Introduction
Securing the support and consent of our host communities is essential to Newmont’s sustainability as a business. From exploration through closure, our success depends on our ability to build respectful and healthy relationships with the communities surrounding our operations and projects. These relationships form the core of the social acceptance we need throughout the mining lifecycle, and to maintain our access to land, capital, approvals and other resources.

On 24 April 2007, more than 90 percent of Newmont stockholders voted in favor of a Board-recommended resolution to conduct a global review and evaluation of Newmont’s community relations policies and practices. The resolution was initiated by Christian Brothers Investment Services, Inc. and supported by Newmont leaders as a valuable way to take stock of our existing relationships and programs and to set meaningful improvement targets.

The resulting Community Relationships Review (CRR) included an independent study of the company’s relationships with communities near five operations: Ahafo in Ghana, Batu Hijau in Indonesia, the Carlin Trend in Nevada, Waihi in New Zealand and Yanacocha in Peru. More than 250 local stakeholders and 100 Newmont employees were interviewed, and the Company’s existing policies, procedures and training programs were assessed in detail. Finally, Newmont’s Board of Directors appointed an independent advisory panel made up of leading sustainability advocates to review the findings and provide candid feedback and advice.

Overall findings identified a critical need for Newmont to:

• Improve its community engagement and outreach practices;
• Review and revise its management systems; and,
• Strengthen its internal community relations capacity.

Based on this study and the advisory panels’ findings, the Board ratified an action plan focusing on eight lessons to improve Newmont’s social performance. Findings and progress against the action plan have been reported annually since 2009, and are posted on www.beyondthemine.com.

Our 2012 performance is reported below. For 2013, we will report on our progress toward incorporating these lessons into our community relations strategy as part of our annual sustainability report, which will be posted on our main website, www.newmont.com.

Lesson 1: Every Newmont operating site should have a comprehensive and integrated strategic management plan for community relations that identifies the objectives and responsibilities of each functional department and takes into account relevant site-specific factors.
Newmont operating sites have locally-relevant community relations plans, but there is still room for improvement in how these plans incorporate cross-functional accountability and are integrated into Newmont’s strategic and business planning processes.

To emphasize the strategic importance of social and environmental responsibility, Newmont established Sustainability and External Relations as a key pillar of its business strategy. Strategy maps have been formulated at the corporate, regional and functional level with specific short- and long-term objectives for each pillar. These strategy maps help demonstrate the clear alignment between setting and achieving community relations and environmental stewardship objectives and our purpose as a business.

In 2013, Newmont will work to ensure that comprehensive, strategic community relations plans for every operating site are integrated into Newmont’s strategic and business planning processes. The Company will also develop country strategies for Ghana, Indonesia, Peru and Suriname in 2013, which will include provisions for sustaining comprehensive and integrated stakeholder engagement plans. Notable accomplishments in 2012 are as follows:

North American operational leaders set and met targets to conduct a Social Impact Assessment and revise implementation practices to meet social responsibility standards as part of their annual planning and performance management process. Seventy percent of regional employees also contributed to the Newmont Legacy Fund, which, when combined with company matching funds, raised $2.16 million for local social service organizations. At present, employees earmark their contributions for certain organizations. The Newmont Legacy Fund is also comprised of an endowment that is growing at a rate of about $225,000 per year that will contribute to the long-term sustainability of local communities after Newmont ceases operations in Nevada. Governance and investment criteria will eventually provide for community representatives to play a role in determining how funds are allocated.

In Ghana, Newmont engaged with host communities to create Social Responsibility Agreements that clarify company and community roles and responsibilities. These agreements gave rise to the formation of Social Responsibility Forums for community representatives to provide direction on principles of engagement, local employment, complaints and grievance management, land access and closure and reclamation issues.

Operational leaders in Australia, New Zealand and Indonesia developed a framework that integrates social responsibility into the business planning process and establishes specific targets through an annual cross-functional workshop. This framework led to development of a robust property policy at Waihi that was developed in conjunction with community members, and is overseen by an independent review panel.

Newmont appointed new leaders to manage operations and social responsibility programs in Peru in October 2012. These leaders are charged with addressing community concerns by improving the local water supply, and taking a fresh approach to building social acceptance for existing operations and development projects, including the Conga mine. Newmont released an independent perception study about its historic failure to build trust and legitimacy in Peru in late 2012, and has committed to improving transparency, responsiveness, and local hiring and procurement practices in response to the study. Earlier this year, the new leadership team moved their offices from Lima to Cajamarca where affected communities live, publicly committed to addressing community issues cross-functionally, and outlined initial improvements including cultural awareness training, establishing a community advisory committee, and more regular, relevant and responsive communications.

Newmont also commissioned a white paper by RESOLVE, an independent public policy organization, to provide counsel in developing an effective model for community advisory panels, including mandates and roles, areas of focus, ground rules and other elements.
Lesson 2: Regular and comprehensive social impact assessments and risk assessments must inform cross-functional strategic planning at Newmont’s operating sites.

Newmont conducts Social Impact Assessments to understand the positive and negative effects of its operations on host communities, and works with communities to optimize or mitigate those effects. Along with social baseline studies and stakeholder maps, these assessments form the foundation of our community engagement strategies. In 2012, we worked with external experts to improve our data collection, engagement and analysis protocol.

Currently, 87 percent of our sites and projects have a Social Impact Assessment in place, with 64 percent of those conducted within the last five years. Within these assessments, 170 moderate and major potential impacts have been identified and 89, or just over half, have been mitigated or are under active management. Seven sites – Batu Hijau in Indonesia, KCGM and Tanami in Australia, Waihi in New Zealand, Ahafo in Ghana and Yanacocha and Conga in Peru – will complete updated Social Impact Assessments and accompanying action plans in 2013. Newmont will improve its process to ensure that Social Impact Assessments at all sites are current and that action plans are in place for all moderate and major potential impacts.

The Social Impact Assessment for the Long Canyon Project in Nevada began with collecting baseline socioeconomic data and holding internal workshops to clarify project scope and identify individuals, groups, and organizations that could be directly affected by our activities. Newmont representatives also held community meetings to discuss the project, including its impact on a local spring that currently supplies nearly 30 percent of municipal water needs to two local cities. Company and community representatives worked in close collaboration to develop a water management plan that supports both community and project development.

Newmont commissioned Environmental Resources Management to create an Environmental and Social Impact Assessment in 2012, in accordance with Suriname government guidelines. This assessment identifies potential environmental, social and health impacts associated with developing the company’s Merian project and describes proposed mitigation measures. Local communities, government agencies, traditional authorities and NGOs were consulted and public meetings were held from May to July 2012 to discuss findings, solicit feedback and incorporate recommendations. The final draft was submitted to the government in February 2013 and is available on the Newmont website.

Lesson 3: Regional and local managers in all functional areas must be accountable for implementation of the Company’s strategic objectives regarding community relationship building.

In 2013, we aligned our performance management and annual incentive program with our Strategy Map, requiring all operations managers to set and meet Sustainability and External Relations targets, which cover environmental management, community relations and government relations efforts.

In 2012, Newmont launched a Community Relationships Forum to improve employees’ capacity to build and maintain relationships with community members. The Community Relationships Forum is designed to heighten accountability for relationship-building by bringing employees and community members together to identify issues and collaborate on solutions.

Ghana hosted the first forum in April 2012 which involved more than 100 Newmont employees representing a broad spectrum of functions. The session was facilitated by independent community negotiation experts and included four different external stakeholder groups – civil society organizations, local community leaders, the government and the Ghana Chamber of Mines. Participants shared perceptions, both positive and negative, as well as ideas for collaboration and improvement. The forum built awareness of employees’ responsibility for managing and improving community relationships, and a task force was formed to oversee
implementation of forum recommendations and to report on progress. In 2013, Nevada will also conduct a Community Relations Forum.

In 2012, Newmont developed and piloted a Community Relationships & You on-line training program to raise awareness and engage a broader range of employees in improving community relations. The program features information about daily life and culture in host communities and presents first-hand stakeholder perspectives about the positive and negative impacts of Newmont’s projects and operations. It also solicits employee recommendations to improve our relationships with host communities. The program will be rolled out to all employees in 2013.

**Lesson 4:** Newmont’s operating sites must assess stakeholder concerns and engage with external stakeholders in order to understand and effectively respond to their perceptions and concerns.

Every Newmont operation and project has programs in place to identify key stakeholders, and engage with them on a regular basis. The goal of this engagement is to understand and address the perceptions and issues that matter most to these stakeholders.

Newmont completed design and testing of its Social Assessment Framework in 2012. The framework was developed in conjunction with Centre for Social Responsibility in Mining (CSRM) of the University of Queensland, Australia, and is designed to monitor the effectiveness of community relations programs as well as their alignment with Newmont’s social responsibility standards. It also includes mechanisms to evaluate community perceptions and identify and track corrective actions. In 2012, five assessments were completed in Boddington, Jundee and Tanami in Australia, Waihi in New Zealand and Batu Hijau in Indonesia. In 2013, the framework will be embedded as part of our formal environmental and social auditing program.

Dissatisfaction with employment opportunities for local Native American tribes was an issue our Phoenix operation in Nevada had been managing for two years. In 2012, the Phoenix team initiated quarterly meetings with the Battle Mountain Band of the Western Shoshone to share information and resolve issues. As part of its refreshed approach, the team brought Human Resources professionals to each meeting to assist with the Company’s job application process, and Operations leaders to discuss qualifications and opportunities related to entry-level positions. Finally, the Information Technology department donated computers to the Band to help members apply for jobs online.

**Lesson 5:** Newmont’s engagements with the community must reflect the Company’s values and responsibilities and clearly convey what can be expected from the Company in its role as a community stakeholder.

Newmont’s approach to sustainability is based on the concept of shared value. In addition to profitably mining and processing gold and creating value for shareholders, we believe the communities near our operations should share in the benefits of mining through good jobs, local trade and a stronger economic foundation including infrastructure, education and health care.

In 2011, Newmont established supplier classifications – local-local (meaning a community directly affected by mining operations), local, national and international – and local procurement targets for each of our operating regions to ensure that community businesses benefit from our presence. Criteria and targets for these classifications were developed by the Global Supply Management group. In 2012, we initiated quarterly reporting on our performance and met our targets in three of our regions, with the exceptions being Australia, New Zealand and Indonesia. Our focus in 2013 will be to further refine these targets through consultation, ensure that the targets are aligned to country and industry standards and adapt our efforts based on progress to date.

We have also been working since 2011 to establish appropriate targets for local employment and inclusion. These metrics look at a wide range of attributes appropriate to the specific locale,
from people’s nationality and gender, to whether they are members of indigenous groups or served in the military. Performance in 2012 was as follows:

• In Ghana, inclusion targets have been set in consultation with communities as part of our Social Responsibility Agreements, and we report our performance on a quarterly basis. Agreements at both Ahafo and Akyem call for sourcing 35 percent of the total workforce, including contractors, from designated impacted communities, with a goal to source 50 percent ten years after initial gold production. At both sites, 100 percent of the unskilled workforce is from local communities. Ahafo’s workforce is roughly 29 percent “local local,” while Akyem’s is 44 percent. Ahafo has fallen behind its targeted 35 percent threshold mainly due to contractor staffing which fluctuates regularly. The Company’s Accra office is not governed by an agreement, but more than 90 percent of the staff are Ghanaian nationals.

• Newmont also sponsors an apprentice program in Ghana to train local community members for jobs as skilled mechanical and electrical specialists. Each trainee is awarded a City and Guilds of London Institute Certificate and a full-time job with Newmont at the end of his or her coursework. The region spends approximately $25,000 per apprentice during the four year training period. Since 2005, more than 170 apprentices have graduated or are currently undergoing training. There are currently 17 female maintenance apprentices enrolled in the program out of a class of 201.

• In Australia, we set aboriginal employment targets of 10 percent for Boddington and 15 percent for Tanami – higher than the Australian Industry Standard for Aboriginal Employment of 4.6 percent. At 2012 year-end, sites had achieved 5 percent and 9 percent respectively. Both sites have initiated pre-vocational training and mentoring programs for aboriginal candidates and employees.

• In Peru, we drafted a local employment plan which identifies inclusion targets based on employees’ origin (local, national or expatriate) and skill set (unskilled, semi-skilled and skilled). Performance against targets will be tracked at the department level beginning in 2014.

• In Nevada, we are exploring the possibility of tracking inclusion metrics related to gender and ethnicity using self-reported data from employees. While employees are not required to provide this information, nearly all have chosen to participate, providing us with a representative sample by which to analyze our statistics and determine improvement targets.

Diversity and inclusion are proven drivers of business value and in 2013, Newmont made them integral to the business strategy. We are now working to develop and implement a program to broaden nationality and gender representation, particularly within leadership ranks.

Lesson 6: Newmont’s operating sites must engage in conflict identification and manage community concerns before open conflict arises, while also respecting the rights of stakeholders to protest against the mine.

Newmont partnered with RESOLVE to develop its conflict identification and resolution training program, which includes basic instruction for all employees, and more intensive training for those whose jobs require extensive community engagement. In 2012, we finalized the program and held training sessions in Australia, New Zealand, Ghana and Peru for 264 employees.

In Ghana, 150 employees from our Ahafo and Akyem operations participated in an additional Stakeholder Engagement practicum in which employees re-enacted actual conflicts between the operations and local communities to determine more effective solutions. Ahafo has established a Conflict Resolution Committee as part of its Social Responsibility Agreement, and has extended conflict resolution training programs to community stakeholders and contractors. At
Akyem, we have engaged a local consultant to train community members in conflict prevention and management.

These complementary measures across Ghana have improved our ability to address concerns, and prevent them from escalating into conflicts. At Ahafo, collaborative efforts prevented the escalation of at least four potential community disruptions during 2012. One notable protest that did occur involved a youth group demonstrating against local employment and other related issues. A combined effort between Newmont employees and traditional leaders enabled a peaceful resolution after just one day.

Despite efforts to manage potential conflict in Peru, protests against the central government and the Conga project in July 2012 resulted in five civilians being killed by public security forces, as well as injuries to civilians and members of public security forces. The protests occurred in the communities of Celendin and Bambamarca, both located over sixty kilometers from Cajamarca.

Newmont continues its Water First strategy in Peru, which includes building reservoirs and improving local water delivery systems in response to community concerns about mining’s impact on the local water supply. We continue to support capacity building and dialogue through our involvement with the Voluntary Principles on Security and Human Rights (VPSHR), ongoing conflict training programs and improved engagement with stakeholders to help us address community concerns and prevent conflict at and around our operations.

Lesson 7: Newmont must ensure that its operating sites have accessible and responsive grievance mechanisms.

Newmont has grievance mechanisms at all of its sites, but they do not all conform to its global standard, including addressing all grievances within a 30 day window. In 2012, 83 percent of complaints and grievances were resolved within targeted timeframes.

We updated our social responsibility standards to include a Complaints & Grievances Resolution Management Standard in 2010 and developed standard operating procedures in 2012. Newmont also partnered with external advisors in 2012 to review its approach to grievance management and resolution with a goal to:

• Evaluate how Newmont standards and practices align with global standards and practices;

• Assess and develop recommendations for site-specific mechanisms to ensure consistency in managing and resolving complaints and grievances worldwide; and,

• Propose key performance indicators to measure the effectiveness of Newmont’s complaint and grievance management systems.

One expert commented that Newmont’s procedures meet global standards, saying “the Newmont Corporate Standard Operating Procedure (SOP) for Complaints and Grievance Handling & Resolution is one of the most comprehensive in the industry. The SOP was developed and tested in the field. It is also practical and applicable to both established and frontier markets, and meets international best practice standards.”

The advisors also assessed grievance resolution mechanisms in three regions:

• Yanacocha operations in Peru which is a mature operating site with an existing grievance resolution mechanism;

• Elko, Carlin, Long Canyon, Phoenix, Midas and Twin Creeks operations in Nevada, which represent all stages of mine life from exploration to near closure. Nevada operations did not have a formal grievance resolution mechanism in place; and
Dawn Mining Company in the state of Washington, which is a legacy site that has been closed; site leaders wanted to leverage an improved grievance resolution mechanism to re-establish engagement with impacted communities.

Review findings are being applied to improve the design, structure and resourcing of existing mechanisms as well as their effectiveness in driving improved stakeholder engagement. In the longer term, the Company will use its Social Assessment Framework to evaluate its grievance resolution systems from both internal and external perspectives.

One finding highlighted the importance of developing a formal grievance resolution system at Nevada’s Long Canyon project. The team consulted with community members in developing its system and, in response, has established offices in affected communities to give them direct access to Newmont representatives, and publicized its grievance process across a broad range of communications platforms. The system is still being formalized, but initial feedback has been positive in terms of the speed with which issues are being resolved, and employee and contractor awareness of the importance of reporting issues for formal response, tracking and resolution.

Lesson 8: Management of the environmental impact of mining is directly linked to the management of community relations; Newmont must assess and respond to stakeholder concerns regarding both real and perceived environmental impacts of its operations.

Our presence can disrupt the social, physical, and economic environments where we explore, construct, operate and close mines. Environmental impacts are of significant concern to communities and must be addressed through both engagement and communication. Stakeholder concerns are often presented as environmental issues, but may reflect underlying issues. Because our community relationships are inextricably linked to our environmental impacts, it is important that our programs deal with both environmental and social issues.

One tool we use to effectively link the environmental and social aspects of our business is our Exploration Environmental and Social Responsibility (ESR) Guidebook (“Guidebook”). The Guidebook helps our exploration teams define, communicate and maintain a common vision of ESR management and performance at the exploration stage of mine development. In 2012, Newmont continued implementation of the Guidebook by adapting it to our ongoing exploration activities at Elang in Indonesia.

KCGM in Australia is located in close proximity to the city of Kalgoorlie-Boulder, home to nearly 30,000 people. KCGM leaders have instituted a 24-hour Public Interaction Line that community members use to report emergencies, register complaints, ask questions and provide feedback. During business hours, calls to the Interaction Line are forwarded immediately to the community relations department and then to the relevant supervisor to take the required action. Calls received after business hours may be forwarded to the shift supervisor for immediate action, or addressed the next working day. All community members, employees or contractors who call the Interaction Line receive a response by phone, in writing, or even in person. Common topics are also addressed through a community newsletter.

This tool helps KCGM remain responsive to local issues. For example, we received a number of calls regarding possible damage to structures caused by blasting. After conducting inspections, it became obvious that a lack of maintenance, age and foundation settlement were contributing factors. Our review indicated that the overarching issue was a lack of awareness regarding foundation conditions in the city and a poor understanding of the effects of mine blasting. The Interaction Line helps us address community concerns as they arise and find solutions even if they are not directly related to our operations.

**Conclusion**
Newmont’s Community Relations Review (CRR) has helped us understand our deficiencies and target our improvement efforts in eight key areas. We have made progress toward executing action plans arising from the CRR, but still have room for improvement in our community relations capacity, practices and management systems.

We have implemented a range of programs informed by CRR recommendations since they were published in 2009, and have reported our progress in detail in the intervening years. In 2013, we will work to complete the recommended improvements; ensure accountability for sustaining our performance; and better integrate community relations imperatives into our strategic and business planning processes. Newmont’s Executive Leadership Team will guide these efforts, directed by our Board of Directors.

Our ultimate goal is to shift our focus from addressing deficiencies to integrating world class community relations practices into our ongoing business strategy.