement with independent board of directors of American Electric Power to report on financial risks associated with high greenhouse gas emissions.

Prior to joining CBIS, Ms. Tanner was the Manager for National Wildlife Federation’s Finance and Environment program for five years and also represented NWF on the board of the Coalition for Environmentally Responsible Economies. She worked in the financial services industry for 8 years, including 5 years with what is now JPMorgan Chase. While in graduate school at North Carolina State University, she traveled to the Brazilian Amazon for the U.S. Forest Service for a study on the potential for ecotourism.

She holds a B.A. from Rutgers, an M.B.A. from Pace University, and an M.S. in Forestry from N.C. State University.

**Support: Ingrid Taggart**  
Vice-President, Anthony Hodge Consultants Inc.  
Victoria, B.C. Canada

Ingrid Taggart holds a BA from the University of Victoria and an MBA from the University of Western Ontario.

After seven years as a small business owner/operator in the private sector, Ingrid joined the BC provincial government where she held management positions in economic development, aboriginal treaty mandates and negotiations, and finally water management and utility regulations.

More recently, Ingrid has co-facilitated a number of workshops and co-authored several reports with Anthony Hodge including their work in 2004 on the Northern Sustainability Lens undertaken for the Indian and Northern Affairs Canada’s Strategic Planning group, Northwest Territories region, Yellowknife. They jointly designed and facilitated a multi-interest forum convened by the Walter and Duncan Gordon Foundation in June 2007 to review the sharing of benefits from non-renewable resource activity in Canada’s north.
Appendix 4: *Preliminary List of Issues*, Identified by Panel Members to 5 September 07
## Preliminary List of Issues, Identified by Panel Members to 5 September 07

<table>
<thead>
<tr>
<th>Issue/Concern</th>
<th>Comments for discussion as of 5 Sept 07</th>
<th>Advisory Panel Observation as of 26 Jan 09</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Overarching Issues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. <strong>Is the overall timing</strong> of the initiative too constrained?</td>
<td>1. The Board has committed to report back to the AGM next spring and has initiated this process in order to be able to do so as fully as possible; 2. There is always the possibility of a second phase of activity. The Advisory Panel can consider this for recommendation.</td>
<td>The report-out date was put back by one year and time horizon changed with appointment of new Study Directors; See Advisory Panel Report Section 2.1. However the timing issue remained an issue in terms of its influence on the initial methodology.</td>
</tr>
<tr>
<td>2. <strong>Local participation:</strong> (1) is there adequate participation of local residents, NGO’s, communities? (2) Should a “local” person be on the Advisory Panel? (3) Should there be site visits by Advisory Panel members?</td>
<td>1. The Working Group has put in place an extensive process for local contact. This topic will be thoroughly reviewed at the first meeting. The Advisory Panel is charged with commenting on the adequacy of local input. 2. Appointing a single “local” person raises issues of (1) selection; (2) effectiveness in representing “local” conditions from many areas around the world; and (3) how useful such a single individual would be to Advisory Panel deliberations given the system-wide scope of the initiative. 3. Sensitivity to local perspectives and values was a factor in selecting Advisory Panel members. On the other hand, it is true that no Advisory Panel member is currently living in a small community by a mining operation. This is an important “perception” issue and relates to the overall credibility of the initiative. 4. Site visits by Advisory Panel members may be useful in enhancing Panel Members’ understanding of local conditions. However, such visits could also cause local confusion and undermine the work of the Assessor Team who carries the responsibility of fairly describing local relationships. Assessors have been chosen both for their expertise related to the methodology of this task as well as their knowledge and experience of the specific country language and context of their assigned site.</td>
<td>Concern about local feedback on the assessment process and findings remained to the project end. Can still be resolved by Newmont if the next phase of activity is effectively used to continue working and engaging with local interests. It will be important to translate the Study Report, Site Reports, Advisory Panel Report and Board Response to the local languages.</td>
</tr>
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<tr>
<td><strong>Major Overarching Issues - cont.</strong></td>
<td></td>
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</tbody>
</table>
| 3. What are the **criteria for site selection**? Why has Minahasa been excluded? | A range of sites was evaluated by Newmont and the Study Director with the intent of including the diversity of conditions that influence these relationships, which are:  
  • Social, economic, cultural and political conditions at local, regional and national levels;  
  • Operating status and stage in the mine life-cycle;  
  • Link to Indigenous peoples, and  
  • Geography.  
On balance, Minahasa did not best fit these criteria.  
The sites selected are: Carlin Mine, Nevada; Martha Mine, New Zealand; Batu Hijau Mine, Indonesia; Yanacocha Mine, Peru; Ahafo Mine, Ghana. | Partially resolved. See discussion in Advisory Panel Report, Section 2.1 |
<p>| 4. What steps are being taken to ensure <strong>overall process transparency</strong>?   | The initiative is being driven by the principle of transparency and would likely fail if it were shown that information/data were withheld inappropriately. The Advisory Panel will assess and report on the degree of transparency that has been achieved. All Advisory Panel reports will be made public. | The issue of transparent communication with the public during the project remained largely unresolved to the end. The web site was never used as the communication tool that the Advisory Panel expected – no reporting from the Advisory Panel to the general public occurred during the study. |
| 5. Is this really a <strong>PR campaign</strong>? Will we be able to deal with fundamental issues? | Significant effort is being made to ensure that this initiative is based on substantive insights gathered in the communities and the company. There will be no constraints imposed on the issues to be addressed. The Advisory Panel is in a position to independently question and comment on the integrity of this initiative. | Resolved                                                                                           |</p>
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<tr>
<td><strong>6. Confidentiality</strong> are appropriate protocols in place that are agreed to by both Panel Members and Newmont?</td>
<td>See “confidentiality” memo from Hodge to the Panel, 15 Aug 07.</td>
<td>Resolved, see Terms of Reference, Appendix 2.</td>
</tr>
<tr>
<td><strong>7. Can we clarify what is meant by the statement in the Terms of Reference that says: “Communications between Advisory Panel members and communities on topics related to this project will not be undertaken unless otherwise agreed to by the full Advisory Panel”?</strong></td>
<td>See “confidentiality” memo from Hodge to the Panel, 15 Aug 07.</td>
<td>Resolved, see Terms of Reference, Appendix 2.</td>
</tr>
<tr>
<td><strong>8. What is the process for release of the Advisory Panel Report?</strong> Can we be assured that it will be made public? When? What if Newmont is bought out and corporate officers change – under these conditions can we be assured that the Panel's report will be made public?</td>
<td>This issue is addressed in the “Principles of Participation” that will be reviewed and refined at the first meeting and appended to all Advisory Panel Reports. Specifically the following is stated: All Advisory Panel Reports will be prepared and distributed to the full Panel for review before being finalized and forwarded to the Newmont Board of Directors. The Panel's final report will be made publicly available in its entirety.</td>
<td>Resolved</td>
</tr>
<tr>
<td><strong>9. Report writing process: Will the Panel have opportunity to sign off on its report prior to completion?</strong></td>
<td>Yes</td>
<td>Resolved</td>
</tr>
<tr>
<td><strong>10. What assurance do we have that a members' participation does not implicate a members' affiliated organizations?</strong></td>
<td>This issue is specifically addressed in the “Principles of Participation” that will be reviewed and refined at the first meeting and appended to all reports of the Panel. Specifically the following is stated: Advisory Panel Members have been selected to reflect a range of values, interests, and experience. They are invited to share insights in their personal capacity and not as representative of any organization or interest. There is no expectation that Advisory Panel Members will report back to or seek approval from any organization of interest. Further, participation by Advisory Panel Members is not to be seen as an endorsement by any participant of Newmont decision-making or any specific outcome.</td>
<td>Resolved</td>
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</tr>
<tr>
<td>11. How will members’ participation be described in any external communication?</td>
<td>Members of the Advisory Panel will be identified in descriptions of the Panel and in the final report. A short bio may be included in an appendix of the final report that will include a reference to current employment.</td>
<td>Resolved</td>
</tr>
<tr>
<td>12. Will documents be received in advance for review by the Panel?</td>
<td>Yes</td>
<td>Resolved</td>
</tr>
<tr>
<td>13. Will NGO’s “critical” of Newmont be included in the process? How?</td>
<td>Yes, both locally through the initiative and through the Global Stakeholders Forum.</td>
<td>Resolved</td>
</tr>
<tr>
<td>14. Will Newmont employees be interviewed?</td>
<td>Yes</td>
<td>Resolved</td>
</tr>
<tr>
<td>15. Will there be individual site reports?</td>
<td>Yes</td>
<td>Resolved</td>
</tr>
<tr>
<td>16. To what extent is the Working Group obligated to take into account Advisory Panel recommendations regarding process, research, methodology, etc.?</td>
<td>The Working Group is independent of the Advisory Panel and is under no obligation to accept recommendations from the Advisory Panel. However, the calibre and resulting “weight” of Advisory Panel opinion and the open reporting process provide significant incentives for the Working Group to integrate Advisory Panel suggestions into its work. For its part, the Working Group has committed to providing an explanation of the actions taken in response to Advisory Panel suggestions.</td>
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Other Methodological/Protocol Questions

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<td>Resolved</td>
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</table>
Appendix 5: Setting the Foundation

Interim Report No. 1
Advisory Panel
Newmont Community Relationships Review
October 15, 2007
## Contents

1. **Introduction**  
   1.1 Panel Origins ........................................................................................................ 67  
   1.2 Panel Mandate, Membership and Process .............................................................. 68  
   1.3 Purpose of This Report .......................................................................................... 68  

2. **Issues and Observations to Date**  
   2.1 Three Priority Suggestions ...................................................................................... 69  
   2.2 Project Timeline – An Overarching Concern ......................................................... 69  
   2.3 Local Participation and Feedback ............................................................................ 70  
   2.4 Site Selection, the Particular Issue of Minahasa ................................................. 71  
   2.5 Transparency and Communication ......................................................................... 71  
   2.6 Reporting Process .................................................................................................. 72  
   2.7 Consistency Across Sites ........................................................................................ 72  
   2.8 Ensuring Integrity .................................................................................................. 72  
   2.9 Strengthening the Panel’s Knowledge Base and Capacity ...................................... 73  
   2.10 Methodological Details ....................................................................................... 73  

3. **Looking Forward** .................................................................................................... 74  

4. **Closing Comment** .................................................................................................. 75
1. Introduction

1.1 Panel Origins

At the April 24, 2007, Annual General Meeting, Newmont shareholders passed the following resolution:

Resolved: That shareholders request that a committee of independent board members be formed to conduct a global review and evaluation of the company’s policies and practices relating to existing and potential opposition from local communities and to our company’s operations and the steps taken to reduce such opposition; and that the results of that review be included in a report (omitting confidential information and prepared at reasonable cost) that is made available to shareholders prior to the 2008 annual meeting.

In response, the Newmont Board charged the three independent Directors that constitute the Environmental and Responsibility Committee, Dr. James V. Taranik (Committee Chair), Governor Robert J. “Bob” Miller, and Ms. Veronica M. Hagen, with initiating what has come to be known as the Community Relationships Review. A Corporate Liaison Team was created under the leadership of Dave Baker, Vice President, Environment and Social Responsibility. In turn, a Working Group was commissioned under the Direction of Jim Rader, President, Avanzar Consulting (Canada) Ltd, to undertake the necessary development of an appropriate methodology, fieldwork and documentation of results. The Board set the following four objectives for the Review:

Community Relationships Review Objectives

1. To assess and describe the current relationships between the selected Newmont operating sites and respective communities, and the contexts in which these relationships have developed;

2. To conduct an assessment of future risk and opportunities to Newmont with regard to our relationships with local communities;

3. To analyze the relevance of existing company policies, systems and controls and their effectiveness in guiding the company’s community development and community relations programs and activities; and

4. To identify the impact of the company’s resources, capacity and governance on the execution of policies and controls related to community development and community relations programs and activities.

As a final project component, an independent Advisory Panel was established as a means of providing expert advice on the initiative and ensuring the highest possible quality of work.
1.2 Panel Mandate, Membership, and Process

The objectives defined by Newmont for the Advisory Panel are:

**Advisory Panel Objectives**

1. To provide advice on the quality and integrity of both the research process and presentation of findings to the Board, specifically responding to the following questions:
   - Will the scope and methodology of the Working Group’s approach ensure that the needed information and data are forthcoming both from company and community sources?
   - Does the Working Group report provide an adequate basis for assessing: (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

2. To provide a report (direct and unedited by Newmont) to the Board of Directors that captures the Panel’s perspectives on the research process, its findings, and any recommendations the Panel members may have for charting a path forward.

The Advisory Panel consists of the following seven members: Cristina Echavarria, Steve D’Esposito, R. Anthony Hodge (Chair), Chris Jochnick, Caroline Rees, Steve Rochlin, and Julie Tanner. Support to the panel is being provided by Ingrid Taggart. Appendix 3 includes a short biographic sketch of each member.

The Panel’s work will be undertaken through a series of three, possibly four meetings with time spent in preparation and follow-up as follows:

- **Meeting 1.** September 13-14, 2007. Review of Advisory Panel Terms of Reference; Review of Working Group Methodology
- **Meeting 2.** December 11-12, 2007. Review of Site Reports.
- **Meeting 4.** Mid- to late-March if required. Review Advisory Panel Final Report.

The full Panel Terms of Reference are provided in Appendix 2.

1.3 Purpose of this Report

This report arises from Meeting 1 and the Panel’s review of its own Terms of Reference and the Working Group Methodology. As a result of our work to date, a number of issues have arisen. The purpose of this report is to apprise the Board at this time of these issues and related observations that have arisen to date. This list will evolve over the life of the project as we move towards our final report that will include an assessment of the process and our recommendations on how Newmont can best move ahead.
2. Issues and Observations to Date

2.1 Three Priority Issues

As a result of our review to date, the following three priority issues have arisen.

**Priority Issues**

*Priority Issue 1 – Create a Mechanism to Facilitate Local Feedback.* A series of “feedback meetings” should be convened near the five sites under review to ensure that adequate opportunity is provided for local stakeholders and interviewees to consider and respond to the insights gathered by the Working Group. See Section 2.3 below for discussion.

*Priority Issue 2 – Integrate Insights from the Experience of Minahasa.* Insights from Newmont’s experience at Minahasa should be formally integrated into this initiative and innovative ways should be explored for doing so that recognize Minahasa’s status as a closed site, the ongoing litigation, and reasonable resource constraints. See Section 2.4 below for discussion.

*Priority Issue 3 – Strengthen the Capacity of the Advisory Panel.* Advisory Panel membership should be expanded by one person, that person to be an individual with direct living and working experience in a mining-affected community. See Section 2.9 below for discussion.

We are raising these priority issues with Newmont at this stage because we think they are essential to the success and credibility of this undertaking - in which we all now have an interest. We request Newmont leadership make a decision on each of these issues in the near future so that they can be incorporated, one way or another, into this project. We look forward to a response and we welcome the chance to discuss any of these issues with you in more depth.

2.2 Project Timeline – An Overarching Concern

An overarching concern of the Panel relates to the limited time available to: (1) undertake the fieldwork and analysis for the communities, operations, and corporate whole; (2) undertake the analysis and develop the synthesis that will be required; and (3) ensure the Board has adequate time to develop substantive responses to the insights garnered by the Working Group as well as our own recommendations.

The Working Group has designed a strong study work plan within this constraint. However, some aspects of the project have been minimized as a result. We are particularly concerned about ensuring effective input at the local level, (see Section 2.3 below). This issue may result in a requirement for follow-up in a second phase of activity beyond this year.

We would also like to note that the compressed project timeline has meant that our review of the research methodology occurred days before teams went into the field in Nevada and New Zealand. In spite of significant efforts on the part of the Working Group and ourselves, this timing greatly limited the opportunity for applying in these initial two field visits, any insights we might have to offer.
We recognize the requirement to report back within a year. However, we consider the importance of this initiative to be too great to let the quality of fieldwork, analysis, and reporting suffer as a result of an artificially imposed timeline. We are committed to doing what we can to achieve success over the next six months. However, while we cannot prejudge the outcome of this year’s activities, our sense at this time is that follow-up work going beyond the 2008 Annual General Meeting may well be required.

2.3 Local Participation and Feedback

The Panel recognizes that the strength, usefulness and legitimacy of any conclusion drawn in this initiative will be dependent on the depth of understanding of community concerns and perceptions. For such depth, effective communication is critical, something that is only possible through strong community participation.

We are concerned about the limited time available to develop the needed channels of communication, document the insights, and then check their validity through appropriate feedback mechanisms. This short time frame does not facilitate the building of trust in the process by citizens, critical or supportive. It may severely limit meaningful participation by key community stakeholders. If so, the limitation of local input may prove to be a significant weakness in this project.

The Assessor Team is comprised of individuals with much experience in gathering community insights and we have confidence in their capacity to gather local insight if provided with adequate time and resources. In discussion, the following three ideas arose:

1. Commissioning a local person to serve in a linkage or facilitative role for the site Assessment teams; we suggest that their work would be greatly enhanced by identifying local NGOs or individuals who work with the Community-based Organizations in the mining communities, to act as sherpas in the process;

2. Convening a workshop or focus group made up of individuals with direct experience in communities impacted by mining operations elsewhere (not necessarily at Newmont sites);

3. Convening a workshop with 3-4 individuals from each of the Newmont operations under review, to interact with the work group and the advisory panel, to discuss preliminary results of the evaluation. Such a workshop also has the potential to identify the most convenient steps for community involvement towards the future. The choice of participants to this workshop poses a challenge. However, candidates should emerge from a combination of the experience of the Working Group during field work (and hence they should already be identifying possible participants), input by local facilitator NGOs-linkage persons in the countries of the studies as well as suggestions from Newmont site personnel.

However, after reflection by the Panel and follow-up discussion with the Study Director, the idea of convening a series of local “feed-back meetings” early in the New Year evolved. We believe that this is possible within the current time frame of work.
Priority Issue 1 – Create a Mechanism to Facilitate Local Feedback. A series of “feedback meetings” should be convened near the five sites under review to ensure that adequate opportunity is provided for local stakeholders and interviewees to consider and respond to the insights gathered by the Working Group.

We are currently working with the Study Director and Corporate team to refine details.

The issue of local participation and feedback is one in which the current time constraint may lead to a suggestion that follow-up work be undertaken. If time constraints prevent adequate local feedback, the credibility of the initiative will be at risk. If so, even more follow up participatory work with the communities will be essential to generate the kind of input that Newmont will require if it is to succeed in achieving the strengthened relationships between operations and communities that this initiative seeks.

2.4 Site Selection, the Particular Issue of Minahasa

The decision to limit detailed site investigations to five sites is of concern to the Panel. The choice of these sites occurred before the Advisory Panel was convened and there was no opportunity to provide input.

We wish to better understand the basis of this decision and have asked the Corporate Team for, and they have agreed to provide: (1) a listing of all Newmont operations along the full project life cycle from exploration through to closure; (2) a detailing of the criteria that were used to choose the five sites; and (3) a narrative summarizing the choice and rationale.

We have a particular concern regarding Minahasa. Our belief is that insights from what occurred at Minahasa need to be integrated into this initiative. We recognize that Newmont is still involved in litigation at Minahasa and that this may serve as an impediment. We appreciate that the Newmont Corporate Team has agreed to: (1) provide us with a listing of relevant reports and analyses that have already been completed at Minahasa; and (2) articulate the lessons learned from a Newmont perspective. We consider these important elements but insufficient on their own to ensure that insights gained at Minahasa are brought to bear in this exercise.

Our concern over Minahasa stems from two perspectives. First, we believe that there is a need to assess the substantive insight that is related to the Minahasa experience. Second, given its high profile, we are equally concerned that not including the Minahasa experience may seriously undermine the credibility of the initiative from a public perspective by raising questions about the motivation for its exclusion.

We have therefore asked the Study Director to identify one or more options for gathering and integrating insight from the Minahasa experience into this initiative. We recognize the need for any such options to reflect Minahasa's status as a closed site, the ongoing litigation, and reasonable resource constraints.

Priority Issue 2 – Integrate Insights from the Experience of Minahasa. Insights from Newmont's experience at Minahasa should be formally integrated into this initiative and innovative ways should be explored for doing so that recognize Minahasa’s status as a closed site, the ongoing litigation, and reasonable resource constraints.

2.5 Transparency and Communications

All parties recognize that a key success factor for this initiative is maintaining a high degree of transparency through open and ongoing communication with key stakeholders. To that end, Board Member Jim Taranik raised with us the idea of establishing a web site to serve as a communications hub. We are pleased that this idea is being pursued and a target launch date has been set for October 29, 2007.
2.6 Reporting Process

The exact process that links our Final Report, the Board's report to Shareholders, and a substantive response from the Board to the Working Group Report and our Final Report remains somewhat unclear to us. We have asked that this process be clarified. Our interest is in ensuring that the Board has adequate time to reflect on the Advisory Panel report and prepare a full response.

We are pleased that the Board has committed to responding substantively in their Report to Shareholders at the Annual General Meeting to both the insights gained by the Working Group as well as our recommendations. To that end, we are working with the Corporate Team and Working Group to ensure that the flow of reporting leading up the Annual General Meeting is as efficient as possible.

2.7 Consistency Across Sites

Newmont sites are located in widely dispersed locations and in varying cultures. Such differences lead the Panel to be concerned about the challenge of achieving consistency in applying the methodology from site to site. We are appreciative of the collaborative way that the Working Group developed its methodology, the built-in check processes that are included inside the methodology, and the ongoing communication within the Assessors' Team. These factors go some way to ensuring consistency.

As a further step, we have suggested to the Working Group that they explore the possibility of a single individual bridging the various Assessor Teams or other approaches that could enhance the comparative overview of individual assessments.

2.8 Ensuring Integrity

A number of issues related to ensuring integrity have been identified by the Panel. These include: (1) the Assessor selection process – criteria used, full disclosure of real or perceived conflicts of interest to ensure integrity; (2) assurance that the process used to choose and contact external stakeholder to be interviewed at the various sites is independent of Newmont personnel; (3) assurance that the independence of the Study Director is fully secure; and (4) rigorous documentation throughout the initiative whether it be related to communications between parties, the description of a given incident, or relevant historic descriptions. For these issues we have asked for clarification of policy and practice as well as written statements describing any potential conflicts of interest.

In discussions with the Working Group and Corporate Team, we have gained a sense that the overarching issue is ensuring that actions taken are accurately and fully described in the project documentation, not that actions taken are inadequate or inappropriate. We are pleased that the Working Group and Corporate team are sensitive to these concerns.
2.9 Strengthening the Panel's Knowledge Base and Capacity

While panel members’ experience and knowledge base related to mining and community relationships is very strong in general terms, we have much to learn in terms of the specific characteristics of Newmont operations, corporate culture and site-implicated communities. The Panel believes that we need to strengthen our knowledge base in this regard to effectively discharge our mandate. To that end, we have asked for and the Corporate Team has agreed to provide, a summary description of: (1) the organizational and management structures in Newmont: (a) between the ESR team and departments and/or divisions at corporate; and (b) between corporate and operating sites on ESR issues; and (2) the systems in place for the dissemination and implementation of lessons learned and best practices developed across the Newmont System. We have also requested a number of documents for Panel members that describe relevant current corporate and site policies and programs.

We have reviewed and refined our Terms of Reference (see Appendix 2) and two issues have arisen that we are currently examining. One is the question of whether or not site visits by Advisory Panel members might be useful. We are exploring this issue with the Working Group and Corporate Team.

A second is the idea that an individual with direct experience living in a community affected by mining activities may be usefully added as a member of the Advisory Panel. It is our belief that adding such a person would both strengthen the Panel’s capacity and re-enforce the perception that this initiative is committed to understanding local issues/concerns and strengthening Newmont policies and programs as a result.

**Priority Issue 3 – Strengthen the Capacity of the Advisory Panel.** Advisory Panel membership should be expanded by one person, that person to be an individual with direct living and working experience in a mining-affected community.

We look forward to working with the Corporate Team to identify potential candidates.

2.10 Additional Methodological Details

Lastly, over a dozen detailed methodological suggestions have been passed on to the Working Group and Corporate Team. Many of these have already been added into the methodological mix by the Working Group; others are being examined for inclusion.
3. Looking Forward

At the beginning of our first meeting, members of the Panel, Corporate Team, Working Group and the Chair of the ESR Committee each expressed their hopes and concerns for the initiative. A dominant theme in the ensuing comments was a recognition of the importance of this initiative and the potential for making a significant contribution to the communities around Newmont operations, to Newmont itself and its shareholders, and to the mining industry in general. We look forward to offering our insight in a way that strengthens the results.

As a result of our review to date, some fifty discrete actions, many small, some more significant, have been initiated. Responsibility for undertaking these actions is shared between the Advisory Panel, the Newmont Corporate Team, and the Working Group. We are tracking results from those many actions and building the foundation required to eventually generate our Final Report.

Following receipt of the individual site reports, we will convene our second meeting. That meeting will take place in mid-December and will be held on the shoulders of your December Board Meeting. At that time we look forward to having the opportunity to meet with members of the Board. Our second Interim Report will be forthcoming following that meeting.

Our third meeting will be convened in the New Year following completion of the Draft Working Group Report. That meeting is scheduled for February 18th and 19th. Our third report to you will follow and will be an early version of our final report in order to facilitate the Board’s consideration of its potential response to core issues and recommendations at the Annual General Meeting. The Panel’s Final Report itself will be completed following receipt and review of the Final Working Group Report. We expect our Final Report to be in your hands in early April.
4. Closing Comment

The work of the Advisory Panel cannot proceed without a close working relationship with the Environment and Social Responsibility Board Committee chaired by Jim Taranik, the Corporate Team including Dave Baker, Jo Render, Helen MacDonald and Sally Ornelas, and the Working Group led by Jim Rader and Christina Sabater. All of those we have interacted with have been responsive to our requests, patient with our limited understanding of the internal operations of Newmont, and willing to call a spade a spade, even if the result may not be what we “want” to hear. The spirit of collaboration, honesty, and openness that this reflects greatly facilitates our task as an Advisory Panel. We are very appreciative as a result.
Appendix 6: *Initiative in Transition*

Interim Report No. 2
Advisory Panel
Newmont Community Relationships Review
21 April 2008
1. Introduction
   1.1 Initiative in Transition .............................................................. 79
   1.2 Panel Terms of Reference ......................................................... 80
   1.3 Panel Membership ............................................................... 81
   1.4 Remaining Panel Tasks ......................................................... 81

2. Progress Since Interim Report No. 1 ............................................. 83

3. Additional Issues Arising
   3.1 Review of Site Reports and Data Templates by the Advisory Panel ........................................ 86
   3.2 Discussion with Jim Rader, Former Study Director ................................................................. 86
   3.3 Opportunity Arising from the Transition and Change in Schedule ..................................... 86

4. Moving Ahead ............................................................................. 87
1. Introduction

1.1 Initiative in Transition

This is the second Advisory Panel report to the Newmont ESR Committee. In December 2007 and at a time when project activities were intensifying in the push to complete the project before the April 2008 Annual General Meeting, we were advised that the Project Study Director, Jim Rader, had resigned his position. This triggered a pause in project activities as new leadership was sought. On January 31, 2008, Gare Smith and Dan Feldman of the law firm Foley Hoag were appointed Co-directors to lead the project. Importantly, the leadership change also led to a re-thinking of the project schedule and in particular, a re-setting of the target completion date to late fall, 2008.

We fully support this revised timeline. We consider the quality of the review to be of central importance and while meeting a deadline is also important, the initial timeline may have been too ambitious.

On February 18, 19, 2008, the Advisory Panel and Newmont Team met in Denver with Gare Smith and Foley Hoag colleague Sarah Altschuller. On Tuesday, February 19th the Advisory Panel also met with the ESR Committee of the Newmont Board (along with the Newmont Corporate team and new project leadership) to: (1) discuss progress status; and (2) to offer input and guidance on the work plan going forward.

This report follows from the above set of meetings. The transition to new Project Leadership provides an appropriate point in time to take stock, recognize progress, articulate any current issues of concern, and look forward to remaining tasks. The purpose of this report is to document each of these three elements.
1.2 Panel Terms of Reference

The Objectives and Mandate of the Panel were defined by Newmont and remain unchanged. They are:

**Advisory Panel Objectives and Mandate**

1. To provide advice on the quality and integrity of both the research process and presentation of findings to the Board, specifically responding to the following questions:

   - Will the scope and methodology of the Working Group's approach ensure that the needed information and data are forthcoming both from company and community sources?
   - Does the Working Group report provide an adequate basis for assessing: (1) the nature of Newmont-community relationships; and (2) the effectiveness of Newmont policies and practices related to those relationships in terms of relevance, materiality, completeness, and responsiveness?

2. To provide a report (direct and unedited by Newmont) to the Board of Directors that captures the Panel's perspectives on the research process, its findings, and any recommendations the Panel members may have for charting a path forward.

The Panel will work in cooperation with the Working Group and Board of Directors. The Panel's commentary on the final product, including their views on the process, the relevance and materiality of the Working Group's Report, the transparency of engagement, and so on, will be provided directly to the Board of Directors in an independent report.

Panel members will be expected to respect the fine balance that exists between the need for confidentiality and the need for transparency. They will be expected to act with integrity in discharging their review. See Section 2 of the complete and up-dated Terms of Reference found in Appendix 2 of this report.

In short, the Advisory Panel has been created as a mechanism to help guide the process with the objective of ensuring that the best possible quality of work is undertaken and most useful results are achieved. Each member of the Advisory Panel is committed to achieving such quality and results. In fact, their agreement to participate in the Advisory Panel reflects that commitment, even though this role is in some cases without precedent for their home organizations.

At the same time, the Advisory Panel is not functioning in an audit role. Such a role carries a law-based responsibility to attest to accuracy and an associated “right” to ask questions and have answers supplied. However, the data and information base required to facilitate these two different kinds of functions, are overlapping and in seeking to perform our advisory function, we will sometimes request specific data and information as would an auditor. This overlap has sometimes led to a degree of tension between the Advisory Panel, Newmont Corporate Team, and study directors.

The Advisory Panel is sensitive to the possibility that this can sometimes cause misunderstandings or tension due to the fact that our requests may be perceived as overstepping our role. This is not, however, our intent.
We are breaking new ground with this project and all involved are to some extent, learning our way towards project completion. To date, concerns on this front have been effectively and constructively addressed through timely discussion. We look forward to continuing this approach to the end of the project. It is greatly facilitated by the openness and directness of Dave Baker, the rest of the Newmont Team, and the new Study Co-directors. We very much appreciate the spirit they are bringing to this project.

1.3 Panel Membership

Following the recommendation in our first Interim Report that a panel member with direct experience in a mining community be added, Advisory Panel membership has been expanded by one (see discussion in Section 2.1) and now consists of the following eight members:

Cristina Echavarria  Caroline Rees
Steve D’Esposito  Steve Rochlin
R. Anthony Hodge (Chair)  Ignacio Rodriguez
Chris Jochnick  Julie Tanner

Support to the panel is being provided by Ingrid Taggart. A short biographic sketch of each member is included in Appendix 3.

1.4 Remaining Panel Tasks and Schedule

Following completion of this report, the tasks remaining for Panel members between now and the end of the project include:

1. **Reports:** Interim Report No. 3 (following the May workshop), Draft Final Report (following initial review of the Global Report), Final Report.

2. **Meetings:** May workshop (review of site reports, meet with site teams), Fall Meeting (review of Global Report), Meeting with the ESR Committee (also Fall, discuss way forward).

3. **Periodic Communication:** Conference calls along the way.

In addition, there may be a requirement for site visits. However, the final decision regarding the merits of such visits, whether or not this occurs, or what form they might take, remains to be taken at the May workshop.

Our understanding of the current schedule that we are working to is provided below. It will almost inevitably evolve further as the project proceeds.
Current Estimate of Schedule (as of 21 April 2008)

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<tr>
<th>Task</th>
<th>2008</th>
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<td>Q1</td>
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<td>January</td>
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<td>Meetings</td>
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<td>ESR Committee</td>
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<td>Advisory Panel</td>
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<td>Joint Workshop</td>
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<td>Community Review</td>
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<td>Newmont Review</td>
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<td>AP Report</td>
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<td>Engagement</td>
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Interim Report No. 1 was forwarded to the ESR Committee October 15, 2007. Table 1 below summarized the issues raised in that report and the current status on each of them.

<table>
<thead>
<tr>
<th>Issue Raised in Report 1</th>
<th>Action Taken</th>
<th>Comment</th>
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<tbody>
<tr>
<td>1. Priority Issue 1. Mechanism to Facilitate Local Feedback – Study Director to suggest a plan of action.</td>
<td>Issue to be addressed at the May Workshop with leaders of all site teams in attendance.</td>
<td>This topic remains a priority issue for the Panel. Newmont should see this exercise as an opportunity to continue and strengthen the conversation with stakeholders at all sites, a conversation that will continue long into the future. By initiating effective feedback review on this initiative, the relationship between Newmont and stakeholders is much enhanced.</td>
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<tr>
<td>2. Priority Issue 2. Minahasa: (1) listing of reports; (2) lessons learned from Newmont perspective; (3) full analysis of insights gained from the Minahasa experience</td>
<td>Newmont agreed to address Minahasa within this initiative. A study of internal lessons learned has been initiated. The Study Directors agreed to evaluate the opportunity for including external perspectives and design an overall strategy and action plan for addressing Minahasa. They have targeted its distribution to the Advisory Panel for mid-March.</td>
<td>The Advisory Panel remains of the opinion that much is to be gained by including some interviews with individuals from the “community” as well as within Newmont. We are concerned that lacking this input, the credibility of the exercise may be undermined. We are cognizant of the legal sensitivities at play. We addressed this issue in our letter to the ESR Committee, 17 Dec 07.</td>
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<td>4. Project Timeline</td>
<td>With the change in Study Director, the timeline has been adjusted. The target completion date now late fall 2008.</td>
<td>The time line adjustment is very helpful. The project will be better positioned to attain the excellence that all wish to see achieved.</td>
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<td>Issue Raised in Report 1</td>
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<td>5. Site Selection Criteria: (1) listing of all Newmont operations across the full project life cycle; (2) detailing of criteria used to select the five sites; (3) narrative summarizing the choice and rationale</td>
<td>Site selection criteria and a listing of all Newmont operating sites were outlined in a Memo from Dave Baker to the Advisory Panel, 18 October 2007. The listing did not provide operational details for all sites, only those selected. A document summarizing the choice and rationale had not yet been received by the Advisory Panel. An agreement was made to pull all of this together in a draft Chapter of the final report and circulate as soon as possible.</td>
<td>The Advisory Panel looks forward to seeing the synthesis in the form of a draft Chapter as soon as possible.</td>
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<td>6. Public Communication: Web Site</td>
<td>The web site is up and running. Refinements will be made as the project proceeds.</td>
<td>The Advisory Panel will contribute as it can.</td>
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<tr>
<td>7. Public Communication: Protocol on Transparency addressing: (1) confidentiality of sensitive data and information; (2) how the Panel and its members will be described in the Public domain; (3) objectives driving the communication process; and (4) how progress will be reported publicly along the way</td>
<td>Early Draft Transparency Protocol completed by the Advisory Panel, still under development. Has not yet been forwarded to Newmont for discussion.</td>
<td>This is a loose end which should be resolved as soon as possible. The ball is in the lap of the Advisory Panel. A draft protocol will be completed and distributed for discussion as soon as possible.</td>
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<tr>
<td>8. Clarification of the Reporting Process</td>
<td>New reporting schedule will come with new timeline. To be topic of discussion at the May Workshop.</td>
<td>A note detailing the proposed reporting process should be developed by the Newmont Team and Study Director and distributed to the Advisory Panel in advance of the May Workshop.</td>
</tr>
<tr>
<td>9. Achieving Consistency Across All Sites</td>
<td>To be topic of discussion at May Workshop.</td>
<td>No further action required prior to the May workshop.</td>
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<tr>
<td>Issue Raised in Report 1</td>
<td>Action Taken</td>
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<tr>
<td>10. Ensuring Integrity, Clarification of Policy and Practice: (1) Assessor Selection; (2) Stakeholder Selection and Communication; (3) Study Director Independence; (4) process documentation.</td>
<td>Assessor Selection has been detailed; Stakeholder Selection and Communication to be dealt with in each site report and the Global Report. Study Director independence addressed by Jim Rader; Letter from the Advisory Panel to Gare Smith and Dan Feldman on this issue to be sent. Documentation process continues.</td>
<td>The Advisory Panel will seek assurance from the new study directors and their team regarding legal role, issues, potential conflicts, etc.</td>
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<tr>
<td>11. Strengthening the Panel’s Knowledge Base and Capacity: (1) description of current Newmont organizational and management structure, the organizational and management structures in Newmont: (a) between the ESR team and departments and/or divisions at corporate; and (b) between corporate and operating sites on ESR issues; (2) the systems in place for the dissemination and implementation of lessons learned and best practices developed across the Newmont System; (3) current corporate and site policies, procedures and programs; (4) potential site visits by Panel Members; and (5) Panel membership addition.</td>
<td>Description of current Newmont system in the form of a “White Paper” was transmitted to the Advisory Panel on March 24, 2008. Five Star Executive Summary reports received. Site visits still under consideration and will be a topic of discussion at the May workshop. The Advisory Panel is cognizant of the need for the Site Assessment Teams to maintain “ownership” of the feedback process. Panel membership adjusted (see item 3 above).</td>
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<td>12. Site Methodology refinements.</td>
<td>Advisory Panel comments on methodology forwarded to the Site teams last fall and integrated into final methodology.</td>
<td>No further action required at this time.</td>
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</table>
3. Additional Issues Arising

3.1 Review of Site Reports and Data Templates by the Advisory Panel

In our letter of 17 December 2007 to the ESR Committee sparked by the resignation of Jim Rader, we requested the opportunity to review not only the final version of the site report for each site but also the original draft site report and data template for each site. The rationale for this request relates to the Panel’s desire to be able to attest to the integrity of the process followed from the point where the data templates and first draft site reports were received by Jim Rader. We discussed this issue thoroughly at our February 18/19 meeting and are very pleased to have reached a consensus agreement to our request with the Corporate team and new Project Co-directors.

3.2 Discussion with Jim Rader, Former Study Director

At the February 18/19 meeting in Denver it became apparent that a discussion between Advisory Panel representatives and Jim Rader would be advantageous. We appreciate the openness of the Newmont team to this suggestion. As a result, a conversation was convened, 20 February 2008 involving Jim Rader, Tony Hodge, and Julie Tanner. Notes from that conversation were immediately circulated to the Advisory Panel, Newmont Corporate Team and the Project Co-Directors.

3.3 Opportunity Arising from the Transition and Change in Schedule

The Advisory Panel is relieved to see the change in schedule brought by the transition to new project leadership. It enhances the possibility of achieving the quality of result that we are all seeking. Most importantly however, it provides an opportunity for this project itself to strengthen the relationships between Newmont and the communities in which it operates. This opportunity will be realized only if this project is seen as part of an ongoing, long-term conversation between Newmont and the communities.
4. Moving Ahead

The February 18/19 Denver meeting marked a re-initiation of this project. In moving ahead, the Advisory Panel has allocated responsibilities for leading its analysis and discussion as follows:

**Site Report Leads**
- Yanacocha, Peru: Chris Jochnick and Cristina Echavarria
- Ahafo, Ghana: Caroline Rees
- Carlin Operations (Nevada): Julie Tanner
- Batu Hijau, Indonesia: Steve D’Esposito
- Martha Mine, Waihi, New Zealand: Tony Hodge and Ignacio Rodriguez

**Additional Internal Advisory Panel Briefing Note Development**
- Analytic Template for the Site Reports: Tony Hodge and Ignacio Rodriguez
- Minahasa: Steve D’Esposito and Julie Tanner

We continue to look forward to the successful completion of this initiative.
Appendix 7: Towards an Ethical Lens
The Advisory Panel is aware of certain emerging trends related to applied ethics which are important to mining and this initiative. In Canada’s initiative to develop a strategy for long term management of nuclear waste, a team of ethicists was commissioned to consider the ethical dimensions of the challenge. Though management of nuclear waste is different in many ways from mining, the two activities also share some key characteristics, notably in the case of mining when acid rock drainage leads to severe closure issues extending the time horizon of responsibility (and associated liability) out many generations.

In this case, a set of 11 questions was developed to bring an ethical perspective to bear on the issue. In turn, they played a significant part in both the assessment and design processes (and continue to do so).

These questions are listed below in a form that has been modified for mining. The concrete “ethical” elements are bolded.

**Eleven Preliminary Question Groups that Would Contribute to an “Ethical Test”**

Q1. Are (company’s) activities **open, inclusive, and fair** to all parties, giving everyone with an interest in the matter an opportunity to have their views heard and taken into account by (company)? Are groups most likely to be affected by (operation) being given full opportunity to have their views heard and taken into account by (company)? Is (company) giving special attention to aboriginal communities?

Q2. Are those making decisions and forming recommendations for (company) **impartial**, their deliberations not influenced by conflict of interest, personal gain, or bias?

Q3. Are groups wishing to make their views known to (company) being provided with the **forms of assistance** they require to present their case effectively?

Q4. Is (company) committed to basing its deliberations and decisions on the **best knowledge** in particular, the best natural science, the best social science, the best aboriginal knowledge, and the best ethics – relevant to the (activity), and to doing assessments and formulating recommendations in this light? Equally, have limits to the current state of knowledge, in particular **gaps** and areas of **uncertainty** in current knowledge, been publicly identified and the interpretation of their importance publicly discussed and justified?

Q5. Does (company) provide a **justification** for its decisions and recommendations? In particular, when a balance is struck among a number of competing considerations, is a justification given for the balance selected?

Q6. Is (company) conducting itself in accord with the **precautionary approach**, which first seeks to **avoid harm and risk of harm** and then, if harm or risk of harm is unavoidable, places the burden of proving that the harm or risk is ethically justified on those making the decision to impose it?

Q7. In accordance with the doctrine of **informed consent**, are those who could be exposed to harm or risk of harm (or other losses or limitations) being **fully consulted** and are they willing to accept what is proposed for them?
Q8. Do (company’s) recommendations reflect **respect for life**, whatever form it takes, wherever it occurs, and whenever it exists (now and into the foreseeable future)? In particular, are (company’s) recommended solutions likely to protect human beings, including future generations, other life forms, and the biosphere as a whole into the indefinite future?

Q9. Is a reasonable attempt being made to determine, insofar as it is possible to do so, the **costs, harms, risks, and benefits** of the options under consideration, including not just financial costs but also physical, biological, social, cultural, and ethical costs (harm to our values)?

Q10. If implemented, would (company's) recommendations be **fair**? This question breaks down into a number of sub-questions: (1) Are the beneficiaries of (mining activity) (past, present and perhaps future) bearing the costs and risks of (mining activity)? (2) Do the recommended provisions avoid imposing burdens on people who did not benefit from the (mining activity)?; (3) Are costs, risks, and benefits to the various regions affected by the (mining activity) being distributed fairly? (4) Are the interests of future generations and nonhuman life forms being respected? (5) Are the rights of individuals and minorities being respected, especially vulnerable individuals and minorities?

Q11. Do the recommended provisions protect the **liberty** of future generations to pursue their lives as they choose, not constrained by unresolved problems caused by (today’s mining activity)? Do the recommended provisions (related to the mining activity) maximize the range of choice open to future generations?


Some of these questions are now being posed to the mining industry and the Advisory Panel is of the view that it is only a matter of time before these same kinds of questions in an equally cohesive way are put to the industry as a kind of “test” of mining activities. Together they comprise a form of “ethical lens”. Many, if not all of these questions are central to the issues identified as community concerns in this initiative.

Rather than getting caught unprepared, it is our recommendation that Newmont begin an exploration now of the ethical issue in relationship to mining in general and community relationship building in particular. The Panel has suggested in its main report to the Board that this issue might appropriately be discussed by and with a standing Advisory Group on Community Relationships, which it has recommended Newmont establish in follow-up to the Community Relationships Review. (Recommendation 4.5).