

# ECONOMIC RESPONSIBILITY

## DISTRIBUTING ECONOMIC VALUE

The direct economic value we generated for our stakeholders in the reporting period included the following:

- Cost of Sales:** Our cost of sales was \$1,047.1 million in 2009 and \$768.8 million in 2008, including labour, energy, consumables and maintenance costs, but excluding accretion, reclamation expenses, depreciation, depletion and amortization.
- Wages and Benefits:** We provided wages and benefits of \$302.2 million in 2009 and \$281.5 million in 2008.
- Shareholder Value:** As a measure of our strong financial and operating performance in recent years, and our commitment to providing superior returns for Kinross shareholders, we declared our first-ever common share dividend in February 2008. In 2009, we paid dividends of \$62.4 million to shareholders of record.
- Payments to Providers of Capital:** Our interest and dividends paid to providers of capital in 2009 amounted to \$92.6 million for the year compared to \$101.2 million in 2008.
- Payments to Governments:** We pay taxes and royalties in jurisdictions where we operate, including Canada, the United States, Brazil, Chile and the Russian Federation. In 2009, we paid \$298 million in income tax, mining tax, royalties and land use payments to various governments, compared to \$146.1 million in 2008.
- Direct Community Investments and Donations:** In 2009, Kinross contributed some \$3.9 million in direct economic value through donations and community investments to our communities in Canada, the United States, Chile, Brazil, Ecuador and Russia. In 2008, our contributions were \$2.2 million.
- Pension Plans:** The Company has several retirement plans covering employees in North America and South America.
- Government Financial Assistance:** Kinross does not receive significant financial aid from governments, apart from standard tax relief measures that are available to businesses in the jurisdictions where we operate.
- Local Recruitment:** Wherever feasible, we hire employees locally and provide supply contracts to local and regionally based businesses. We have been able to successfully recruit the majority of our mine site operations and management teams from local talent pools. Of our total workforce, 84% is hired locally.
- Direct and Indirect Economic Value:** Kinross' mining activities can help other economic sectors of society grow, particularly in remote regions and developing economies. In the Community section of this report, we discuss our community investment contributions in 2008 and 2009 – to schools, health care, local infrastructure, small business development, indigenous-related initiatives and other activities.



# ECONOMIC RESPONSIBILITY

## Economic Value Distributed and Retained Kinross Total

(millions \$)

	2009	2008
Direct Economic Value Generated	2,412.1	1,617.0
<b>Economic Value Distributed</b>		
Operating Costs <sup>1</sup>	881.4	606.3
Employee Wages and Benefits	302.2	281.5
Payments to Providers of Capital <sup>2</sup>	92.6	101.2
Payments to Governments <sup>3</sup>	298.0	146.1
Community Investments <sup>4</sup>	3.9	2.2
<b>Economic Value Retained</b>	<b>834.1</b>	<b>479.7</b>

## 2009 Economic Value Distributed and Retained By Country

(millions \$)

	Direct Economic Value Generated	Operating Costs <sup>1</sup>	Employee Wages and Benefits	Payments to Providers of Capital <sup>2</sup>	Payments to Governments <sup>3</sup>	Community Investments <sup>4</sup>	Economic Value Retained
Brazil	413.7	228.0	36.0	5.3	37.8	1.7	104.9
Chile	445.2	198.9	43.8	0.3	13.5	0.2	188.5
Russia	900.2	115.5	45.5	16.6	186.3	0.9	535.4
United States	653.0	186.1	121.7	N/A	52.7	0.3	292.3
Corporate and Other		152.9	55.2	70.4	7.7	0.8	(287.0)

1 For purposes of calculating economic value distributed and retained, operating costs exclude depreciation, depletion and amortization and impairment charges. Wages and benefits, community investments and payments to governments, other than income and mining taxes, normally form part of operating costs, but have been excluded as they appear on separate lines in the calculations.

2 Payments to providers of capital include dividends paid to Kinross shareholders and interest paid on long-term debt.

3 Payments to governments include income, mining and other taxes, certain royalties and land use payments.

4 Community investments include donations and investments in non-core infrastructure.

## 2009 Total Local <sup>1</sup> Spending

(millions \$)

	Percentage of spending on goods and services that is local
United States <sup>2</sup>	55%
Chile	97%
Russia	20%
Brazil	16%
Ecuador	38%
<b>Total Kinross Operations</b>	<b>37%</b>

1 Each Kinross site has defined "local" based on the geographic definition of "local" for their operation.

2 Excludes Round Mountain (data not available).

To learn about Kinross' contribution to community development in local communities, see [Community and Social Development](#).

## Case Study

### SUPPORTING COFFEE FARMERS IN ECUADOR

Kinross is committed to developing long-lasting benefits for the communities in which we operate. Kinross Aurelian Resources' partnership with APEOSAE, an association of coffee farmers in the province of Zamora-Chinchipe, including members who live near our Fruta del Norte project in south-eastern Ecuador, is one such example.

Since 2009, we have provided micro-loans, seed capital, technical assistance and infrastructure support to approximately 412 APEOSAE members and approximately 500 coffee farmers who produce organic and fair-trade coffee. APEOSAE is also receiving funding support from the Ecuadorian government through the Ministry for Social and Economic Inclusion.

In 2009, the association's production doubled to nearly 250,000 pounds as a result of export to new markets in the European Union. The increased return on investment, supported by the production of premium brands and the fair-trade mechanism, has raised the farmers' standard of living and quality of life. "We have seen that this works," says one APEOSAE member. "It will



help us leave a legacy for our children." Going forward, the association hopes to expand its production to include Rainforest Alliance coffee and its export markets to include Japan.

### MEASURING OUR BENEFIT FOOTPRINT

Mining creates wealth in the communities where we operate. At a global level and by country, this is captured in our reporting of economic value generated, distributed and retained.

Locally, beginning in 2010, Kinross sites will take this evaluation to another level by tracking what we refer to as the "benefit footprint." This benefit footprint is a measure of the extent to which our operations contribute positively to the sustainability of local communities.

Measuring the benefit footprint begins with a geographic breakdown of our spending at the local, regional, national and international levels. This is then coupled with an assessment of the extent to which that spending is leveraged into long-term socio-economic development. Ultimately, we hope to see non-mining exports from the community increase over the life of the mine. Understanding our benefit footprint at each of our sites will better inform our strategies for community engagement, community investment, public-private partnerships and capacity-building.