Report to the Shareholders
Status of Implementation of the Community Relationships Review

April 23, 2010

Introduction

In April 2007, the Board of Directors recommended and the stockholders approved a non-binding resolution directing the Company to prepare a report regarding its policies and practices relating to existing and future relationships with the local communities near its operations. The resolution was submitted by a group of stockholders led by Christian Brothers Investment Services, Inc. The Board and management of the Company supported the proposal because it aligned with Newmont’s values and our strong belief that establishing and maintaining a healthy relationship with the communities near which the Company operates is a business imperative that translates tangibly into shareholder profits, long-term access to land, capital and approvals, and employee attraction and retention. The resolution provided an opportunity for the Company to learn from experiences of the past, both our mistakes and our successes, so as to improve the relationships with communities and other stakeholders in the future.

The Environmental and Social Responsibility Committee of the Board (ESRC), a committee comprised solely of independent directors, agreed to oversee the Community Relationships Review (CRR) which culminated in a CRR Global Summary Report (CRR Report). The ESRC engaged an independent study director to do an in-depth review of the relationships with communities at five of our operations: Ahafo in Ghana, Batu Hijau in Indonesia, the Carlin Trend in Nevada, Waihi in New Zealand, and Yanacocha in Peru. The ESRC engaged an independent Advisory Panel (AP) comprised of representatives from certain Non-Governmental Organizations (NGO) and other community-minded stakeholders to provide frank input and advice to the Board.

The ESRC received and accepted the final version of the CRR Report, titled “Community Relationships Review Global Summary Report,” during its December 1, 2008 telephonic meeting.\(^1\) The ESRC also received and reviewed initial comments from the AP at that meeting and accepted the AP’s “Building Effective Community Relationships - Final Report of the Advisory Panel to Newmont’s Community Relationships Review” (AP Report), at its meeting on February 17, 2009.\(^2\)

After careful review of the findings captured in the CRR Report and the recommendations of the AP, the ESRC oversaw management during the balance of 2009 and the first half of 2010 in developing and executing an Action Plan to:

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\(^1\) Available at www.beyondthemine.com

\(^2\) Available at www.beyondthemine.com
1. Engage with representatives of the impacted communities who participated in
the study to understand from them whether they believe the CRR Report
properly captured their comments.

2. Engage key community representatives and local authorities to determine the
appropriate forum(s) to discuss the findings from the report and opportunities
to move forward which may include a workshop or other type of community
engagement process. The Company will also commence a dialogue with
community representatives and other stakeholders aimed at increasing the
level of engagement and trust with due regard for the findings in the CRR.

3. Convene a global workshop; bringing together the Company’s management,
the study directors, community representatives and other stakeholders as
appropriate, to discuss the findings from the CRR and AP Reports and
opportunities for moving forward.

4. Revise the Company’s Environmental and Social Responsibility policies and
standards with reference to the CRR Report and the best practices to be
identified as described in point number 5 below. We expect that the
Company’s ESR global team will lead this effort so as to draw from regions
and sites around the world. We also expect that all levels of management will
participate to the extent appropriate in the development and implementation
of updated policies and standards. This will include undertaking additional
research and analysis to develop policies, standards and best practices for the
initial geological exploration stage of future projects.

5. Investigate other examples of high-quality community relationship and
conflict management programs employed by other global enterprises, not
solely mining companies, as a basis for informing the development of
appropriate grievance mechanisms and conflict management programs at all
Newmont operated sites.

6. Develop a set of key metrics, including metrics for individual and
organizational accountability, to allow management to measure and monitor
the Company’s performance on the issues identified in the CRR Report. This
will be part of a refined assessment or audit program that will be developed
and tested over the next 18 months as the performance standards are revised.
We expect that the new audit program will be fully implemented by 2011.

7. Revise and amend as appropriate the Company’s current three-year ESR
strategic plan to incorporate explicit action plans implementing the CRR’s
findings and recommendations. For those sites that participated in the CRR,
we expect the development and implementation of site-specific action plans to address the key findings of the site assessment process.

8. Work to integrate the updated ESR strategic plan and the revised policies and standards into the Company’s comprehensive Management Operating Systems, planning processes and audit programs.

9. Management will report to the ESRC on progress made toward achieving these objectives prior to the 2010 Annual General Meeting of Stockholders.

This report to the shareholders provides an update on the implementation of the Action Plan since April 2009.

Implementation Overview

1. Engagement and Outreach Activities (Items 1, 2, and 3)

The CRR Report was shared with the stakeholders around the globe who participated in the study process at the global, regional, and site levels during the early part of 2009. This provided Newmont with an opportunity to gain feedback on the recommendations made, as well as begin the process of improving our engagement with stakeholders in devising a path forward. Stakeholders participated in workshops, face-to-face dialogue, and other engagement efforts and were generally appreciative of the efforts Newmont was taking to improve its practices.

To enhance our understanding of stakeholders’ views on the process and gain insight into possible actions moving forward, Newmont also convened a global workshop in November 2009, inviting representatives from local communities, international NGOs, subject matter experts, and Newmont management to join us in a candid dialogue on good practice in building community relationships.

Community Relationships Global Workshop

The Global Workshop, held in November, 2009 in Washington, DC convened 19 external stakeholders, and 10 Newmont managers and directors. Workshop objectives were to:

- share perspectives and experiences of what works, doesn’t work, and could work in Newmont’s engagement with local communities;

- identify common elements of successful community relationships; and
explore the issue of what constitutes community “consent” and its implications for Newmont.

The CRR Study Directors provided an overview of the principal lessons of the CRR, and participants reflected on the problems noted by the Advisory Panel in its final report. Community participants noted problems that persist with mining operations in their areas, and Newmont shared an overview of its draft Implementation Plan, based on the action items outlined in the Board of Directors’ response to the CRR findings. The implementation plan focuses on three core areas of activity:

1. Improved Engagement and Outreach
2. Review and Revision of Management Systems
3. Strengthening Internal Capacity

There were positive responses from participants regarding the proposed CRR implementation plan, but several emphasized information gaps in the plan and that the quality of execution will be critical to effectiveness. Participants offered Newmont a number of suggestions for improving its practices, including the following:

• Improve Strategic Communications
  ○ Develop ways to share experiences, good practice, and challenges between networks of managers and local communities across the various sites.
  ○ Communicate how Newmont links business priorities and goals with the priorities and goals of the communities.
  ○ Establish communication feedback loops – reach out to understand community problems and concerns, and then review findings and proposed actions with the community.
  ○ Communicate goals, benchmarks, indicators, and timelines for and progress of implementation of the CRR to the broadest group of stakeholders, including community members, investors, civil society, and employees, on a regular basis – preferably every six months.

• Enhance stakeholder engagement processes
  ○ Anticipate and develop mechanisms to respond to different needs along the key stages of the mining life cycle, including transparent dispute resolution mechanisms that support community rights.
- Understand local governance structures (both formal and informal) and engagement capacity of the community.

- Incorporate an approach to seek and obtain “community consent” as mining projects move forward, from prior to exploration to the permitting stage and at major stages of operation.

- Engage communities on the recommendations from the CRR and in the development of the implementation plan. Consideration should be given to how community participation will be resourced in order to preserve the integrity of the engagement.

• **Integrate Community Relations into Business Processes**

  - Establish clear company policy positions on key issues at the global and local level. This includes company standards on transparency, impact studies (including environment, human rights, gender and social), indigenous peoples, Free and Prior Consent (FPIC, described below), community relations and avoiding dividing communities, displacement, conflict zones and human rights, and water and environmental standards that respect community rights and that are precautionary with regards to social and environmental impacts.

  - Link the CRR implementation plan to site development plans and annual business plan/objectives.

  - For new sites, add a “community impact/benefit” metric or target into the site impact assessment and subsequent site development plan.

  - Develop robust oversight systems that are clearly linked to the external engagement agenda and process both at the Corporate and Regional levels.

  - Allocate relevant resources and assign effective accountability lines and local responsibilities.

  - Form an expert advisory panel or committee to provide guidance on community relations governance issues.

  - Provide regular communication on progress in implementing the plan, and challenges encountered along the way. Conduct another stakeholder workshop in a year.

Several participants identified Free Prior and Informed Consent (FPIC) as one of the issues at the center of today’s responsible mining agenda. The full group engaged in a deep and frank discussion regarding the challenges of defining and implementing an approach to FPIC. Some participants
suggested that FPIC could be viewed as a more formalized process of on-going stakeholder dialogue and consent process including key milestones that are agreed at the beginning of the relationship. When viewed in this light, FPIC could be seen as somewhat less challenging for both the community and the company.

Closing the 2-day workshop, the group emphasized that mining companies will be even more challenged, and increasingly required, to take a leadership role in community development. Some posed the question: How can mining companies like Newmont use their unique mix of assets and relationships to empower communities to advance their own development?

These efforts will continue into the future as we seek to better our engagement practices at all levels of the company. A communication plan has been developed to ensure that internal and external stakeholders are kept apprised of the programs that are being developed and implemented.

2. Review and Revision of Corporate Standards (Item 4)

The Company undertook a thorough review of the existing social responsibility standards, in light of the findings of the CRR. The outcome from that review is a new set of Social Responsibility Standards which have been developed to define the required behaviors and actions that will lead to improved practice in managing community relationships across the Company in a consistent manner and will support the continuous improvement of the relationships with host communities and other stakeholders.

A number of the new standards are directed towards defining consistent and substantive planning processes which provide a foundation for reviewing community relationships and the inter-relationship of those relationships with mine planning and development, mine closure and reclamation, local employment, stakeholder engagement, and general community development from both a short and long-term perspective.

Understanding current social conditions and the existing relationships of the many stakeholders is critical to begin to assess and understand the potential impacts that a project will have on communities and begins to help define an understanding of the relationships with those communities. Conducting comprehensive social baseline studies and understanding the stakeholders provides a basis to begin the process of engagement and building relationships based on multiple viewpoints and perspectives, not just those of the company.

How the value that is created during the life of the mine is shared with the host communities is very important. Implementing a consistent, participatory and systematic approach for managing local community investment provides Newmont with opportunities to collaborate with local communities in a manner which ensures that investment programs effectively address local development challenges, leverage external and internal resources, contribute to sustainable outcomes and is executed in a cost-effective manner.
Disputes (complaints and grievances) are a natural part of any human relationship, including that between mining companies and host communities. Complaints and grievances that are left unresolved or unmanaged can lead to increased risk of conflict including violence and threats to the well-being of local communities, as well as a potential to delay or stop site activity, prevent company access to resources, and may lead to the damage or loss of assets or injury to personnel. An integrated and active approach to resolving and managing complaints and grievances will significantly reduce these risks.

The Social Responsibility Standards developed per the CRR are intended to assure that a consistent and disciplined foundation is established to ground our approach and behavior in establishing relationships with communities. Further, the standards provide specific guidance on critical aspects of Newmont’s relationships with communities. The standards address the following:

- Social Baseline Studies
- Social Impact Assessment
- Stakeholder Mapping
- Stakeholder Engagement
- Expectation and Commitment Management
- Complaints and Grievances Management and Resolution
- Monitoring and Evaluation
- Local Community Investment
- Security and Human Rights
- Land Acquisition and Resettlement
- Management of Cultural and Heritage Sites

The revised Social Responsibility Standards will be communicated to regional and site management teams during Q2 2010, through a presentation that provides key messages regarding the importance of positive community relationships to the success of our business, and an overarching framework that explains the fundamental rationale and framework for community relationships management moving forward.

3. Development of ESR Guidance for Exploration (Item 4)

The Company is developing an Exploration ESR Manual with fit-for-purpose guidance on implementing and executing each ESR management standard and with associated ESR performance metrics. Newmont ESR management standards will be translated into exploration-specific guidance documents and vetted with exploration directors by Q3 2010. A template for site-specific exploration ESR management plans will be developed in the field at an advanced exploration project by the end of 2010; once a template is developed, a schedule will be established to begin ESR management plans at all projects that are advancing toward drilling activities. Fully functional performance management and reporting is expected in 2011.

4. Good Practice – Grievance Mechanisms and Conflict Management (Item 5)
The University of Queensland was commissioned to prepare an overview of best practice in company site-level grievance mechanisms, incorporating recent work by the UN Special Representative on Business and Human Rights, Prof. John Ruggie. Using the findings of this research, a three-tiered approach was incorporated into the revised Social Responsibility standard on complaints/grievance management and resolution, which provides:

- Opportunities for trained company personnel to respond immediately to low-level complaints that can be readily resolved;
- Escalation to an internal committee, with support from third parties and community representatives, for those complaints that require higher level attention or have more significant implications to our overall relationships with local communities;
- Escalation to a third party or national-level body for more intractable grievances that require the services of an independent body to resolve.

Site managers will review existing grievance mechanisms against this new standard in 2010 and revise as needed to be in alignment with the revised standard.

Additionally, the outcomes of the CRR study indicated two levels of internal understanding and capacity needed to provide an effective approach to building constructive community relationships:

- Minimum expectations of respectful engagement and communication from all Newmont employees; and
- Specific and specialized skills for those key managers responsible for regular and ongoing engagement with local stakeholders, with emphasis on conflict assessment and dispute resolution skills.

A two-tiered training effort will be developed in 2010, based on these needs.

Tier 1 will be designed as a general “orientation to social responsibility” training for all employees, similar to the approach of the “Safety Journey” deployed in 2009. The initial training will be developed by Denver ESR in Q3 2010 and piloted with a cross-section of employees in Q4. The program will be refined by year-end 2010 and fully deployed across the Company in 2011.

For those whose responsibilities require specialized skills in conflict assessment and dispute resolution, a training program will be developed in Q1 and Q2 2010 in partnership with RESOLVE, a US-based consultancy specializing in dispute resolution training, for review by the ESR Global Team mid-year. The training will be piloted at one site in Q3 2010, and the program
finalized in Q4. Full deployment in 2011 is expected to be undertaken through a cascading “train the trainers” program, inviting participants from site and regional offices. The Tier 2 training roll-out will also be the basis for site teams to conduct their own conflict assessment, per the requirement in the new Stakeholder Mapping standard.

5. Management Accountability and Social Audit Program (Item 6)

The year 2009 marked a significant milestone for human resources management and accountability within Newmont. The Leadership Pipeline, finalized and implemented in early 2009, provides the ability for all employees of Newmont, in discussion with their managers, to identify specific performance goals related to Newmont’s core value of demonstrating leadership in social responsibility. Key executive and senior management positions were given specific goals to ensure the familiarization of the CRR findings across the company, and incorporating the subject of community relations into annual 2009 risk assessments and strategic planning.

The ESR Global Team has initiated a process of identifying core roles and responsibilities for the various management and functional levels of the company based on the CRR Report findings and anticipated implementation requirements of the revised Social Responsibility Standards. These roles and responsibilities will form part of the discussions in the roll-out of the revised Social Responsibility Standards.

Additionally, the University of Queensland has been commissioned to assist in the review and revision of the social audit program, to replace the suspended Five Star program. The consultants will work with the ESR Global Team and a small working group to model audit protocols that capture the key lessons in the CRR Report. These model protocols will be piloted at one Newmont site by end of 2010. Lessons from the piloting process will be captured, and a full audit program will be rolled out in 2011.

6. Strategic Planning (Items 7 and 8)

The Company has worked in 2009 to develop the action plan described above and incorporate it into the global ESR Strategic Plan for 2009 through 2012. Additionally, those sites who participated in the CRR study in 2007 have developed and submitted their action plans designed to address the findings in their specific reports. These action plans were submitted to the ESR Committee of the Newmont Board of Directors in December 2009.