

**MINING CERTIFICATION
EVALUATION PROJECT**

FIELD TRIAL PROCESS REPORT

**PLACER DOME ASIA PACIFIC
GRANNY SMITH MINE**

Prepared For: MCEP Working Group

Authors: Leah Horowitz
Hugh Wyndham

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Report

SUMMARY

The purpose of the Mining Certification Evaluation Project (MCEP) is to evaluate the feasibility of establishing independent, third party certification of the environmental and social performance of mine sites. An important component of the project is the field trial period, which involves evaluations of how Mine Site Operators (MSOs) are addressing corporate governance, health & safety, employee relations, environmental, and community relations issues.

The fourth MCEP field trial had a dual purpose:

- 1) To test the field trial process, including the protocol (its adequacy, clarity, redundancy and so on) as well as the process of gathering data, and to make recommendations as to how the process might be improved in subsequent iterations.
- 2) To trial scoring the site's performance with a scoring system based on performance measures. (See Tarong Process Report Appendix 1 for definitions of performance measures and scoring.)

This field trial was undertaken at Granny Smith over the period from the 18th to the 22nd of October 2004 inclusive. The team consisted of an independent Team Leader, the MCEP Project Officer, and three staff members from Placer Dome.

The key process issues identified through the trial are summarised below.

- The division of the protocol into five sections – Corporate Governance, Employee Relations, Health and Safety, Environment, and Community Relations – was considered to be a significant improvement over the previous version.
- Granny Smith provided extensive documentation prior to arrival that covered a range of issues relevant to the MCEP trial.
- The site contact provided a list staff members who would be best placed to answer MCEP audit questions. This assisted in the creation of an interview schedule.
- Questions associated with corporate governance were referred to Placer Dome Corporate in Vancouver.
- It may be impossible to obtain truthful answers to some questions in the Corporate Governance section.

N.B. In contrast to previous process reports, suggested process improvements have not been included here. They can be found in a separate report, entitled "Next Steps for the MCEP Audit Protocol and Field Trials".

Introduction

The purpose of the Mining Certification Evaluation Project (MCEP) is to evaluate the feasibility of establishing independent, third party certification of the environmental and social performance of mine sites. *Working Paper 1 – Principles and Criteria for Certification* lists criteria for evaluating performance, building on the principles developed by the International Council on Mining and Metals.

These criteria have formed the basis of a protocol to be used in field trials, which comprise Phase 2 of the MCEP. These field trials, to be conducted at four sites around Australia and two overseas, involve evaluations of how Mine Site Operators (MSOs) are addressing corporate governance, health & safety, employee relations, environmental, and community relations issues. These issues are outlined in the principles and criteria and elaborated in a protocol approved by the MCEP Working Group. The trials will provide an opportunity for performance standards and a rating system to be developed and tested. They will also allow opportunities for experimenting with various data-gathering techniques. The final phase of the project will address questions of governance and institutional arrangements for a possible certification scheme.

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The mine is located in the eastern goldfields of Western Australia some 900 km north east of Perth and approximately 40 km from the town of Laverton. Placer Dome acquired a 100% interest in Granny Smith Mine in 2002. Ore is currently supplied entirely from the Wallaby deposit, which is located adjacent to Lake Carey some 15 km from the process plant. Development of the Wallaby deposit began in October 2000 and ore production commenced in October 2001. Proven and probable mineral reserves as at December 31, 2003 are estimated at approximately 1.4 million ounces of gold (462,000 proven and 942,000 probable).

The Field Trial Team comprised:

- Dale Jackson (Safety Coordinator, Henty Gold Limited, Placer Dome Asia Pacific, Tasmania)
- Nick Currey (General Manager Safety and Sustainability, Placer Dome Asia Pacific, Brisbane);
- Richard Boele (Social Auditor and Corporate Social Responsibility Consultant, Banarra, Sydney)
- Leah Horowitz (Project Officer, Mining Certification Evaluation Project, WWF, Melbourne), and
- Hugh Wyndham (Associate, Senior Environmental Auditor, Golder Associates Pty Ltd, Sydney. Team Leader.)

Data gathering techniques included:

- review of documents provided by the MSO;
- team members' observations during site tours, including tours of the plant facilities;
- interviews with MSO staff;
- interviews with external parties.

The interviews were conducted both in person and by telephone. In addition to one-on-one interviews, a round table was held with site employees, including office staff and shift workers. The Field Trial Team's interactions with external stakeholders included one-on-one interviews with influential Laverton residents and employees of the Lenora Laverton Cross-Cultural Association, a group discussion with the Interagency Working Group, and telephone interviews with representatives of the NEIB (the registered claimant body) and the Chief Lawyer of the Goldfields Land and Sea Council.

The review was carried out using the protocol approved by the MCEP Committee.

Team members provided feedback, although not scores, at the exit meeting, as a service to the site. This feedback consisted of team members' professional opinions as to Granny Smith's achievements and opportunities for improvement, as identified through this trial. This meeting also provided site personnel with the opportunity to provide comments on the field trial process.

Process Issues

The Protocol

Changes to the protocol

The division of the protocol into five sections – Corporate Governance, Employee Relations, Health and Safety, Environment, and Community Relations – was considered to be a significant improvement over the previous version.

Data gathering

Document provision

Granny Smith provided extensive documentation prior to arrival, in the form of a CD, that covered a range of issues relevant to the MCEP trial. This documentation covered audit reports, closure planning, background and history, external affairs surveys, policies and standards, position descriptions, risk management process (mine and mill only), safety performance, strategic planning, updates on regulatory trends, and the Wallaby Project regulatory approvals process.

Interview schedule

The Team Leader sent the Working Principles and Criteria to the site contact and asked him to identify staff members who would be best placed to answer questions relating to each subelement. Upon receipt of this list, the Team Leader created a draft interview schedule, circulated to audit team members in advance, which was altered as needed over the course of the field trial visit.

Corporate Governance questions

One of the questions in the Corporate Governance section of the protocol, copied below, was referred to Placer Dome Corporate in Vancouver by email.

“The MSO’s corporate entity has ethical business and corporate governance policies endorsed and reviewed by the Board of Directors.” (Question I.1.a.i.)

The responses confirmed information provided by Granny Smith and available on the corporate web site. Referral of questions on Corporate Governance and Business Ethics should continue to be referred to the corporate organisations during a certification process.

The protocol section on Corporate Governance contains some indicators that cannot be verified. Examples cover: payment of bribes, facilitation payments, determination of how facilitation payments are documented, determination of the accuracy of documentation covering facilitation payments. An organisation that has (for whatever reason) paid bribes or made facilitation payments may not wish to admit to them or to provide any documentation covering them. Consideration will need to be made regarding the ability of auditors to obtain truthful answers to these questions if the site does not want to disclose them and how this might affect certification.