

# NEWCREST AND TRANSPARENCY

Newcrest Mining released their 2014 Sustainability Report earlier in April. As a large Australian gold mining company, Newcrest operate a number of mining and exploration sites in Australia, Africa, Asia and the Pacific. These include both the Hidden Valley mine and Wafi-Golpu exploration/development site in the Morobe Province of Papua New Guinea, which are operated with Harmony Gold.

The Mineral Policy Institute (MPI) is a little skeptical of the value of sustainability reports, as they are often a defense of the status quo rather than a tool for improvement. A typical report makes the company sound responsible, but omits any real challenges and uncomfortable truths. Hoping for change, from the company that wants to be seen as the 'miner of choice' MPI had a look.

Important background is that in October 2014 at Newcrest's AGM, MPI formally presented copies of the *Hidden Valley* documentary and the accompanying report *Mining in Morobe, Papua New Guinea: Impacts from mining along the Watut River* to Newcrest Board Chair Peter Hay and CEO Sandeep Biswas. *Hidden Valley* contained strong feedback from communities about the need to change the approach to mining development, giving communities the right to 'choose their own future'. The *Mining in Morobe* Report supported this with an assessment and analysis of Newcrest and Harmony Gold's reporting. Multiple breaches were found in convention of the ICMM Principles, the OECD Guidelines and the Equator Principles with further problems relating to company policies, sustainability reporting and assurance.

We are pleased to acknowledge once again that Newcrest became a member of the Extractive Industries Transparency Initiative (EITI) and the Voluntary Principles on Security and Human Rights during 2014. Both provide opportunities for Newcrest to improve their performance and set a good example for other companies.

We note that Newcrest gave their own work a tick of approval in relation to stakeholder engagement and the International Council of

Metals and Mining (ICMM) and Global Reporting Index (GRI) Principles. Unfortunately they never mentioned the Watut River, let alone the ongoing impacts on community and environment caused by sedimentation from the Hidden Valley mine.

It is useful to compare that self-assessment with the number of (unacknowledged) sustainability issues at Hidden Valley and Wafi-Golpu. Table 1, from the *Mining in Morobe* Report assesses Newcrest and Harmony's (and the Morobe Mining Joint Venture, MMJV) activities against a number of OECD Guidelines finding numerous breaches. MPI is yet to receive a response to these specific findings or a general response to *Hidden Valley* and *Mining in Morobe* Report.

Interestingly, despite being employed by Newcrest and guided by their criteria, the assurer, Ernst and Young made a number of interesting statements (p.52) alongside their limited assurance statement. In brief these included: (1) the benefits from strengthening engagement with NGO's at a corporate level; (2) additional direct engagement with external stakeholders regarding reporting criteria; (3) additional case studies of interest to specific interest groups to demonstrate Newcrest's response to challenges (ie Watut River); (4) improving the timeliness of the report as a means of identifying onsite issues and responding to stakeholder interests.

Despite having fundamental concerns about sustainability reporting and largely obscure assurance assessments, MPI supports these observations by Ernst and Young. While not addressing the fundamental power inequality between community and company, or the reducing the impacts on people and place, the recommendations could, if adopted by Newcrest, at least result in some improvements in reporting and acknowledgement of stakeholders concerns.

Table 1. Assessment of MMJV/Newcrest Activities against OCED Guidelines.

Reference No.	Guideline text [abbreviated]	Description of impact/ desired outcome
General Policy 1.	Contribute to sustainable development.	Given that PNG has a poor record of transforming large scale mining into sustainable development there is a need for companies to ensure development of the non-mining related economy to ensure long-term sustainability of the region post-mining.
General Policy 7.	Develop and apply self-regulation and management to build trust with society.	Inadequate/flawed assessment of mining impact both in intensity and geographical spread. Need more effective and transparent process.
General Policy 10, 11.	Due diligence, Avoid/mitigate actual and potential adverse impacts.	Newcrest bought into existing project with inadequate/flawed implementation and assessment of negative mining impact. Effective mitigation hampered by lack of publicly available information on sources and impacts of sedimentation.
General Policy 12.	Prevent and mitigate impacts where not directly responsible.	Failed to adequately identify or respond to existing and ongoing impacts when buying into the Hidden Valley mine. This also applies to suppliers and financiers.
General Policy 14.	Engage with relevant stakeholders in order to provide meaningful opportunities to contribute to decision making.	Original consultations limited in geographic extent, despite previous in-country experience of riverine impacts on downstream communities. ESAP offers partial compliance but hampered by design and lack of representation.
Disclosure 2, 3, 4.	Disclose policies and material information, environment and social reporting and performance, relationship information.	Poor disclosure. Inadequate policies by operating entity [MMJV], failure to implement existing policies of JV partners, Newcrest and Harmony Gold. Failure to adequately assess and disclose social and environmental impact.
Human Rights 1.4.	Policy commitment and respect for Human Rights.	No MMJV Policy. Do not obtain Free Prior and Informed Consent. Inadequate consultation, lack of assistance for landowners to access independent information about potential impacts and alternatives.
Human Rights 2.	Avoid causing or contributing to human rights impacts.	Indirect human rights impacts through environmental impact and economic/cultural change.
Human Rights 5.	Carry out human rights due diligence.	Poor assessment despite operating in a country known for in/direct human rights abuses in extractive industries.
Human Rights 6.	Seek remediation of impacts.	Lack of transparency regarding recognition and response to impacts. Contentious 'compensation' payments requiring forgoing of future legal options.
Environment 1a,b,c.	Establish and maintain system of environmental management.	Lack of transparency and access to EMS. Inadequate baseline data. Poor reporting. Inappropriate standards used.
Environment 2a,b.	Provide public with timely and adequate information and adequate community consultation.	Restricted consultation, slow response to crisis. Ongoing problems with information dissemination, access to independent information and consultation.
Environment 3.	Prepare an adequate environmental impact statement [EIS]	EIS failed to anticipate impacts, no public review or updated assessment. Poor transparency and consultation about un/anticipated impacts.
Environment 5.	Timely damage minimisation, maintain contingency plans.	Slow response to impacts, including amelioration strategies. Contingency plans inadequate and/or unavailable, lack of transparency about environmental management and incident response.
Environment 8.	Contribute to awareness and improved public policy.	Withholding relevant information from the public and regulatory bodies. More positively, MMJV is a member and contributing to PNG EITI and a number of local projects.
Science 2.	Transfer and diffusion of knowledge	Withheld/ failed to make available scientific reports on environmental data and impacts.