

## ENGAGING OUR STAKEHOLDERS

**Engaging host governments and public stakeholders in a meaningful way is a key pillar of Kinross' approach to corporate responsibility. Engagement is a long-term commitment that requires our strategic participation in a local community's ongoing efforts to determine its future, from the earliest stages of exploration, through permitting, development, construction, operation and mine closure.**

Through informed consultation, we aim to achieve broad community support for our activities. This requires consistent adherence to fundamental principles, including:

- A process that is inclusive of all affected stakeholders;
- Clear communication of potential project-related risks and impacts;
- Provision of information in the languages and methods preferred by the affected communities;
- Adequate time and opportunities for collective decision-making; and
- Proactive exploration of community needs and opportunities.

Given the business we are in, and the fact that our activities can span several decades, engagement with our stakeholders inevitably includes challenging conversations and raises concerns that may be difficult to resolve. We accept these challenges. That is the nature of building long-term, trusting relationships and being good neighbours.

In 2009, Kinross incorporated stakeholder engagement as a fundamental aspect

of our [Site Responsibility Plans](#) (SRPs). Designed to promote consistency, the key elements for engagement include stakeholder identification and mapping, and an engagement and consultation plan. Among other activities, each site must establish an advisory group to help ensure ongoing and effective stakeholder engagement as well as grievance management procedures. Our Social Management System will include tools for monitoring and measuring stakeholder engagement and other aspects of the SRPs.

Our sites have many of the elements of the SRPs already in place. At Paracatu, for example, a Stakeholder Committee was established in 2008, comprised of representatives from neighbouring communities, to discuss issues and make recommendations in such areas as environmental monitoring as well as social and environmental initiatives. In addition, we created a 24-hour hotline in 2008 to receive and register community complaints, concerns and suggestions and to provide feedback within 24 hours. See [Engaging Stakeholders at Paracatu](#).



## KEY STAKEHOLDER ISSUES

In 2008 and 2009, the significant issues raised by stakeholders focused on mine expansion, operational impacts and the communities' interest in associated economic opportunities. The table below outlines some of these concerns by site and the ways in which we responded.

### PARACATU, BRAZIL

**Key Stakeholders:** Neighbouring communities, including the Quilombola community

Issue	Response
Historic land claim process and construction of a new tailings dam	Kinross has a history of working cooperatively on initiatives and in partnership with the Quilombola. A report by Brazil's Instituto Nacional de Colonização e Reforma Agrária (INCRA) issued on March 6, 2009 concluded that local Quilombola communities have historic rights to 2,218 hectares of land in the Paracatu area, a portion of which (approximately 900 hectares) would be affected by the planned new Eustaquio tailings dam. Today, no Quilombolas are living in the area affected by the new dam. The Company is currently pursuing an agreement with the local Quilombola communities regarding appropriate compensation for the lands in question, based on a determination of fair value.
Blasting noise and dust	After completing technical studies and stakeholder consultation, several initiatives were implemented, including a 24-hour complaints hotline and a citizen monitoring committee. See the case study <a href="#">Responding to Neighbours' Concerns</a> for more details.
Traffic through a residential community	A single-lane road that passes through the residential community is being replaced by a new access road, currently under construction, to redirect traffic away from more populated areas.

### MARICUNGA, CHILE

**Key Stakeholders:** Rural and urban indigenous Colla community, neighbouring community of Tierra Amarilla

Issue	Response
Water scarcity	Community sustainability workshops held in 2008 and 2009; field visits; monthly roundtable discussions with Colla communities; development of cooperative water protection agreement and environmental board with governments and the Colla.
Noise and dust, traffic, damage along mine access road	Government-convened and mediated dialogue table. For more information, see <a href="#">Working Together – Dialogue Tables in Chile</a> . Agreement with the Ministry of Public Works for maintenance of the road to Maricunga.
Property rights with respect to access road to new camp	Government-convened and mediated dialogue table.

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## LOBO – MARTE, CHILE

**Key Stakeholders:** Colla communities, governments, environmental and tourism officials

Issue	Response
Economic development	Formal engagement as part of Environmental and Social Impact Assessment began in September 2009.

## LA COIPA, CHILE

**Key Stakeholders:** Local communities, governments

Issue	Response
Economic livelihood for artisanal miners	Agreement signed in 2009 with the small miners of Copiapó providing mining access for about 500 small miners.

## FRUTA DEL NORTE, ECUADOR

**Key Stakeholders:** Local communities, governments

Issue	Response
Potential impacts of project development	Monthly meetings with Community Council, representing 16 communities in the area of influence of the project; transition from community council forum to parish council forum after elections in 2009; development in coordination with government and parish council of mitigation initiatives with an economic, social, cultural and environmental focus.
Artisanal mining	Development of a formal proposal to government to find a safe, environmentally acceptable and legally viable accommodation with artisanal and small-scale miners who have been active in the region around the project; initiation in December 2009 of a dialogue process, managed by government, and involving local miners and Kinross.

## KUPOL, RUSSIA

**Key Stakeholders:** Chukotka communities, governments

Issue	Response
Economic benefits of Kupol, notably employment and training	Annual public consultations and mine performance reports presented to communities. Introduced certified professional training and pilot programs in vocational training on site at Kupol. Created the Kupol Foundation to provide opportunities for community initiatives.

## FORT KNOX

**Key Stakeholders:** Electorate of State of Alaska

Issue	Response
2008 state-wide anti-mining ballot initiative	Worked with industry association to communicate economic and social benefits of responsible mining to Alaska; referendum defeated by Alaska voters.

# IN THE COMMUNITY

## ROUND MOUNTAIN

**Key Stakeholders:** Communities, indigenous peoples, governments

Issue	Response
Potential impacts of mine life extension	Stakeholder Committee established; dialogue group with Western Shoshone Native Americans convened; formal consultation on draft mine plan. For more information, see <a href="#">Round Mountain Socio-Economic Contributions</a>

## KETTLE RIVER-BUCKHORN

**Key Stakeholders:** Communities, governments, businesses, special interest groups

Issue	Response
Impacts of mining	Creation of multi-stakeholder community advisory association in 2006 to address issues as they arise and manage a citizen-led water-quality monitoring program.

In addition to our program of local stakeholder engagement, we identify opportunities to collaborate and share information with a broad range of local and international non-governmental organizations (NGOs) and academic institutions. For example, Kinross is participating with two major Canadian

universities on case studies focusing on corporate responsibility and stakeholder relations at our Paracatu and Maricunga operations. See the case study [Third Party Studies of Kinross](#).

At Fruta del Norte, we have recently provided tours of our development

project with Flora & Fauna International, the Rainbow Ecological Foundation, the Latin American Foundation for the Future and the Social-Environmental Conflicts Watch, at the Technical University of Loja. We also enjoy productive relationships with regional NGOs such as MOVER in Paracatu and PROhumana in Chile.

## RESETTLEMENT

In 2008 and 2009, Kinross Paracatu resettled almost 60 rural families as a result of the construction of its tailings dams in the Machadinho and Santa Rita regions. Prior to the resettlement process, Kinross undertook a comprehensive socio-economic assessment, identifying 31 families that would be considered vulnerable due to lack of sufficient education, low income or that rely on the property as their sole source of income. All of these vulnerable individuals received counselling on the options available to them, which included selling their property to Kinross for fair compensation, swapping their property for another property of greater value provided by Kinross, or selecting another property and asking the Company to buy it and provide equivalent infrastructure. Once an option had been selected, each family was provided with extensive assistance to help facilitate their move to a new location, including finding schools, providing health assistance where required, supporting elderly people who might have difficulty adapting to change and providing access to federal microcredit programs.

The Company successfully negotiated compensation with all families, satisfying the IFC “willing buyer/willing seller” criteria: the individuals affected by the project were willing to sell their property and assets on a voluntary basis; the transaction took place with the seller’s informed consent; and the seller was provided with fair compensation based on prevailing market values.

The Company provided the necessary financial support to assure that all of those affected by the resettlement were able to restore their livelihoods to levels equal to or better than those they maintained at the time of sale. Some chose to relocate to a similar area and continue a similar livelihood in this new location, while others decided to move to town and assume an urban lifestyle.

## Case Study

### THIRD-PARTY STUDIES OF KINROSS

**With the relationships between extractive companies and host communities attracting increased discussion and debate, some academics and others specializing in CR are advocating a case-study approach to explore those relationships, with an eye to identifying “lessons learned” for industry, governments, and civil society.**

Kinross has agreed to participate in two such case studies, undertaken by major Canadian educational institutions, which focus specifically on corporate responsibility and stakeholder relations at two of our operations in South America.

The first study, “Corporate Social Responsibility at Kinross Gold’s Maricunga Mine in Chile: A Multiperspective Collaborative Case Study,” was led by Dr. Kernaghan Webb, Associate Professor and Director of the Institute of the Study of Corporate Social Responsibility at Ryerson University in Toronto, Ontario, and is now complete. The study involved a diverse team of independent Canadian and Chilean academics and persons from the mining sector, government and non-governmental organizations with practical experience in CR issues. The team conducted approximately 40 semi-structured interviews between November 2008 to March 2010 with Kinross management, regional and Maricunga mine officials, workers, suppliers and sub-contractors, Colla indigenous persons, non-Colla community persons, government officials, non-governmental organizations, members of the investment community and others. Among its conclusions, the study found that “Kinross Gold at its Maricunga operations is devoting considerable energies to developing and fulfilling agreements with a number of different parties to address a number of different social, economic and environmental issues...Key innovations that have been developed by the parties include a protocol agreement between the company and the Rio Jorquera community, a tripartite arrangement for identifying and resolving issues associated with the road, and a number of partnerships and agreements to address environmental, social and economic impacts.” The complete study is available at [http://www.ryerson.ca/csrinstitute/current\\_projects/Dfait\\_ch2\\_KGR\\_Maricunga.pdf](http://www.ryerson.ca/csrinstitute/current_projects/Dfait_ch2_KGR_Maricunga.pdf)

The second is a study of stakeholder relations at our Paracatu mine in Brazil. This study is being undertaken as part of the FORRÉ research network, and is being led by Dr. Ben Bradshaw, Associate Professor in the Department of Geography at the University of Guelph in Ontario, Canada. Consistent with the multiperspective methodology used for the Maricunga study, a first draft case report has been reviewed and critiqued by a range of study participants, and is currently being redrafted, supported by additional field research in Paracatu. A final report will be available in late 2010.

### COMMUNITY AND SOCIAL DEVELOPMENT

In line with our commitment to community development and our focus on health, capacity-building and the environment, we reached out to our communities with a variety of initiatives in 2008 and 2009. We highlight some of them below.

#### Brazil

With mining activities at Paracatu expected to continue until 2041, Kinross recognizes the importance of our contributions to the economic and social well-being of the people who live near our operations. Local development is a participatory process and relies on the creation of partnerships among civil society, local government and the private sector. We invested \$1.48 million in 2009 and \$754,252 in 2008 in community initiatives to build job skills, improve health facilities and support local cultural initiatives. Some major initiatives include the following:

- Completed environmental work on the Rico Creek revitalization and will start the construction of a linear park in 2010, to which we have contributed \$1.7 million over two years;



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“Considering the actions and initiatives of Kinross Gold Corporation in the area of social responsibility, we would like to pay tribute by granting the Medal of Honour in Social Development ... Among the various social actions accomplished by Kinross Gold Corporation, the Environmental Education Program was

especially outstanding.”

– Instituto Ambiental Biosfera

- Committed \$250,000 in 2009 to improve water flow in Espalha Creek (see [United Waters of Espalha Creek](#));
- Established a partnership with Atenas Medical College and the City of Paracatu to build a new emergency care unit in the municipal hospital, contributing \$400,000 to buy materials for the construction of the new emergency care unit and hospital expansion;
- Supported the decision of the federal government to establish the Federal Institute of Education, Science and Technology in Paracatu, with a donation of \$175,000 in equipment;
- Supported the Local Workforce Hiring System and Capacity-Building Program, designed to give preferential access to employment opportunities to people in the local community, and encouraged local suppliers and service providers to do the same. Invested in qualification and professional improvement programs to help prepare local youth for the job market;
- Developed a local Suppliers Qualification Plan (SQP) to stimulate the competitiveness of micro and small companies in the supply chain;
- Continued support for the Generation Project, designed to fund initiatives that promote the generation of jobs and income within the Paracatu municipality, with funding decisions based on the participation and evaluation of projects by members of the local community. Donated equipment and materials with a value of \$30,000 to a cooperative and a rural association in order to support income and job generation projects;
- Supported a range of local initiatives to generate employment, and promote tourism and culture, such as EXPO Paracatu, the Paracatu Technology and Work Fair and the Winter Festival of Brazilian Music; and
- Received the 2009 Medal of Honour in Social Development, granted annually by the Instituto Ambiental Biosfera, a Brazilian non-governmental organization. The award celebrates individuals and organizations that support the quality of life of Brazilians through environmental or sustainable development contributions. Kinross, the only mining company in the state to receive a nomination, was lauded in particular for its environmental education initiatives.



› In February, 42 students from the Mining Engineering department at Queen's University in Kingston, Ontario, Canada visited our La Coipa operations to take a tour and learn more about mining and metallurgical processes.

## Chile

Kinross supports a variety of programs in Chile that focus on education, employment, health care, agriculture, tourism, environmental protection and local culture. We discuss these in more detail in the Indigenous Peoples section of this report.

We support a number of educational initiatives for students at the elementary, secondary and post-secondary levels, outlined in the case study [Capacity-Building Through Education](#). In addition, La Coipa supports local students through adult education courses designed to increase employment opportunities. In 2008 and 2009, these courses included cooking, costume design and construction, as well as handicraft and copper

embossing training workshops for people with disabilities. Additional courses in international cuisine and business are in development.

In October 2009, we initiated a review of our community investment practices in Chile with the purpose of developing a strategy that will align our community investment with the Company's business objectives, focus on community and government partnerships, and support initiatives that build capacity and systems for the long term. An important component of investment initiatives will be the systematic tracking of outcomes and impacts for both the community and the Company. Implementation of the strategy will begin in 2010.

## CHILE EARTHQUAKE RESPONSE

Kinross responded quickly with aid to the people of Chile in the wake of the earthquake that struck the country on February 27, 2010. Immediately following the earthquake, Kinross provided transportation for rescue workers to the affected area and made its mine rescue teams available to assist in the relief effort if requested by local authorities. The Company committed to provide CDN \$705,000 to humanitarian relief initiatives, focused primarily on rebuilding schools, housing and other social support.

Kinross' Maricunga and La Coipa mines in Chile are located approximately 1,000 kilometres north of the area most affected by the earthquake. No employees working at the mines or in the Company's offices were injured during the earthquake, and our operations suffered no damage apart from a brief power outage.



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## Ecuador

Kinross' Fruta del Norte project is located in Zamora-Chinchipe, one of the poorest provinces in Ecuador. Kinross supports capacity-building in local communities through economic, social and cultural development programs. In addition, the Company supports educational programs for children and improvements to basic infrastructure. These programs include indigenous communities of the Shuar people, under a special framework agreement. In alignment with government policy, all of our social development activities in Ecuador have been coordinated in a government-community-company framework within the overall context of national development plans for the southern region of Ecuador.

In 2009, we provided support to approximately 500 coffee farmers in the APEOSAE cooperative in order to strengthen the business, increase the number of producers and expand their access to markets under the fair trade label. For more information, see our case study [Supporting Coffee Farmers in Ecuador](#).



In Los Encuentros, the parish centre for the project, a cattle farming improvement program was conducted with the assistance of agricultural experts. The objective of the program is to help local farmers improve their cattle management techniques and also reduce deforestation, a common problem in the region. In Los Encuentros, Kinross also works with a local women's poultry cooperative and with the local water management board.

Also in 2009, we launched the next phase of our agreement with the Shuar Federation of Zamora-Chinchipe. This relationship began in 2007 and our support is strongly focused on internal capacity-building, education and community infrastructure projects. Our consistent support to the management team of the Shuar Federation, together with their active involvement in developing and implementing community projects, achieves multiple goals: experience in project management, delivery of real benefits to Shuar communities, and growth in confidence and leadership. Our long-term objective is to support the Shuar people in their goal of independent development and management of sustainable activities, aligned with their way of life and culture.

Through an agreement with the Education Ministry, we continue to provide support for teachers, school infrastructure and improvements, and school supplies including encyclopedias, maps, dictionaries, sporting equipment, desks and other classroom furniture. Our strong focus on children is also reflected in our program on children's rights, conducted under the auspices of the National Council for Children and Adolescents.



## Russia

Kinross is an important employer in the Far North East region of Russia. Our business supports economic development and social infrastructure for neighbouring communities and the indigenous people. For example, we provide transportation support for medical needs and other vital services to people living in locations only accessible by helicopter.

In 2009, Kinross established the Kupol Social Development Foundation with a \$1 million start-up grant. The objective of this arm's-length, not-for-profit foundation is to create a responsive funding mechanism that will support local community initiatives. Under its governance structure, recommendations for funding are made by a nine-member board comprising regional stakeholders. By agreement with the regional indigenous peoples' association, no less than one-third of funding awarded will go to support projects for indigenous people in the regions associated with Kupol.

In October 2009, the Foundation's first round of annual grants were awarded to projects promoting education, health and welfare, small business and indigenous people. In one project, indigenous reindeer herders in the Anadyr District received funding to provide modern

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communications tools. In another, the Regional Art School for Children in Anadyr received funding to develop a centre to train children in the traditional Chukotka art of bone carving. In addition to preserving indigenous culture, the training will help develop the occupational skills of the young people.



› Kinross supports the Vladislav Tretyak Foundation and Sports Academy, committed to raising funds to support youth across the Russian Federation, including children's hospitals, literacy and job-training programs for disadvantaged youth, and palliative care for children with terminal illnesses. Kinross has also helped to organize the annual Tretyak International Hockey Tournament in Moscow for 15-year-old players from teams around the world.

## United States

We provide a variety of programs to support the unique needs of the communities at our U.S. mines at Fort Knox in Alaska, Kettle River-Buckhorn in Washington and Round Mountain in Nevada, as well as at our reclamation sites.

### Fort Knox

At Fort Knox, we participate in a variety of local events, such as the annual Golden Days celebration, the Tanana Valley Fair and the annual spring Clean-Up Day. We work with the University of Alaska, participating in Engineering

“The Buckhorn Community Advisory Association would like to extend our appreciation to ACI Northwest, Inc. (Kinross’ contract hauler) and Kinross Gold Corporation for their continued dedication and commitment to our community. ACI and Kinross representatives regularly attend our meetings, participating actively and working together with association members to seek solutions to any issue that may arise. They have proven their respect for our communities time and again.”

– **Buckhorn Community Advisory Association**

Week and job fairs and by lending classroom expertise. For many years, our team has worked with the Alaska Mineral and Energy Resource Education Fund to teach Alaskan elementary school teachers and students about natural resources. Several members of the management team also serve on local education advisory committees and on the boards of directors of a number of local charitable organizations. Our popular mine tours, offered free to community and educational groups, were limited in 2009 due to increased construction activity. They have resumed and will be expanded in the summer of 2010.

### Kettle River-Buckhorn

Kettle River-Buckhorn's activities focus on education, health and public service. In 2008 and 2009, we provided funding for scholarships, sports and theatre at local schools, a youth development program, first-aid training and a county law enforcement officer. We also partnered with a local builder to build

new homes, increasing the attractiveness of living and working in the community. We organize an annual Arbor Day to provide education and tree-planting experience to elementary school children. In addition to financial sponsorship, our employees volunteer for activities such as Prospector Days, an annual week-long celebration of the area's mining and logging history. In 2008 and 2009, we provided donations to the Back Country Horsemen of Washington, a local non-profit organization that teams with government and private agencies to manage and maintain recreational lands and wildlife trails in the state. The funds will support the future purchase of property for the Whistler Canyon Trail.

### Round Mountain

Kinross is the leading employer in the Big Smoky Valley, a remote rural region, and Round Mountain is a town of a few people. We provide donations to many local organizations, with the priority on education, youth and health, and we also partner with local schools. For example, we supplied a welding teacher for the local high school and provided



› Round Mountain Gold assisted the local community school when their new HVAC system arrived. The mine's Plant Maintenance department provided a crane and operator to help remove the old system and install the new one in a three-day operation.

## Case Study

### ROUND MOUNTAIN – SOCIO-ECONOMIC CONTRIBUTIONS

Located in central Nevada, 402 kilometres from the nearest metropolitan area, the Round Mountain mine plays a unique socio-economic role for its employees, contractors, nearby communities, indigenous neighbours and other stakeholders in the area.

Kinross undertook a robust stakeholder engagement process when we sought to extend mining operations at Round Mountain beyond the existing closure date of 2011. To help understand the potential social and economic impacts of the mine life extension, we:

- Established a Stakeholder Engagement Committee, with a commitment to meet regularly with area stakeholders;
- Convened a Native American dialogue group, consulted with Tribal

Councils, and included Native American monitors in cultural surveys; and

- Received public comments on the expansion's draft Environmental Impact Study.

One outcome of these initiatives was the rerouting of the transportation and utility corridor to address Native American cultural concerns. Another was the conclusion of a Memorandum of Understanding and a Memorandum of Agreement with the Western



Shoshone group, which memorialized actions to ensure continued respect for cultural resources alongside the expansion of mining activities at Round Mountain. Open communication and dialogue with stakeholders is ongoing as we continue to build and grow cooperative relationships.

in-kind support to improve the industrial arts (welding) shop. Our employees teach classes on résumé writing and interviewing techniques. Several of our managers volunteer as coaches for the sports teams. We also participate in the Smoky Valley Community Development Team, which partners with local and state agencies to provide financial support for small businesses and start-ups.

### Reclamation Sites

At our reclamation sites, we work in consultation with federal, state and local officials, neighbouring landowners, NGOs and communities to develop value-creating uses for former mine sites. At DeLamar, we have erected an anemometer tower to determine the wind resources available for potential development. In 2009, Hayden Hill

completed a multi-year process to donate over 303 reclaimed hectares, including constructed wetlands, to a federal agency to be managed as a wildlife preserve. Sunnyside's Mayflower Mill was donated to the San Juan Historical Society and has been transformed into an interpretive museum creating local seasonal employment.