

Newcrest Sustainability Report 2012 – Disclosures on Management Approaches for the reporting period ending 30th June 2012.



DISCLOSURE ON MANAGEMENT APPROACH – ECONOMIC

Economic performance

Full information on how we manage our economic performance can be found in Newcrest's annual report (www.newcrest.com.au).

Market presence

Newcrest has mining operations and exploration activities in four countries – Australia, Papua New Guinea, Indonesia and Côte d'Ivoire – with further exploration activities occurring in Fiji. Our host communities are often remote, comprise both indigenous and non-indigenous peoples and in many cases lack the easy access to services that more urbanised communities enjoy. Newcrest's investment in local employment, infrastructure and community projects, particularly health, education and agriculture, is of direct benefit to these communities. Relevant managers at Newcrest's sites engage local governments and communities on a regular basis and prepare collaborative plans for investing in the community. This investment is diverse and ranges from health services, water supply windmills, roads, and provision of sports clubs, to supplying fresh fruit and vegetables.

Indirect economic impacts

Newcrest delivers economic benefits to local communities through payments under land owner and land use agreements, direct investment into local communities, donations made to charities and the costs of running community departments. This community expenditure falls into three broad categories:

- '**Committed**', being expenditure under contractual arrangements;
- '**Semi-committed**', where the size of the contribution is fixed under contractual arrangements, but Newcrest has some direction as to expenditure; and
- '**Discretionary**', being expenditure at the discretion of Newcrest or community departments.

Newcrest's presence provides many indirect benefits to the countries and communities in which we operate. These benefits include better long-term health and educational standards and decreased health service reliance brought about by increased fitness and wellbeing strategies, and such things as increases in access to markets for locally-produced goods and tourism that may arise as a result of better roads. Systems to improve Newcrest's ability to monitor these indirect impacts are currently under review.

DISCLOSURE ON MANAGEMENT APPROACH – ENVIRONMENT

Materials

The materials used in Newcrest's operations include cyanide, quicklime, ammonium nitrate, explosives and steel grinding balls.

Ammonium nitrate, quicklime and cyanide are 'reagents' – substances that are used in ore processing to create or promote chemical reactions for the purposes of extracting targeted minerals. Reagents are key consumables used in the processing of ore. They are transported, stored, used, and residues disposed of, according to Newcrest environmental standards as well as the regulations in the jurisdiction in which we operate.

The principal reagents Newcrest uses in its business include:

- Ammonium nitrate, used in blasting; and
- Quicklime, added to the process circuit to modify the ore slurry pH.

All Newcrest operating sites other than CVO use cyanide as a reagent. In recognition of this, Newcrest is a signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (ICMC or the Code), which was developed by a multi-stakeholder steering committee under the guidance of the United Nations Environmental Program and the International Council on Metals and the Environment. The objective of the Code is to improve the management of cyanide used in gold mining and assist in the protection of human health and the reduction of environmental impacts.

Energy

As an international business we are aware of the risks and costs of operating in a carbon-constrained world. Regulation on reducing greenhouse gases increases operational costs such as power, fuel and supplier costs, ultimately influencing financial performance. For this reason, we are focusing on the issue from both an economic and an environmental perspective.

Newcrest has set a goal to reduce the intensity of energy use at our operations consistent with our Environmental Policy. To drive this, the Newcrest Energy Efficiency Project was established, led by a permanent GM level resource and supported by senior Site Energy Champions at each operation. The project was developed with a three level approach:

1. Facilitate low capital, low complexity energy efficiency projects;
2. Drive cultural change; and
3. Identify and prioritise transformational or step change energy projects.

We have already conducted significant efficiency reviews at our operations and small scale improvement projects are underway. Communications programmes continue to develop and energy is treated as a critical component to our step change project thinking.

The personnel and resources committed to this programme will deliver benefits both in lower emissions and reduced cash cost. These benefits will enable us to progress new projects in the future as well as minimise the environmental impact at our existing operations.

DISCLOSURE ON MANAGEMENT APPROACH – ENVIRONMENT continued

Water

Newcrest manages water use at all operating sites and the sources from which water is drawn. Where practical, water is recycled and locally available recycled water is used. Water for use is extracted from different source types, varying dependent on-site climatic regions and conditions, environmental requirements, layout of the site and water resources available. Sources include surface water from adjacent rivers or creeks (whilst maintaining environmental flows), seawater, recycled waste water from nearby towns, and groundwater. Most sites recycle a component of the daily volume extracted within the site or plants to reduce overall consumption, reducing potential for impact and also increasing unit value of water used.

Water extraction and discharge is monitored and reported for each site. As part of performance management, water supply quantity and quality are monitored at key adjacent areas to our sites, such as downstream creeks or streams and also private properties or villages.

When permitted to release water off-site, Newcrest maintains strict control to ensure we meet or exceed any specific conditions set by the regulators. In exceptional circumstances, Newcrest may seek and obtain permission to discharge water that does not meet certain quality standards (e.g. the severe wet conditions that occurred in Queensland in 2011) subject to conditions, including (typically) increased water quality monitoring measures and safeguards. When spills occur, Newcrest notes the nature of the spill, measures the volume of material spilt, and records damage or impacts that arise from the spill. Where necessary, Newcrest undertakes mitigation activities to remedy the damage.

Newcrest is an active participant in the Minerals Council of Australia's Water Working Group. One of the key projects of this Group has been the development of a water accounting framework for the minerals industry.

Biodiversity

Newcrest's biodiversity impacts are carefully managed in accordance with our Environmental Policy and standards. For each site, we know whether the Company's land is in, or adjacent to, protected areas, and what species exist within those protected areas. For example, threatened species have been identified at Cadia Valley Operations – *Lathamus discolor* (Swift Parrot) and *Anthochaera phrygia* (Regent Honeyeater) are both listed as 'endangered' under the *Environment Protection and Biodiversity Conservation Act 1999*, while there are a number of other species officially listed as 'vulnerable'. Management strategies have been implemented at CVO to mitigate the impact of mining activities on identified threatened species. Newcrest's assessment of sites prior to undertaking works that could lead to vegetation or soil disturbance (e.g. pre-disturbance surveys) include assessment for protected species. Several sites contain protected habitats. These are managed appropriately (e.g. by fencing off protected areas), with all sites having management strategies or plans in place.

Newcrest is a member of the Business and Biodiversity Offsets Program (BBOP), which is a partnership of some 40 leading organisations (including companies, governments, conservation experts and financial institutions) from around the world that has been exploring biodiversity offsets.

Emissions, effluents and waste

Newcrest prepared a Carbon Management Plan in 2011. This is a comprehensive whole-of-business approach to carbon management. It allows Newcrest to understand its carbon liabilities and compliance aspects of the carbon tax legislation but also what opportunities may exist for the Company. The Plan addresses the required actions across a number of key focus areas such as operating practice, compliance, data collection, energy efficiency, etc.

Newcrest reports on greenhouse gas emissions from its Australian activities as part of the Australian Government's National Greenhouse and Energy Reporting (NGER) scheme, a mandatory reporting system for corporate greenhouse gas emissions, energy production and consumption, which applies to companies above a certain threshold of emissions. Newcrest reports on gross Scope 1 emissions (fuel and energy produced or consumed and greenhouse gas emissions produced directly by the Company) and gross Scope 2 emissions (greenhouse gas emissions from consumption of electricity, heat or steam imported from sources outside the Company boundaries) at each of Newcrest's Australian facilities. Refer to <http://www.climatechange.gov.au/reporting> for further information.

Waste is a significant issue at all mining sites and takes many forms. Waste rock and tailings are the two largest waste streams. Other waste streams include tyres, batteries, scrap steel, sewage sludge, medical waste and waste oil.

Waste rock is defined as the barren (non-mineralised) rock in a mine, or mineralised material that is too low in grade to be mined and milled economically. Waste rock is generally stored in a waste rock facility and can also be used or engineered into infrastructure for the mine (e.g. at Lihir Operations, it is in part used for a harbour side platform structure). One challenge with waste rock is managing any potentially acid forming material that can lead to Acid and Metalliferous Drainage (AMD). AMD results from the oxidation of sulphide minerals, which occur naturally in the rock, and may lead to increased acidity and/or heavy metals. AMD may occur as seepage from waste rock or tailings, or from underground workings. A key component of our AMD management system is the requirement for site-specific AMD management plans. These include comprehensive information, including operational forecasts of short- and long-term behaviour of sulphide bearing material under local weather conditions, and provide AMD site-specific hazards and potential impacts.

Tailings are the waste material from ore after the economically recoverable metals and minerals have been extracted. Tailings have potentially hazardous properties and an important focus for any tailings storage facility (TSF) is that it does not cause environmental harm, particularly surface and ground water contamination. At our Australian sites, and at Hidden Valley, Bonikro and Gosowong, tailings are stored in engineered tailings storage facilities, built to meet engineering specifications, and are regularly inspected according to annual regulatory requirements. The TSF at Hidden Valley is the first in PNG to contain all tailings for a major open pit mining operation in PNG. At Lihir Operations, disposal of tailings is undertaken via deep-sea tailings placement (DSTP). DSTP was adopted at Lihir following a detailed assessment of land and marine disposal options with consideration to safety, environmental and socio-economic aspects consistent with the requirements of internationally recognised standards and practices.

DISCLOSURE ON MANAGEMENT APPROACH – ENVIRONMENT continued

A Tailings Management Standard that applies to all sites and incorporates individual responsibilities and roles is in place. It was benchmarked against global leading standards and we also had the Standard reviewed externally by tailings experts. The Standard is comprehensive in that it covers the full operating life-cycle and beyond closure considerations and includes annual audit and performance measure requirements.

We approach the management of our tailings and waste rock with the understanding that one day each site will need to close and when it does it will need to be physically and geochemically stable. Final landforms need to support the land-use designated by the stakeholders, including government, community and land owners. For this to be possible, we undertake a range of research projects as well as monitoring programmes to fully understand any potential risks associated with each landform, including structural stability and potential for acidic or metalliferous drainage.

Compliance

Newcrest is committed to achieving an excellent standard of environmental performance in all its business activities in accordance with the Newcrest Environmental Policy. This includes complying with all applicable environmental laws and regulations as a minimum standard, managing risks on a site-specific basis, identifying opportunities for the efficient use of energy and water, minimising waste, and reducing our environmental footprint and contributing to the conservation of biodiversity.

Newcrest's environmental strategy and performance are overseen by our Board's Safety, Health and Environment Committee, who meet quarterly. Our Environmental Policy commits Newcrest to aim for an excellent standard of environmental performance and can be found on our website at www.newcrest.com.au.

We are in the process of reviewing and updating our management system to help promote environmental excellence at international, national, regional and local levels consistent with the Newcrest Environment Policy. As part of the development, our environmental standards and guidelines are currently being updated to align with leading practice in each area. Also, CHES (Community, Health, Environment and Safety System) is intended to ensure a consistent approach to environmental reporting across all sites. The environmental component of CHES will be designed to be consistent with ISO14001, of which Lihir Operations has achieved and maintained accreditation since 2004.

DISCLOSURE ON MANAGEMENT APPROACH – LABOUR

Employment

The High Performance Policy guides Newcrest's approach to people management, including recruiting the best people for the job, providing support, training and development opportunities to empower employees to perform at their best, and rewarding high performance. The Policy is supported by a range of standards and procedures to assist us in achieving a high performance culture, including the Talent Acquisition Standard, Work Performance System Standard, Remuneration Standard, and the Commitment to Improved Performance Procedure. The High Performance Policy is available on the Newcrest website at <http://www.newcrest.com.au/company/policies.asp>.

Labour/management relations

To enable Newcrest's employees to report or raise concerns about misconduct in the workplace without concern about repercussions, the Company has developed the 'Speak Out' programme. This external service guarantees that all reports are treated confidentially and can be made anonymously. Since May 2011, this service has been operating globally; employees, contractors, consultants and suppliers can all use Speak Out, which is run by an independent, externally operated provider. Speak Out can be accessed from all Newcrest locations and information is available in English, Bahasa, French and Pidgin.

Newcrest provides a range of benefits to eligible employees. All of the benefits are provided to permanent full-time employees and some (e.g. gain-share, short-term incentive) apply to permanent part-time and fixed-term employees. Some differences exist across Australian and non-Australian sites, but our objective is to provide a competitive remuneration package in each country in which we operate. A comprehensive list of full-time employee benefits is provided in 2012 Summary Data, Appendix 1 at page 59 of the Sustainability Report.

DISCLOSURE ON MANAGEMENT APPROACH – LABOUR continued

Occupational health and safety

Newcrest is committed to the safety, health and well-being of all people involved in our business activities in accordance with the Newcrest Safety and Health Policy. Newcrest's goal of no injuries, 'Target Zero', is that all employees, contractors and visitors return home in the same, safe condition they arrived at work and to continue to develop a culture of safe behaviours inside and outside the workplace.

Newcrest's health and safety strategy and its performance are overseen by our Board's Safety, Health and Environment Committee, who meet quarterly. The Newcrest Health, Safety and Environment (HSE) Management System consists of HSE standards, guidelines and supporting tools to monitor performance of, and compliance with, the system. The standards and guidelines apply across Newcrest's business and are applied to each of the sites operated by Newcrest via procedures and work instructions to meet the assessed requirements of the site, based on local conditions and regulatory requirements. Health and safety incidents are recorded in CHESS (Community, Health, Environment and Safety System) and, where necessary, incident investigations are undertaken to identify and implement appropriate preventative and remediation measures.

Newcrest is cognisant of the legislative requirements on occupational health and safety in every jurisdiction in which we operate. In some jurisdictions, these requirements provide rights of entry by unions in respect of safety matters. In line with legislative requirements and Newcrest's current industrial relations arrangements, there are no formal agreements with trade unions or other employee representative groups covering safety and health.

Each of our operations is responsible for providing training on health and safety policies and practices as part of workplace induction processes. In addition, the workforce is represented in formal joint management-worker health and safety committees, which help monitor and advise on occupational health and safety programmes.

Our sites each have emergency and contingency plans taking into account local context such as cyclones, floods and emergency evacuation. We provide a range of education, training, counselling and risk-control programmes regarding occupational health and lifestyle diseases. For example, employees who travel to malaria-endemic areas are provided with specialist medical advice and mitigation measures to minimise risks of exposure. At offshore sites, we provide additional education and counselling programmes on important health and safety topics such as heat stress, immunisation, malaria prevalence, tuberculosis and HIV/AIDS.

Training and education

A personal development plan is developed for each employee in consultation with their direct manager as part of the annual performance planning and review process. Six- and 12-monthly performance reviews are a requirement of Newcrest's career development and work performance systems. It is intended that all staff at sites and at corporate offices receive performance reviews. These reviews provide an important opportunity for staff to set personal development targets, including training and development needs for the year ahead.

Newcrest is committed to the ongoing development of its employees and has extensive training and development programmes as a key element of its high performance culture. Training courses cover a broad range of areas, including technical skills, managerial skills and a range of specialised

programmes. During the reporting period, Newcrest provided more than 300,000 hours of training to Newcrest employees and contractors. We consider this figure to be under-reported and we are currently reviewing our training systems at our sites to improve data collection.

Newcrest has a range of operator training programmes available for employees, which cover technical skill development. These are offered across all of Newcrest's sites. We also provide a set of specialised development programmes, e.g. Lean/Six Sigma, change, project, risk and asset management, behavioural interviewing and mining for non-miners. Newcrest also offers a range of managerial leadership development programmes.

Newcrest provides opportunities to employees to complete external programmes at different levels and provides various levels of funding support for approved applications. Employees can apply for study leave to attend compulsory residential schools, examinations and face-to-face classes when they are not available outside of normal working hours. Paid education/study leave is in addition to an employee's normal annual leave entitlement.

Diversity and equal opportunity

Newcrest believes that an inclusive and diverse workforce support a high performance culture. In support of this aim, we published an updated Diversity Policy in December 2010. Diversity at Newcrest means incorporating differences that relate to gender, age, ethnicity and cultural background. It also includes differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving styles. Underpinned by Newcrest's values, Newcrest's Diversity Policy outlines the ways we aim to support a diverse workplace, including treating employees fairly, setting measurable targets, ensuring legislative compliance and supporting diversity in local communities. Our commitment to diversity is further reflected in Newcrest's International Employee Policy.

A Nationalisation Framework focuses on the internal succession aspect of nationalisation, providing the process and tools to support sites in implementing Nationalisation Plans. The Framework is closely linked to Talent and Succession Management and Performance Review processes. This Framework was introduced during the reporting period and we are currently trialling its effectiveness. We must also comply with landholder obligations at some sites and meet prescribed levels of employment for local residents.

Newcrest's global diversity goal is implemented through a Diversity Action Plan. For Newcrest, diversity is represented by gender, age and cultural (people who are indigenous to offshore operations) and Indigenous (Aboriginal and Torres Strait Islander) considerations. A diverse workforce also benefits Newcrest. For us, diversity is about developing a workforce that is capable of contributing to the overall business' success. To address the business challenges we currently face and to do so well into the future, a diverse workforce composed of different ages, gender and cultural backgrounds is essential.

Along with initiatives to increase the gender balance in the workforce, Newcrest has a range of measures and plans to further increase diversity in the areas of age, ethnicity and cultural diversity. A Senior Diversity Specialist has been appointed to manage these programmes. Newcrest is committed to developing our people across the group and to ensure the workforce – including the leadership team – reflects the communities in which we operate.

DISCLOSURE ON MANAGEMENT APPROACH – HUMAN RIGHTS

Investment and procurement practices

To date, human rights have not systematically been the subject of specific clauses in, or screening of, investment agreements or supplier or contractor agreements. Newcrest is, however, in the process of developing a human rights policy and a security policy, and implementation of those policies will involve reviewing the Company's various internal processes and external business relationships for human rights factors.

Non-discrimination

Underpinned by Newcrest's values, Newcrest's Diversity Policy outlines the ways we aim to support a diverse workplace, including treating employees fairly, setting measurable targets, ensuring legislative compliance and supporting diversity in local communities. Our commitment to diversity is further reflected in Newcrest's International Employee Policy. We believe the workforce should reflect the communities in which we operate and Newcrest is committed to local hiring and development of workers at each site.

Freedom of association and collective bargaining

Newcrest recognises that employees have the right to belong, or not to belong, to an employee organisation. We comply with all applicable laws aimed at protecting freedom of association at the workplace. The Company will deal with employee organisations in accordance with the Employee Organisations Standard.

The Company has a number of employment agreements and industrial instruments in place¹. In Australia, the majority of operational employees at CVO and Telfer are employed pursuant to a collective agreement (ECA) put in place at each site in 2007, with a five-year term. During the term of each of these ECAs, Newcrest has experienced no industrial action at either site. Overall, approximately 30 percent of the workforce is currently covered by collective bargaining agreements. This includes agreements in place at Gosowong and Bonikro, as well as our Australian operations. This reflects the low prevalence of these types of arrangements in the international countries in which we operate.

Unions are party to industrial instruments in Newcrest's operations in Indonesia and Côte d'Ivoire. More recently for the MMJV operations, a union has been registered but is not industrially active. Approximately 35 percent of Newcrest employees are eligible to be represented by a union.

Child labour

Newcrest does not engage in, or condone, any form of child labour. Newcrest and associated Joint Venture companies recognise the risk of exposure to child labour for all its international mining operations. This is due to a combination of lack of reliable birth data and pressure from local communities to maximise employment opportunities, which can unwittingly result in under-age employment. In-country human resources teams are aware of the risk and screen applicants in line with Newcrest recruitment processes, utilising available records, as well as advice from community leaders.

Prevention of forced and compulsory labour

Newcrest does not engage in, or condone, any form of forced or compulsory labour.

Security practices

We use both in-house and contracted private security personnel at our sites. Newcrest is currently developing corporate-wide policies on human rights and security. Currently, all employees must comply with Newcrest's Code of Conduct, which includes basic workplace human rights standards and obligations. Security personnel at Bonikro and Morobe Mining Joint Venture (MMJV) operations are trained in basic human rights standards and similar training is being developed for the Lihir and Gosowong operations. At Lihir and Gosowong, Newcrest has separate Memorandums of Understanding (MOU) or Agreement (MOA) with the local police for the provision of security for the mining lease areas if the security situation becomes unmanageable. On such occasions, mine management will work with police to provide effective security while respecting basic human rights. The Lihir MOA also provides for the establishment of a reserve police unit to assist with community policing tasks under the command and control of the police commander. MMJV has an MOU in place with the police only for the establishment of a reserve police unit to assist with community policing tasks under the command and control of the police commander.

Indigenous rights

As Newcrest is a member of the Minerals Council of Australia (MCA) and is also a signatory to Enduring Value, which is based on the International Council on Mining and Metals' (ICMM) Sustainable Development Framework, Newcrest's approach to indigenous peoples and their rights is influenced by the UN Declaration on the Rights of Indigenous Peoples and the ICMM principles. These principles include the respect for the culture and heritage of local communities and indigenous peoples. Newcrest's approach is to reach agreement with local indigenous communities through open and honest dialogue.

¹ The Telfer and Cadia Valley Operations Enterprise Agreements were voted up by the respective workforces and approved by Fair Work Australia subsequent to the reporting period in November 2012. Each Enterprise Agreement runs for the maximum allowable period under the Fair Work Act of four years.

DISCLOSURE ON MANAGEMENT APPROACH – SOCIAL

Community

Newcrest recognises its activities have the potential to impact the economy, society and environment of the countries, regions and communities where we operate. An open and constructive approach to community engagement and investment is critical to maintaining Newcrest's licence to operate and ensuring that communities see lasting benefits from Newcrest's operations. Our approach to working with local communities, and assessing and managing impacts on them, is guided by our Communities Policy and related standards. The Communities Policy sets out five key principles to guide engagement with communities, which are to:

- Recognise and respect the cultural values, traditions and beliefs of those communities;
- Be open and transparent, including in describing the effects that Newcrest's activities might have upon them;
- Develop mutually beneficial long-term partnerships and outcomes;
- Provide opportunities to share in the benefits that flow from Newcrest's activities; and
- Work to apply internationally-recognised principles of best practice.

In addition, Newcrest's Diversity and International Employees Policies focus on promoting and valuing diversity in Newcrest's workforce, and seeking to maximise direct local engagement in our operations through employing local people and engaging local businesses where practicable. Newcrest has no formal Company-wide policy for local supplier preference, but we do actively consider opportunities for purchasing goods from within the communities in which we operate. This is subject to practical, operational and financial efficiencies.

Newcrest establishes community programmes at each operational site, and we use a range of programmes and practices to provide the necessary baseline information for the design of Newcrest's community development strategies and programmes. This includes social impact assessment studies that are performed prior to entering communities, monitoring of social and environmental impacts during operation, and the development of mine closure plans to ensure a sustainable future for communities post-mining.

Two principles guide us in our community investment:

- We seek to maximise capability building, primarily through education and training to build self-sufficiency and economic independence within communities for the long term; and
- We endeavour to ensure community involvement and engagement in the determination and delivery of community investment.

Community relations teams at each site are responsible for building and maintaining on-the-ground relationships with the local community and relevant stakeholders. They work closely with local communities to design and implement programmes to meet the community's long-term needs in a manner that is respectful of local culture and traditions. A number of sites have commissioned independent community needs assessment studies to inform planning, and it is Newcrest's aim that this becomes standard practice across all sites. For example, at Gosowong, we commissioned the Australian National University (ANU) to conduct a social impact assessment study. The study will be used to inform long-term planning of infrastructure and community development programmes near the operation.

Resettlement

Newcrest's approach to land acquisition and resettlement aims to be consistent with international best practice, including IFC (International Finance Corporation) Social Performance Standards. Newcrest has developed a Company-wide Community Relocation Standard, which refers to the relevant IFC Social Performance Standard as a baseline for all Newcrest operations.

In the medium term, remedial actions have included setting up agriculture and food security programmes, acquiring land for relocation sites, the establishment, maintenance or upgrade of new houses and infrastructure, and exploring commercial opportunities for those people relocated. The long-term focus is on completing resettlement and reporting against an international standard resettlement action plan, securing tenure for resettled families through registering their new land, ensuring adequate infrastructure and facilities, investing on behalf of families to ensure an income stream, diversifying land use and agriculture, and integrating the relocated families into the local government planning and management process within the host communities.

Corruption

Activities involving bribery, corruption, payment of secret commissions and exercise of improper influence are strictly prohibited under Newcrest's Code of Conduct, Corrupt Practices Policy and related standards. This applies in all the jurisdictions in which we operate and applies equally to public officials and private organisations and individuals. Bribery is defined as giving or offering a benefit (either cash or in-kind) to a private individual or organisation or to a public official or representative where it is not legitimately due and the intention is to influence the relevant person or organisation. Regulated activities include facilitation payments and gifts and entertainment. Newcrest has internal audit and other processes in place to identify and investigate instances of actual or potential corruption and bribery across the business. Newcrest's position on bribery is included in Newcrest's Code of Conduct and Corrupt Practices Policy, as well as its Company standard regarding Gifts, Entertainment and Functions. Newcrest's Annual Internal Audit Plan includes an evaluation of the risk of corruption due to the potential exposure under relevant anti-bribery and corruption legislation. We review payments at all of Newcrest's offshore sites as part of this annual audit. There were no reported incidents of corruption in the reporting period.

DISCLOSURE ON MANAGEMENT APPROACH – SOCIAL continued

Public policy

Maintaining a sound professional relationship with all levels of government is an essential part of our ability to do business. We are committed to working with all levels of government and their agencies and their employees in an honest, transparent and ethical manner. This does not mean that we necessarily agree with the policies or condone all aspects of conduct of government of the countries in which we operate. Where our employees are engaged in dialogue with government, those individuals must comply with all relevant laws and regulations and Company policies relating to such relationships.

From time to time Newcrest is engaged in development of public policy. Representations are made directly by Newcrest executives and officers and via participation in working groups. Contributions to public policy development are also made via industry associations in which Newcrest is a member. For example, Newcrest is a member of the Minerals Council of Australia (MCA) and its associated state-based organisations, as well as the PNG Chamber of Mines and Petroleum and the Indonesian Chamber of Mines. Newcrest contributes as a member of the MCA Climate Change Committee, chairs the MCA Tax Committee and contributes to the broader policy debate on gold-specific issues through the MCA. Newcrest does not make cash or in-kind contributions to political parties or contribute to political fund raising activities. This applies equally in all jurisdictions in which Newcrest operates or is contemplating a future presence. We do recognise our employees' right to participate as individuals in the political process and in their own right.

Anti-competitive behaviour

The Company's Code of Conduct reflects the Company's values that underpin all of Newcrest's behaviours and its relationships with its stakeholders and provides a framework within which its entire workforce functions, including expectations for appropriate, ethical and professional behaviour for Directors and employees. A copy of the Code of Conduct is available on the website at <http://www.newcrest.com.au/code.asp>

The Company's Code of Conduct draws together the comprehensive range of policies and standards which govern the way in which Newcrest behaves and operates. Relevant policies and standards include the following:

- Communities Policy;
- Continuous Disclosure Policy;
- Corrupt Practices Policy;
- Donations Policy;
- Gifts, Entertainment and Functions Standard;
- International Employees Policy;
- Public Announcements, Investor Relations and External Communications Policy;
- Securities Dealing Policy;
- Speak Out Standard;
- Sponsorship Policy; and
- Workplace Behaviour Standard.

Compliance

Newcrest closely monitors regulatory changes in the countries where we operate to ensure compliance. During the reporting year, Newcrest was not subject to formal sanctions or penalties for non-compliance with regulatory requirements. In addition to regulatory compliance, Newcrest regularly benchmarks social and environmental performance against international standards and aims to ensure consistency across all Newcrest sites. This presents challenges, given the range of standards and guidelines available and the differing contexts between our Australian and non-Australian sites. However, as a priority, we seek to meet or exceed host country standards, and meet Australian and international standards where applicable.

DISCLOSURE ON MANAGEMENT APPROACH – PRODUCT RESPONSIBILITY

Newcrest produces gold, copper concentrate and some silver. All of our products are sold to a third party for refining and as such we do not have a direct customer base.

Gold, our primary product, is used primarily for investment and jewellery. It is also used in medical equipment (mostly lasers used for delicate procedures), in computer electronic circuitry, aerospace and telecommunications. Because of the value associated with gold, most of the world production (estimated 85 percent) remains in circulation.

For shipments of copper concentrate, we provide Material Safety Data Sheets (MSDS), packing declarations and Transportable Moisture Limit (TML) certificates. We also placard the copper concentrate, which identifies the product as a Class 9 hazardous cargo and marine pollutant. We ensure that all of our shipments comply with the highest standards.

Compliance

As a public company listed on the Australian Stock Exchange, Newcrest is subject to the listing rules published by the Australian Stock Exchange Ltd (ASX Listing Rules). The measurement and reporting of Newcrest's Mineral Resources and Ore Reserves estimates must comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The Joint Ore Reserves Committee Code – JORC) 2004 Edition (www.jorc.org). Ore reserves quoted is a subset of Mineral Resources. Independent external and internal reviews are conducted on all estimates. As a company listed on the Toronto Stock Exchange (TSX), Newcrest is subject to certain Canadian disclosure requirements and standards, including the requirements of National Instrument 43-101 – Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators ('NI 43-101'). In accordance with NI 43-101, Newcrest reports its ore reserves and mineral estimates in compliance with the JORC Code, along with reconciliation to the material differences between the JORC Code and the applicable definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM Definition Standards).

Newcrest is a member of the Minerals Council of Australia (MCA) and adheres to the Australian Minerals Industry Framework for Sustainable Development, Enduring Value (www.minerals.org.au).