



# Annual Report to the Voluntary Principles on Security and Human Rights

February 2019

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Prepared by: Newmont Global Security

## **Annual Report to the Voluntary Principles on Security and Human Rights 2018**

Since 2004, Newmont Mining Corporation (“Newmont” or “the Company”) has been a signatory to and active participant in the Voluntary Principles on Security and Human Rights (“Voluntary Principles” or “VPSHR”). Newmont’s commitment to the Voluntary Principles is also reflected in the Company’s annual sustainability report; *Beyond the Mine*<sup>1</sup> and in internal and external presentations on social responsibility made throughout the year by Newmont’s corporate and regional staff. Such presentations include an overview of the Voluntary Principles for new senior managers at Newmont’s corporate office in Denver and presentations on the Company’s approach to sustainable development.

Newmont formally recognizes our commitments to the Voluntary Principles and their relevance and contribution to maintaining safe and secure operations while respecting human rights. We have contributed to improving the mining industry’s performance and reputation at a number of meetings, conferences and roundtable sessions involving professionals from the extractives sector and other industries. We have also provided expanded briefings on the Voluntary Principles to include community members, local officials and other interested stakeholders at some operations. The details of the Voluntary Principles are also discussed across a broad spectrum of functional areas inside Newmont.

### **Commitment to the Voluntary Principles**

Newmont, headquartered in Colorado, USA, is primarily a gold producer, with significant assets or active operations and development projects through subsidiaries in the United States, Australia, Peru, Ghana and Suriname. Gold, in the form of doré, is produced by most of the Company’s operations, with some operations producing copper cathode or concentrate containing copper and gold.

Respecting and promoting human rights remains paramount to fostering strong community relationships and securing social acceptance for our operations, in a safe and responsible manner. This includes living up to our commitments through our participation in the United Nations Global Compact (2000)<sup>2</sup> and the VPSHR, as well as honoring the principles enshrined in the Universal Declaration of Human Rights (1948) and undertaking due diligence activities in line with the UN Guiding Principles on Business and Human Rights.

### **Statement of Commitment**

Newmont is committed to the continued implementation of the Voluntary Principles, which underpin our values and are reflected in our annual sustainability report, (*Beyond the Mine - Our Social and Environmental Performance*). The Voluntary Principles continue to provide a valuable framework for guiding our approach to security arrangements at our operations to help ensure we respect human rights.

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<sup>1</sup> The Beyond the Mine report can be found at <http://www.newmont.com/home/default.aspx>

<sup>2</sup> Participant since 2004

As a founding member of the International Council on Mining & Metals (“ICMM”), Newmont has publicly committed to the ICMM’s Principles for Sustainable Development. Principle three commits our Company to “respect human rights and the interests, cultures, customs and values of employees and communities affected by our activities” (2015).

### **2018 Activities to Promote the Voluntary Principles**

Advancing our human rights journey requires collaboration through partnerships and multi-stakeholder initiatives. Along with our active participation in the VPSHR, Newmont continues to share successes and challenges through our reporting in line with the UN Guiding Principles Reporting framework.

#### **Ghana**

As a member of the Government of Ghana’s Implementation Steering Committee, Newmont Ghana continued to support the government with their implementation plan for the Voluntary Principles. The Regional Security Director, Leon Nefdt, partnered with the Ghana Government Working Group and NGO’s (including Fund for Peace) to assist the government with their successful National VPSHR program launch. Community members and government stakeholders participated in annual training where Newmont’s commitments to the VPSHR were presented. The Newmont Ghana security team also promoted the Voluntary Principles in speaking engagements throughout the year, including the Chamber of Mines’ Security Meeting sessions and other engagements with Public Security Forces.

#### **Peru**

Newmont’s Yanacocha operation in Peru continued with commitments to reinforce the Voluntary Principles with public security forces through the provision of training to local police detachments. Newmont representatives from the Yanacocha operations met with various local and national government representatives including the Minister of Interior, Commanding General of the National Police, Vice Commanding General and Chief of the Police Region of Cajamarca to explain the Voluntary Principles and our obligations and expectations. In addition, representatives from the Yanacocha operation presented on the Voluntary Principles during a number of Ronda Campesinas<sup>3</sup> (“Rondas”) workshops throughout the year, including the “Annual encounter with the President of Rondas” and authorities of the “areas of Influence” located near Yanacocha and Conga. During those events, conducted over two days in November 2018, presenters detailed Newmont’s commitment to respect, promote and comply with the VPSHR.

### **Progress Review of Voluntary Principles Implementation in Suriname**

In October of 2016, Newmont’s Merian Mine commenced operation in Suriname. Since then the site has worked steadily on the deployment and implementation of the Voluntary Principles through agreements and Memorandum of Understanding (MOUs) with local and government stakeholders. The site has now developed and implemented specific procedures that detail the

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<sup>3</sup> Ronda Campesina are community based security groups in rural areas of Peru

application of the VPSHR with security contractors. On September <sup>1</sup>, 2017, the Suriname Ministry of Police and Justice approved an MOU with the Korps Politie Suriname<sup>4</sup> (KPS), which details the manner in which the KPS will assist Newmont and require VPSHR training for all responding KPS officers.

### **Promoting and Advancing Implementation of the Voluntary Principles Internationally**

In Peru and Ghana, Newmont positively engaged with various government and civil society groups to promote the Voluntary Principles. In Peru, the Security Team from Yanacocha presented on the VPSHR during a meeting with the Swiss embassy. The presentations detailed Newmont's commitment to the Voluntary Principles and reviewed our processes and actions to guarantee and promote Human Rights within the communities in which we operate.

The Regional Security Director for Newmont Africa and Regional Senior Director of Communications presented the Newmont Africa Region VPSHR Program during an ICMM Webinar outlining Newmont Africa's program, successes, challenges, opportunities and lessons learned.

### **Risk Management**

During 2018, work was conducted to ensure that risk assessments conducted during 2017, and specifically high risk findings, were actioned with plans put in place to reduce the risks and the likelihood of breaches of the Voluntary Principles.

### **Public and Private Security – Annual Training**

A combination of briefings, workshops, seminars, and formal training sessions have proven effective at integrating the Voluntary Principles and related human rights considerations into our operations. All security personnel, including contract workers, must complete annual training based on the Voluntary Principles, and Newmont encourages public security agencies to participate, as well. Each site is responsible for conducting human rights training and designing the training to address the most relevant human rights risks. Some sites choose to extend the training to those who do not work in a security role, while other operations integrate human rights modules into training programs within other business functions.

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<sup>4</sup> Suriname Police Corps

Region	Site	Number of sessions conducted	Total duration of all trainings (in hours)	Number of Personnel Trained				Total
				Newmont employees	NGO staff/	Private security	Public security	
South America	Suriname [Merian]	16	374	0	0	120	66	186
	Peru [Yanacocha]	466	1828	8	0	723	666	1397
Africa	Ghana [Akyem]	10	40	48	217	163	18	446
	Ghana [Ahafo]	20	30	450	0	100	200	750
	Ghana [Accra]	1	8	35	0	10	0	45
<b>Total</b>		<b>513</b>	<b>2280</b>	<b>541</b>	<b>217</b>	<b>1116</b>	<b>950</b>	<b>2824</b>

Figure 1- VPSHR Annual Global Training Summary

Because respecting and promoting human rights is a responsibility that belongs to everyone working on Newmont’s behalf, the Ahafo site in Ghana extended the VPSHR training to an additional 450 contractors working at the operation. At our Akyem mine, VPSHR training was conducted for community taskforce members who patrol and provide escort duties to community farms around the site and for contractor staff in charge of major project construction work.



Figure 2- Training was conducted at Ahafo in Ghana for Security personnel, police and military detachments.

## Governance and Performance

An external Voluntary Principles program review was completed in the fourth quarter of 2018 at Ahafo, Akyem, Yanacocha and Merian. The aim of the review was to provide clear insight into the application of the VPSHR at Newmont's operations and to identify potential risks related to security personnel (working on behalf of Newmont) failing to act in a manner that respects and promotes human rights. Some of the key recommendations from this review include:

- Standardize a 'train the trainer' program for internal VPSHR trainers and promote the site Human Rights working groups.
- Increase external VPSHR trainings including public security, and imbed elements into security contractors' daily checklists and pre-start meetings, including adding a dedicated internal VP resource.
- Improved engagement with community leaders on economic benefits of Newmont's presence.
- Continue to promote Newmont's Complaints and Grievances Program in the community and increase further awareness on how to file complaints using the program's funds and provide timely updates to the community.

Action plans will be developed to address findings from these reviews.



Figure 3- Review team members discuss VPSHR with contract security and Ghanaian police (Ghana, November 2018)

Newmont met its target for all operating, project, exploration and office sites to identify high and extreme threats and have put action plans in place. The Company also met its target to complete risk assessments and externally review action plans at sites in Ghana, Peru and

Suriname. Newmont did not experience any significant security-related events at its operations in 2018.

### **Stakeholder Engagement**

The security team held meetings with government security forces to ensure they understand the Voluntary Principles and Newmont's approach to ensuring that they are used when dealing with community members and other stakeholders.

Yanacocha recognizes that maintaining good relations with communities is vital to respecting and promoting human rights. Yanacocha's Security/Community Integration Program ("SCIP") entered its seventh year in Peru and involves local community members and security personnel getting to know one another in a relaxed atmosphere featuring educational sessions, events for children and sharing a meal together. The intent of these events is to build trust between local communities and security personnel by facilitating direct personal engagement and dialogue. These events also serve to educate and remind community members of the avenues available to them to express their concerns and any challenges they may be having in trying to engage with Yanacocha.

During 2018, Yanacocha held 112 activities through the SCIP, including participating in Rondas anniversaries, donating equipment to Rondas groups, civic actions; and the annual workshop for Rondas and local area authorities in Yanacocha and Conga. The Yanacocha security department also provided 32 briefings to the Rondas in surrounding local communities throughout 2018.

Rondas are traditional, volunteer police forces in rural communities which help patrol villages and the countryside. Because the volunteers are not trained in proper non-violent policing techniques and often do not have adequate equipment, Yanacocha trains these volunteers in the theory and techniques used to provide responsible security while respecting human rights.

In Ghana, the Akyem Security Department assisted local community Neighborhood Watch Teams to enhance security visibility and patrols. The community security efforts were conducted in conjunction with the local District Police and the VPSHR were presented during basic training of the neighborhood watch team members.

Newmont's security team in Suriname continued efforts to promote the Voluntary Principles during meetings with the Government of Suriname (Minister of Police and Justice and Minister of Mineral Resources) where training of police and military personnel was highlighted. The Voluntary Principles were also discussed during engagements with Ordening Goud Sector (OGS).



Figure 4, Merian security team members present a vehicle sponsored by Newmont to Korps Politie Suriname (KPS)

## **Lessons and Issues from 2018**

### **Peru**

#### **Chaupe Land Dispute Update**

Yanacocha continued work that began in 2011 to resolve a complex land dispute in Peru with members of the Chaupe family, who allege human rights violations by those working on behalf of Yanacocha. During the year, engagement and constructive dialogue with the family increased and progress was made. While a fair and long-term agreement was not reached, Yanacocha and Newmont remain committed to finding a dialogue-based solution. The latest developments and public statements on the matter are available on Newmont's [website](#).

### **Suriname**

Since commencement of operations in October of 2016, Newmont's Merian mine in Suriname has worked steadily on the deployment and implementation of the Voluntary Principles in agreements and MoU's with local and government stakeholders, in addition to training all security staff and relevant community members. This work will continue through 2019 to help ensure that all military personnel, including those tasked with the transportation of explosives to site, are trained in the VPSHR.

### **Ghana**

In 2018, Newmont's Ghana team implemented a process to select a few police Instructors from the regions to act as VPSHR champions and to assist in the training of police staff prior to operational deployments to any Newmont site. This action was a result of lessons from 2017 and resulted in a smooth deployment of police to Akyem in October of 2018.

In a demonstration against Newmont by a community group called Newmont Akyem Affected Farmers (NAAFA), the Regional Police Command deployed police reinforcements to the

demonstration scene to maintain public order and security. The demonstration escalated and resulted in Ghana police using minimum force to protect people and property and restore order. Public statements by local government officials made at the time stated that Newmont brought the police to mistreat the community demonstrators. These statements were later retracted by the same local government officials after they were found to be false. The key lesson learned from this engagement was that any negative act by government officials while upholding the law within the mining area during a demonstration has negative implications on the Company's reputation, even though those stakeholders are mandated by law to do their duties without bias or favor.

Incidents such as these reiterate the need for strong and positive relations between Newmont security and Ghanaian public security agencies regarding our compliance with the VPSHR at all times.

## **Policies, Procedures and Related Activities**

### **Policies, Procedures and/or Guidelines**

Newmont strives to operate its business in a manner that is consistent with the principles articulated in the Universal Declaration of Human Rights. Newmont's security function published a global standard outlining the Company's intent to ensure the provision of security in accordance with the Voluntary Principles. Newmont's human rights standard outlines the expectations for all sites to respect human rights in line with internationally recognized human rights frameworks. It includes specific clauses related to the VPSHR and is available on [Newmont.com](http://Newmont.com).

Each regional security function has responsibility for management of internal and private security forces, and for the development of and management of MoUs with any public security agencies. Consistent expectations for the provision of security are included in Newmont's global security standards, which were updated in 2014. Site-level security procedures with references to the Voluntary Principles are also in place.

An effective complaint and grievance program is an important tool for addressing community concerns. Newmont's Stakeholder Relationship Management Standard includes requirements for all sites to have a complaint and grievance mechanism in place consistent with the UN Guiding Principles. Sites must develop procedures for the identification, tracking and collaborative resolution of complaints. The Company conducts an analysis of complaint and grievance statistics and trends to evaluate the effectiveness of response times and resolutions. In addition, complaints can be escalated to third party mediators, official agencies or through the judicial processes. There is supporting guidance on complaint and grievance mechanisms, as well as quarterly, internal reporting and measurement of Company response time and resolution.

### **Third Party Risk Assessments**

Third-party risk assessments may be completed prior to initiating exploration drilling or starting project development in those jurisdictions with higher potential for violence or human rights

abuses. A similar approach may be utilized for higher risk locations encountered during due diligence evaluations for mergers or acquisitions.

The third-party risk assessments typically cover a wide range of issues, including:

- Local and national human rights contexts and dynamics (political, socio-economic, labor);
- Potential for conflict, violence, and illegal equipment transfers;
- Local and national security capabilities and human rights records;
- Governmental commitments to the rule of law, including the reliability, fairness, and efficiency of the legal system; and
- Identification of security risks.

Newmont's global, regional, site, or project security teams monitor risks identified in the third-party assessments. Plans and strategies are modified as needed to reflect changes in the nature or level of risk.

### **Reporting of Security-related Events with Human Rights Implications**

Our contracts with private security partners and MoUs with public security agencies require recording and reporting of security-related incidents that have potential human rights implications. Incidents involving the use of force by private security are reported internally and to local and federal authorities. Newmont requires that all security related events involving private and public security are fully investigated, recorded, and corrective actions are completed. Security procedures have been developed and implemented by the regions and sites to address these matters. The security procedures follow a standardized template, but are tailored to regional and site specific conditions.

### **Relationships with Private Security and Public Security Forces**

As part of Newmont's vendor selection process on private security firms, a screening process is conducted that includes background checks on past incidents and allegations; training with respect to human rights, proper use of force, and weapons; affiliations with illegal activity; and any involvement in activities with human rights implications.

Newmont includes references to the Voluntary Principles in contracts with private security companies. Our contractual provision details our expectations that all employees from private security providers will complete awareness training on Newmont's commitments to human rights, the principals of de-escalation, use of force and weapons, and relevant international codes for law enforcement.

Public security forces are invited to participate in briefings, workshops, exercises and events pertaining to the Voluntary Principles and related human rights matters, along with private security agencies.

### **Addressing Security-related Incidents with Human Rights Implications**

All incidents involving allegations of human rights abuses and reports of inappropriate use of physical force by private or public security agencies are recorded and, if found to be credible, reported to the appropriate authorities for investigation. In accordance with Newmont's

Standards on Global Security, incident investigation and reporting, we require that an internal investigation is completed for all such cases and events. Regular auditing of these investigations and corrective action closure is completed by Newmont's Corporate Security function.

In addition to our Stakeholder Relationship Management Standard, a number of other standards outline community relations requirements. Newmont's corporate S&ER function maintains standards that address complaint and grievance management, as well as other corresponding community relationship requirements.

### **Country Implementation**

Newmont has identified Peru, Ghana and Suriname as areas where the potential for security-related incidents with human rights implications are of greatest concern. Guiding our approach to implementation are some key elements:

- Engagement – working with NGOs, government bodies and embassies, while engaging with community members to build and improve relationships.
- Risk Management – developing consistent approaches to undertaking site, regional and countrywide assessments that incorporate the requirements of the Voluntary Principles.
- Influencing Public Security and managing Private Security – seeking opportunities to reduce the potential for conflict by promoting improved standards related to security providers and encouraging governments where we operate to participate in the Voluntary Principles.
- Transparency – publicizing our security contracts, along with our commitments to the Voluntary Principles, and responding to information requests from stakeholders in a timely manner

#### **Peru**

Newmont is the majority partner and operator of Minera Yanacocha, a joint venture with Buenaventura and Sumitomo. Yanacocha is South America's largest gold mine and has been operating since 1993. The mine is at an altitude of roughly 12,000 feet and is located approximately twelve (12) miles by air and thirty-one (30) miles by road from the city of Cajamarca in northern Peru. The city of Cajamarca has a population of approximately 250,000. In addition, there are more than 156 small "caserios" or villages around the Yanacocha mining concession that are home to approximately 49,500 people. Aside from mining, the Cajamarca region is economically dependent on agriculture as an important source of revenue.

Yanacocha is an open pit mining operation that produced 514,600 consolidated ounces of gold in 2018. Direct employment by Yanacocha is approximately 1,280 people, with 50 percent from local areas, another 49 percent from other areas of Peru. Contractors represent an additional 4,288 workers as of December 2018. The security function at Yanacocha consists of eight employees and 350 contractors, along with 20 government security personnel that routinely visit the site.

Newmont suspended construction of the Conga Project at the end of November 2011 due to violent protests, as explained in the annual report submitted in 2012. Construction of the mining and processing infrastructure for the Conga Project remains suspended as the team is focused on improving relationships with area stakeholders and implementing some water infrastructure projects. Yanacocha's security department established a VPSHR Action Plan, including roles and responsibilities for monitoring implementation and performance. The Action Plan includes the continuation of Security/ Community integration programs within Newmont's area of influence, which contributes to reduced conflict.

## **Ghana**

Newmont owns and operates the Ahafo mine, located in the Brong-Ahafo Region of Ghana, which is approximately three hundred (300) kilometers northwest of the capital city of Accra and forty (40) kilometers southeast of the regional capital in Sunyani. The Ahafo mine began operating in 2006 with an anticipated mine life that extends through 2021.

Ahafo is an open pit gold mine with associated milling and leaching facilities. It produced 336,100 consolidated ounces of gold in 2018. The mine directly employs approximately 1,103 people, 97 percent of whom are Ghanaian. It also engages about 2,357 contractors, 95 percent of whom are Ghanaian. Ahafo was the first large-scale mine in the region. Prior to its start-up, the local economy was centered on small-scale commercial farming and subsistence agriculture. There are approximately 110,000 people living in the mine's direct area of influence. Ahafo employs five security professionals directly employed by Newmont and 470 private security contractors with 30 routine government security personnel assigned to Newmont's operations.

Newmont operates the Akyem mine located near New Abirem in the Eastern Region of Ghana. The mine produced 414,400 ounces of gold in 2018. Akyem provides direct employment to 781 employees, 95 percent of whom are Ghanaian. In addition, the operation engages roughly 1,078 contractors. Akyem employs 5 security professionals directly and 163 private security contractors. There were approximately 10 government security personnel present at or near the operation on an ongoing basis. The Akyem area of influence includes eight communities and approximately 40,000 inhabitants.

In addition to Newmont's operational mine sites in Ghana, the regional office is located in Accra where security personnel are also deployed. There are two employed security professionals and 30 private security contractors.

Ghana has not been assigned a conflict intensity rating according to the most recent Heidelberg Institute Conflict Barometer (2016). Nevertheless, Newmont continues to promote Ghana's participation in the Voluntary Principles, including direct support of Ghana National Police Training.

## **Suriname**

The Merian site is located 66 kilometers south of Moengo, Suriname. After two years of construction, first production from the operation occurred in October of 2016. Merian is an open pit mining operation that produced 534,200 consolidated ounces of gold in 2018. Direct employment by Merian is approximately 1,171 people. Contractors represent an additional 632 contracted workers as of December 2018.

There are 23 security professionals directly employed at Merian, 96 contracted personnel and 13 public security personnel that were deployed at various times over the past year. As commercial production started in late 2016, Newmont successfully engaged with internal leadership and external stakeholders to improve the training, services and accountability of the private security company to ensure operations are properly aligned with the VPSHR metrics.

### **Considerations in the Selection of and Arrangements with Public and Private Security Providers**

The inclusion of specific references to the Voluntary Principles, Universal Declaration of Human Rights, and use of force provisions in contracts with private security are intended to establish a system of transparency and accountability. Before entering agreements, due diligence is always conducted on the private/public security on their previous track records on alleged or perceived human right records. Their background is investigated to know whether they discriminate against women or vulnerable groups. The Company also verifies whether the private security service provider has signed on to the Voluntary Principles initiative and elements of the Voluntary Principles are included in their contract terms and ensure strict compliance.

Beginning in 2016 and in line with the Company's Human Rights Standard, contractual agreements include the requirement that Newmont be notified if a private security provider becomes aware of any human rights issues related to its activities with Newmont. Joint training sessions and exercises are regularly conducted to foster trust, communication, cooperation and coordination between the private and public security providers. The formal review and investigation process that has been established is designed to identify security related incidents with human rights implications so appropriate corrective actions are applied.

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