

# **Goldcorp's First Update**

## **to the Marlin Mine Human Rights Assessment Report**

### **October 18, 2010**

On June 30, 2010, Goldcorp published its initial response to the recommendations of the Human Rights Assessment (HRA) of the Marlin Mine. The HRA report was prepared by On Common Ground Consultants Inc. following an eighteen month assessment of the Marlin Mine and its human rights impacts in Guatemala. In this report, Goldcorp presents the first in a series of regular updates describing the progress, challenges, and future expectations as Goldcorp implements the recommendations presented in the HRA. Updates for each recommendation for which additional information is available, are presented in this update. The update follows the template used in the HRA and Goldcorp's initial response. The HRA recommendations are presented in *italic font*, Goldcorp's initial responses are presented in normal font, and the updates are presented in **bold font**.

While the HRA assessment focused on the Marlin Mine in Guatemala, Goldcorp will use the recommendations made in the HRA to develop practices and policies that form a comprehensive framework to integrate respect for human rights explicitly in Goldcorp's business management process throughout the company. By doing so we can achieve our commitment to contribute to the sustainable prosperity of the communities everywhere we operate. We strongly believe that taking a leading role on these issues will benefit our shareholders, employees, host governments, and all other stakeholders.

Significant developments addressed in this update include the following:

- Goldcorp completed internal consultation with community social development practioners throughout the company and finalized Goldcorp's Corporate Social Responsibility Policy. The Policy is supported by a comprehensive strategy framework and guidelines that define corporate social responsibility for Goldcorp. The Policy is being presented to Goldcorp's corporate social responsibility practioners at regional conferences. The first conference was held in South Dakota in September for Canada and the United States. A conference for the Mexico and Central and South America regions will be held in November.
- Goldcorp completed consultation with a broad range of stakeholders and finalized a corporate Human Rights Policy. Training programs regarding the Human Rights Policy are being developed and will be implemented in conjunction with the implementation of Goldcorp's Corporate Social Responsibility Strategy.
- In September, managers at the Marlin Mine held the first series of detailed discussions and planning sessions regarding implementation of the HRA recommendations at the Marlin Mine.
- The Congress of Guatemala's Transparency Commission issued a final technical report regarding the cause of damage to houses in communities located near the Marlin Mine. The technical report determined that Marlin Mine operations did not damage the houses.

Montana is finalizing a cooperative agreement with the Guatemalan Ministries of Energy and Mines and Communications, Infrastructure and Housing to implement the Transparency Commission's recommendation that houses determined to be severely damaged be replaced with new houses sited in more appropriate locations.

- A community water system study is underway and will gradually include all communities in proximity to the mine.
- In support of its Corporate Social Responsibility Policy, Goldcorp developed a grievance framework. Initial application of the framework at Marlin was initiated in September.
- A process is underway to fully review closure issues and update the closure plan cost structure, including provisions for financial assurance and integration of social considerations in the closure plan.
- Goldcorp and its advisors continue to aggressively seek support funding for AMAC (the independent community water monitoring committee) from non-company sources.
- A socio-economic study to update and expand current and historical data has been initiated.
- A study of land acquisition programs is underway and the outcomes will be utilized in revisions to the Land Acquisition Policy. These revisions will also take into consideration the corporate land acquisition guidelines adopted by Goldcorp.
- The Marlin ESIA and health baseline study are now on the [www.goldcorpguatemala.com](http://www.goldcorpguatemala.com) website.
- Montana has suspended action on the titulacion supletorio process while it investigates further the issue of individual and collective land usage and rights in San Miguel Ixtahuacán and Sipacapa.

We will continue to implement and, where possible, improve upon the recommendations made in the HRA with thoughtful urgency. We reiterate our commitment to maintain open lines of communication with all interested parties as we advance and refine the implementation process.

Input on our responses is encouraged and may be submitted electronically to: [hria@goldcorp.com](mailto:hria@goldcorp.com), by facsimile to: 604 696-3001 attention: Vice President, Corporate Social Responsibility, or by mail to Goldcorp Inc., 3400 – 666 Burrard Street, Vancouver, British Columbia V6C 2X8 attention: Vice President, Corporate Social Responsibility.

## **ILO 169 PRIOR INFORMED CONSULTATION**

Recommendation: Ensure Effective Government Involvement

*While respecting the appropriate role of companies in interacting with governments, encourage the Guatemalan government to implement an appropriate framework for consultation with indigenous peoples under ILO 169.*

Initial Response June 2010:

Goldcorp, Montana Exploradora de Guatemala, and the Marlin Mine confirm their commitment to respect the laws of Guatemala and the human rights of its citizens, as well as international law. We will work with the Government, as appropriate, to assure that indigenous peoples are consulted with respect to our operations. Goldcorp and Montana support the adoption and implementation of legislation or administrative rules that establish clear, transparent, and inclusive procedures to ensure compliance with ILO 169 in Guatemala.

**Update October 2010: Goldcorp is reviewing a copy of the consultation legislation enacted by the Congress of Peru following extensive consultation. Goldcorp is analyzing the Peruvian legislation in the context of Guatemala's laws with the goal of developing a white paper to inform the company's support for potential Guatemalan legislation.**

Recommendation: Consult About Establishment of a Multi-Stakeholder Dialogue Processes

*The recent recommendation of the Congressional Transparency Commission presents an opportunity for Montana to participate in a renewed consultation with affected communities, local authorities and government representatives. The company should clearly signal its willingness to participate in good faith to all stakeholders and accept that it cannot control the result of such an attempt at dialogue and consultation.*

Initial Response June 2010:

Goldcorp and Montana agree that the recommendations of the Congressional Transparency Commission present an opportunity for consultation between Montana, surrounding communities, local authorities, and the national government. Montana is acting on this opportunity by cooperating with the Transparency Commission in implementing its recommendations. For example, Montana is participating with the Transparency Commission, the Ministry of Energy and Mines, and the Ministry of Housing to address the complaints regarding the damaged houses in communities near the Marlin Mine.

Montana commits to encourage opportunities for and to actively participate in multi-stakeholder processes with all interested and willing participants. Montana will communicate its commitment in writing to the Municipalities of San Miguel Ixtahuacán and Sipacapa, to the national government, and to representatives of civil society.

**Update October 2010:**

**On July 7, 2010, Montana received a letter from Rosa Maria Angel de Frade, President of the Transparency Commission of the Congress of Guatemala. The letter transmitted the final report of the Inter-Institutional Commission conformed of the Ministry of Communications, Infrastructure and Housing, the Ministry of Energy and Mines, and the Ministry of Environment and Natural Resources regarding the existence of cracked walls in houses in the Municipality of San Miguel Ixtahuacán. The technical team established by the Ministries evaluated the conditions at 51 houses in the communities of Agel, Salitre, and Ixcaniché. The results of the team's assessment are described in an extensive technical report presented to the Transparency Commission. The technical report concluded that the Marlin Mine is not responsible for the damages to houses in the area of the Marlin Mine. Based on their investigation, the technical team concluded that the damage to the houses was caused by natural conditions in the region (geomorphology and seismic activity) and inadequate construction techniques (improper foundations, inadequate drainage, inadequate construction materials). The condition of each of the houses inspected was classified as severe damage, less severe damage, and minor damage. Of the total of 51 houses inspected, 5 were classified as severe damage, 7 were classified as less severe damage, and 39 were classified as minor damage. The technical report also made the following eight recommendations:**

- That the 12 houses classified as severe and less severe damage be replaced under the supervision of the National Housing Fund at sites selected by the National Coordinator for the Reduction of Disasters.**
- That regulations be established for the selection of appropriate sites for the construction of homes, as well as the construction and maintenance of homes.**
- That the Municipal Planning Offices be strengthened.**
- That the Government of Guatemala and the Municipality of San Miguel Ixtahuacán participate in the development of a training project regarding the proper construction and maintenance of homes.**
- That guides and manuals be developed to provide general access to information regarding the proper construction and maintenance of homes.**
- That Montana install a permanent vibration monitoring device at a strategic site in Agel selected in coordination with the Ministry of Energy and Mines.**
- That Montana prepare a Study of Vibration Limitation for the Coche Open Pit which study is to be approved by the General Mining Directorate of the Ministry of Energy and Mines.**
- That Montana, in collaboration with the Ministry of Environment and Natural Resources, prepare an inventory of all houses within 0.5 kilometers of the Coche Open Pit.**

**The technical report was delivered to the Municipality of San Miguel Ixtahuacán and each of the participating organizations.**

**Montana and the Government of Guatemala are finalizing an Agreement to Construct and Repair Houses in order to implement the first recommendation.**

Recommendation: Fully Disclose and Consult on Projects

*Montana should fully disclose documents related to past and current projects, including the full ESIA for the Marlin 1 Mine which is not currently available on the Internet, and proposed project descriptions and ESIA's of planned mine activities, including La Hamaca, West Vero expansion, and the potential second tailings facility.*

Initial Response June 2010:

Montana will post the complete ESIA for the Marlin Mine and other ESIA's that have been submitted to the Government (e.g., La Hamaca) on the internet before July 31, 2010. These documents also are available for review in print form at Montana's information offices in Guatemala. In the future, as ESIA's are submitted to Government, they will be posted on the internet and be made available in print form at Montana's information offices in Guatemala.

In an effort to improve access to information, Goldcorp will initiate immediately the work necessary to make its principal web site, [www.goldcorp.com](http://www.goldcorp.com), available in English, French and Spanish.

**Update October 2010:**

**The ESIA for the Marlin Mine, the ESIA for the La Hamaca expansion and the Health Baseline Study are available on the [www.goldcorpguatemala.com](http://www.goldcorpguatemala.com) website. There is no plan for the development of a second tailings facility. Montana is evaluating the installation of a filter plant to deposit filtered tailings in the current tailings impoundment instead of constructing a second tailings impoundment.**

**During the current rainy season, Montana determined that the accumulation of water in the tailings impoundment made it likely that a discharge from the tailings impoundment would be necessary to maintain water levels in the impoundment within the design specifications for the impoundment. As an initial step to reduce the quantity of water flowing to the tailings impoundment, Montana sought and received approval from the MEM and MARN to discharge naturally-occurring groundwater collected in the underground mine. Montana sought approval for this discharge because a separate discharge of groundwater from the underground mine was not expressly evaluated in the Environmental and Social Impact Assessment ("ESIA") for the Marlin Mine.**

**Montana advised the MEM, MARN, AMAC, and local communities of the plan to discharge groundwater and invited each of these groups to be present at the initiation of the discharge. As required by the approval for the discharge, the groundwater was treated to ensure compliance with the water quality standards applicable to discharges from the Marlin Mine.**

**Representatives of MEM, MARN, AMAC, and the local communities were present and sampled the water discharged from the underground. Analyses of the samples confirm that the quality of the discharge complied with the applicable water quality standards.**

**Subsequently, Montana determined that a direct discharge from the tailings impoundment was necessary to maintain water levels in the impoundment at appropriate levels. Again, Montana notified MEM, MARN, AMAC, and the local communities of its intent to discharge. Prior to initiating the discharge, the water contained in the tailings impoundment was sampled. On Sunday September 19, members of AMAC and technicians of MEM took samples which were then sent to two certificated and accredited laboratories. Also, on September 21 samples were taken by Montana and the MARN at the tailings impoundment, in the presence of members of the communities. As required by the ESIA, on 21 September the mine initiated discharges of excess rain water from the tailings impoundment. The discharges were sampled and analyzed to determine compliance with the water quality compliance standards established in the ESIA. The analytical results demonstrate that the water discharged complies with the Regulations for the Discharge and Re-Use of Residual Waters and the Disposal of Solids, Government Agreement 236-2006, within the guidelines of the World Bank for mining, and with the limits established in the International Cyanide Code. In addition, eco-toxicity tests have been conducted and demonstrate that there are no negative impacts on the aquatic life of the river as a result of the discharge. A report on these discharges dated October 4, 2010 has been posted on the Montana website.**

Recommendation: Revise plans and procedures for consultation and information disclosure

*Revise Marlin and Montana's overall approach to consultation. Develop a new public consultation approach, with particular focus on increased information disclosure and formalized feedback processes. Involve affected communities and their representatives in review/redesign of ongoing consultation and information disclosure mechanisms. Ensure compliance with the requirements of Guatemalan access to information legislation. Include objectives and performance indicators that are measurable.*

Initial Response June 2010:

Goldcorp and Montana recognize that confusion may be caused by the use of the term "consultation" in the context of the companies' engagement with communities and other stakeholders. In an effort to mitigate that risk, this response uses the term "stakeholder dialogue" to distinguish the companies' processes from "consultation" as used in ILO 169.

Goldcorp and Montana understand stakeholder dialogue to mean two-way communication that is culturally appropriate, timely, accurate, transparent, and responsive to stakeholder interests and concerns. Montana commits to revise its stakeholder dialogue processes to reflect the distinction between *information sharing* and *stakeholder dialogue*. Montana will communicate its commitment to include this issue on the agenda for multi-stakeholder dialogue.

#### **Update October 2010:**

The CSR Policy and framework developed by Goldcorp clearly distinguishes between three different types of interaction:

- **Consultation - formal, two-way, documented engagement.**
- **Information Sharing - one-way (primarily), for example presentations regarding mine operations, dissemination of information regarding plans for new or modified operations.**
- **Informal Engagement - communications conducted secondary to another activity, i.e., community promoters.**

Goldcorp and each of its operations will collect and report information regarding stakeholder engagement based on this classification to ensure clarity regarding the nature and scope of engagement with interested stakeholders.

Montana is engaged in a process sponsored by Deputy Rosa Maria de Frade to establish a consultation process among the representatives of various Ministries of the Government of Guatemala, the Mayors and Auxiliary Mayors of San Miguel Ixtahuacán, and Sipacapa, and the company. This initiative arises in part from the Transparency Commission report and in part from the HRA recommendation.

Recommendation: Expand consultation efforts about operational issues

*Effective consultation is required about land acquisition; environmental performance, including closure and post-closure issues; social investment; and security issues.*

Initial Response June 2010:

Goldcorp and Montana agree that these issues should be included as part of the agenda to be addressed in the stakeholder dialogue process through multi-stakeholder dialogue. Montana will communicate its commitment to include this issue on the agenda for multi-stakeholder dialogue.

#### **Update October 2010:**

**In September, managers at the Marlin Mine held the first series of detailed discussions and planning sessions regarding the implementation of the HRA recommendations at the Marlin Mine. Montana's plan is to consult directly with its employees on the HRA recommendations while also participating in the consultation process being sponsored by Deputy Rosa Maria de Frade. One of the initial issues for the participants in this process will be to define the issues to be addressed and the priority of addressing the issues identified. Montana will propose the issues identified in the HRA as possible topics for the participants to consider in addition to other issue topics that may be added during the process**

Recommendation: Provide training on ILO 169 and indigenous peoples' rights

*Further training is required for Montana's management and relevant staff on these issues, with a focus on the importance of consultation to respect indigenous people's rights under ILO 169.*

Initial Response June 2010:

Goldcorp is in the process of developing a corporate human rights policy that will address, among other issues, the rights of indigenous peoples. Goldcorp commits to provide training with respect to human rights and specifically with respect to ILO 169 and the rights of indigenous peoples throughout the company and its subsidiaries as part of management and key staff core training.

**Update October 2010:**

**Goldcorp consulted with a broad range of stakeholders regarding the development of a Human Rights Policy. The corporate Human Rights Policy was finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Human Rights Policy will be posted on the company's website. Training programs regarding the Human Rights Policy are being developed and will be implemented in conjunction with the implementation of Goldcorp's Corporate Social Responsibility Strategy.**

Recommendation: Improve record-keeping and documentation-tracking systems

*Implement procedures to carefully document all interactions with community members and other stakeholders, ensuring that all concerns are recorded and information is provided back to stakeholders in transparent and predictable ways, on actions taken to address these concerns.*

Initial Response June 2010:

As a member of the International Council on Metals and Mining, Goldcorp has committed to report its performance against the ICMM's 10 principles for sustainable development. Goldcorp is also a member of the United Nations Global Compact and has committed to its 10 principles and annual reporting of Communication of Progress. Both initiatives are aligned with the Global Reporting Initiative guidelines and the provision of third-party verification that we are meeting our commitments. In order to comply with these obligations, Goldcorp will develop corporate practices for documenting and tracking its sustainable development efforts, including interactions with community members and other stakeholders. This effort will be undertaken by Goldcorp to ensure consistency in the information gathered and management practices used by Goldcorp and its subsidiaries.

Goldcorp is currently developing a revised framework for grievance mechanisms to be used at every site. This framework will include a protocol for recording and responding to comments and concerns based on international best practices. Once adopted, the revised Goldcorp grievance framework will be the basis for enhancements to Montana's current grievance system.



**Update October 2010:**

**Goldcorp's Corporate Social Responsibility Policy and strategy was finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Corporate Social Responsibility Policy will be posted on the company's website. Goldcorp's sustainability, safety, and corporate social responsibility managers are working with Goldcorp's information technology group to acquire or develop a companywide system for managing and tracking all interactions with community members and other stakeholders. In addition, Goldcorp is working with a contractor to perform a gap analysis of the information gathering and documentation in anticipation of implementation of a third-party verification process in 2012.**

Recommendation: Ensure ongoing review of consultation and information disclosure practices

*Undertake periodic reviews and ensure feedback from project-affected communities and stakeholders is incorporated into revised policies, procedures and practices.*

Initial Response June 2010:

Goldcorp and Montana commit to undertake periodic reviews of information disclosure and stakeholder dialogue policies, procedures and practices and to ensure feedback from communities near the companies' mines and stakeholders is considered in revising those policies, procedures and practices.

**Update October 2010:**

**Montana and management at the Marlin Mine are in the process of reviewing the information disclosure and stakeholder dialogue policies in order to have increased feedback. The first step is consulting with employees on the HRA and its commitments. Montana will then proceed to fully engage local government and civil society per the June 2010 commitment.**

## **ENVIRONMENT**

Recommendation: Provide adequate financial assurance for unanticipated closure

*Post a bond to adequately cover closure cost or provide other mechanism of financial assurance for the full cost of closure.*

Initial Response June 2010:

Montana is committed to pay the costs of closing the Marlin Mine. Montana posted a US\$ 1 million bond as noted in the HRA. Montana and Goldcorp commit to discuss with the Ministry of Energy and Mines (MEM) other mechanisms to provide financial assurance to the Government of Guatemala sufficient to cover the full estimated cost of implementing the closure plan for the Marlin Mine. The amount of the financial assurance will be reviewed with the Ministry of Energy and

Mines on a regular basis and upon any changes in mine operations that would be expected to have a significant effect on the estimated cost of closure. Montana and MEM will review and update the Technical Closure Agreement for the Marlin Mine to incorporate these changes.

Effective January 1, 2003, Goldcorp adopted accounting standards under both Canadian and United States Generally Accepted Accounting Principles (GAAP) relating to Asset Retirement Obligations (ARO). In general, these standards apply to legal obligations associated with the retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation. Consistent with these standards, all operations of Goldcorp and its subsidiaries estimate ARO liabilities as at December 31 of each year. Mine closure plans and associated costs are updated annually and are reviewed by Goldcorp corporate environmental staff. The ARO process is reviewed by Goldcorp's external financial auditors (currently Deloitte) on an annual basis to ensure that adequate provisions have been made and accounted for with respect to AROs. The auditors review the AROs and confirm that they are based on independent third party costs as required under Canadian GAAP. The Marlin AROs were reviewed by Deloitte in 2009. They are scheduled to be reviewed again in 2010.

In 2011, Goldcorp will initiate the transition from reporting its financial results in conformance with Canadian and United States GAAP to reporting in conformance with International Financial Reporting Standards (IFRS). The IFRS standards with respect to AROs have not been finally determined, but may be different from the ARO standards that are part of Canadian and US GAAP. The initial reporting pursuant to IFRS will include a reconciliation to illustrate the differences between the company's financial results as reported in compliance with Canadian GAAP and IFRS.

#### **Update October 2010:**

**The review of the update of the closure plan commenced with a full-day evaluation of the existing plan to identify areas that require additional work. The meeting was attended by key site and corporate personnel and a consultant. Areas requiring additional study have been identified and a scope of work established. Options for full financial assurance are being explored in the context of this complete evaluation. The initial internal technical review of the closure plan is now expected to be completed during the second quarter of 2011.**

Recommendation: Repair the cracked houses

*Develop a plan to repair, rebuild or compensate for the cracked houses. Consult with affected families about the plan and implement immediately where there is agreement.*

#### **Initial Response June 2010:**

An Inter-institutional Commission formed at the behest of the Transparency Commission of the Guatemalan Congress is completing a study to determine the causes of damage to houses in communities located near the Marlin Mine. Montana provided historic blasting records, vibration monitoring records, traffic pattern data, geologic information, and mining activity information to

the Inter-institutional Commission during the field portion of their study. Montana will comply with the final recommendations of this study.

**Update October 2010:**

**As described above, in July the Transparency Commission issued a technical report that determined that the Marlin Mine is not responsible for the damages to houses in the area of the Marlin Mine. The technical report made eight recommendations. Montana and the Government of Guatemala are finalizing an Agreement to Construct and Repair Houses in order to implement the first recommendation.**

Recommendation: Complete a full water census

*Complete the hydrocensus of current communities in AMAC, and include other communities potentially affected by planned or potential expansion areas. Address community concerns about participating in the study, and develop a strategy with communities that addresses those concerns and allows collection of the required data. This may involve AMAC and the regulatory authorities carrying out such a study, with the community retaining control over the results, or engaging a credible third party to conduct it.*

Initial Response June 2010:

As noted in the HRA, Montana undertook a comprehensive hydrocensus and approached each community and AMAC to obtain their participation in the hydrocensus. Several of the communities that were contacted and AMAC chose not to participate in the hydrocensus after being informed about its scope and purpose. Montana agrees that the participation of all of the communities and AMAC is desirable. Montana commits to renewing its outreach to the communities that chose not to participate and AMAC to understand why these groups may not wish to participate in a comprehensive hydrocensus, to work with them to resolve any issues identified, and to encourage their support for and participation in a comprehensive hydrocensus.

**Update October 2010:**

**A new water census is underway with the six communities around the Marlin Mine. The initial program has been implemented in half the communities and the process is contracted for the other half.**

Recommendation: Develop a contingency plan for Txeshiwe Spring

*To ensure Txeshiwe Spring water users have access to water as a priority, complete a contingency plan in consultation with the users to supplement or replace the water source in case of impacts to quality or quantity.*

Initial Response June 2010:

The Txeshiwe Spring is also referred to as GW-3 and is down gradient of the Marlin tailings storage facility. This spring was included in the hydrocensus and its users have been identified. A local water commission manages this spring and Montana has discussed potential mitigation measures

with the commission. Montana commits to immediately initiate engagement with the water commission that manages Txeshiwe Spring/GW-3 to formalize the contingency plan in writing.

**Update October 2010:**

**The Marlin Mine Environment Department will engage with the water commission to prepare the formalized contingency plan.**

Recommendation: Increase Transparency

*There are an outstanding set of environment-related issues about which stakeholders have significant concerns and which have not been adequately addressed. These require specific ongoing consultation and information disclosure, including collaboration with public health officials to investigate and resolve uncertainty about existing health concerns. Work with public health officials to disclose the 2007 health baseline study and implement ongoing health risk monitoring for community health issues.*

Initial Response June 2010:

The Ministry of Health approved the protocol for the health baseline study that was carried out in 2005 and certified the results presented in the study in 2006. An agreement between Montana and the Ministry of Health in 2007 provided that the company would support the Ministry of Health in publicly communicating the results of the health baseline and participating in the implementation of a health monitoring system. Montana is committed to follow-up on these issues and is currently negotiating these issues and other health initiatives including the new Permanent Health Attention Center (CAP), which was recently built by Montana as provided in a tripartite agreement with the Municipality of San Miguel Ixtahuacán and the Ministry of Health.

**Update October 2010:**

**Montana completed the construction and installation of equipment at the Permanent Health Attention Center (CAP) in September 2010 on land that was donated by the Municipality of San Miguel Ixtahuacán. The CAP exceeds the requirements of the ESIA and the 2007 agreement between the company and the Ministry of Health. Montana continues to negotiate with the Government of Guatemala and the Municipality of San Miguel Ixtahuacán to establish the basis on which the Ministry of Health will take formal possession of the CAP in a manner that will ensure its sustainability.**

Recommendation: Improve government capacity for water monitoring

*Work with the government to establish an independent audit/monitoring function to provide reliable and credible information for regulators on issues related to water, including water quality measurements, flows and a basin wide monitoring of contamination sources. Consult in an ongoing way with communities about monitoring results. The recent agreement with MEM could provide a vehicle to accomplish this objective.*

Initial Response June 2010:

Montana is committed to the continuing independent monitoring efforts conducted by both MEM and AMAC and will continue this practice. Montana will continue to support AMAC's efforts to conduct public information meetings and will work with MEM to undertake public information meetings, if MEM chooses to do so. If MEM and/or AMAC express interest in additional work such as flow measuring and a basin wide monitoring program, Montana will support this effort.

**Update October 2010:**

**Since June 2006, regular water monitoring activities as well as special monitoring activities have taken place with the collective participation by MEM, MARN and AMAC. The regular monitoring data is provided to MEM and MARN and will be published by Montana on its website, [www.goldcorpguatemala.com](http://www.goldcorpguatemala.com), as part of the Annual Monitoring Report. A report on the recent discharges from the tailings impoundment is now available on the website.**

Recommendation: Support greater independence for AMAC

*Increase support for AMAC to become a more recognized independent community-based monitoring committee, including support for other institutions to work with AMAC, further training, and autonomy to determine scope and breadth of their work. Support efforts to expand to other communities in the watershed and to address other community concerns related to environmental issues. The recent agreement with MEM could provide a vehicle to accomplish this objective.*

Initial Response June 2010:

Montana is fully supportive of independent institutional support for AMAC, such as that provided in the past by the International Finance Corporation and the Canadian Embassy. AMAC has an agreement with FUNSIN (Foundation for the Advancement of Engineering – a foundation with headquarters in the Guatemala School of Engineering) to manage the funds obtained from all sources to enable AMAC to retain its independent status. To date the IFC, Montana, and the Canadian Embassy have contributed funds to support AMAC's activities. Although Montana presently is the only contributor to FUNSIN, Montana commits to continue to support funding for AMAC from other sources.

**Update October 2010:**

**Montana continues to support and seek independent funding sources for AMAC. Avanzar, the consultant that supports AMAC, has agreed to prioritize the solicitation of additional sources of funding during 2011.**

Recommendation: Review mine closure timeframe and costs

*Conduct an internal review of post-closure management plans incorporating international good practice. Evaluate long-term funding, technical, and administrative support necessary to ensure that the Sierra Madre Foundation, or another appropriate institutional arrangement, has adequate resources to successfully manage post-closure challenges. Consult with communities about closure and*

*ensure substantial and sustainable funding, depending on the communities' interests, capabilities, and long-term commitments.*

Initial Response June 2010:

Closure planning is integrated into mine planning starting from the initial feasibility evaluation process. At the outset, closure planning is conceptual, but as a mine progresses through its operational phase the closure concepts are developed into specific and detailed designs and plans. The practice of concurrent reclamation, by which particular components of a mine are reclaimed during the operating phase of the mine, provides valuable information on reclamation and closure designs that is integrated into progressively more definitive closure plans on an iterative basis. Montana regularly reviews and updates the closure plan for the Marlin Mine and will do so during 2010. Montana commits to engaging with the public with respect to all aspects of the closure plan that may affect local communities, such as post-mining land uses and monitoring.

Montana also commits to include closure planning in its ongoing stakeholder dialogue process, including current social development projects and planning that create opportunities for productive and sustainable post-mining economic activity in the communities near the Marlin Mine.

**Update October 2010:**

**The initial internal technical review of the closure plan is underway and expected to be completed during the second quarter of 2011. A full review of the closure plan and associated costs will be undertaken every three years. Public consultation on the closure plan will be integrated into the initial review and the ongoing process.**

Recommendation: Support regional watershed management

*Provide leadership and funding to assist government to develop a multi-stakeholder initiative for basin-wide water management. Upstream sources of contamination should be identified and progress made on returning the river basin to a more healthy state that supports multiple uses.*

Initial Response June 2010:

Montana considers this recommendation to have two components. First, with respect to responsible and sustainable land management practices, Montana actively supports the San Miguel Ixtahuacán Municipal government's efforts to protect and improve watersheds throughout the Municipality, such as its reforestation efforts. Montana so far has reforested more than 250 hectares in San Miguel Ixtahuacán and Sipacapa. Montana will continue to provide this support.

Second, Montana commits to support governmental efforts to develop a multi-stakeholder process for regional watershed management. To the extent necessary to implement such an initiative, Montana will support the enactment of legislation in Guatemala.

## **Update October 2010:**

**Agreement has been reached with the World Wildlife Federation regarding a secondment from Goldcorp to support undertaking a North American Water Footprint Study. Goldcorp will work with the WWF to define the role of the secondee and define the scope of study which could include issues related to the Marlin Mine.**

## **LABOUR**

Recommendation: Address four urgent areas of concern for labour rights

*The following four issues [addressed individually after the response to this general recommendation] require a serious review of labour relations at the Marlin mine, and must be carried out by creating an environment of open dialogue and non-retaliation of workers who bring problems forward. Specific protections and assurances will need to be put in place, and a corporate commitment to transparent and ongoing dialogue to address workers' concerns and complaints. The assessors conclude that given the current environment, these internal labour issues require Goldcorp leadership and oversight.*

Initial Response June 2010:

Goldcorp and Montana commit to transparent and open dialogue with its employees. Goldcorp recently revised its Code of Conduct which sets out general guidelines applicable to everyone who is employed by or provides goods or services to Goldcorp. The Code expressly addresses employee relations, harassment and anti-discrimination as follows: Goldcorp strives to foster an open and inclusive workplace environment and strongly supports the principle that all individuals should have an equal opportunity to participate in our company and achieve their full potential. The Code requires that directors, officers and employees will (a) always treat each other and all members of the outside community with respect and courtesy; (b) always keep our workplace free from all forms of harassment, meaning unwelcome behaviour that a reasonable person would consider to be degrading, humiliating, discriminatory, or intimidating; (c) never permit factors like race, religion, color, sex, sexual orientation, age, nationality or ethnicity to determine decisions about hiring, employment promotions, pay rates, transfers, lay-offs or terminations (or condone decisions by others determined by such factors); (d) never permit physical disabilities to determine work-related decisions, unless the disability prevents a person from safely doing a job and the disability cannot reasonably be accommodated.

The Code contains a section that specifically addresses reporting and investigation of suspected Code violations. Employees, directors and officers have a duty to report suspected Code violations. Goldcorp promotes an open and positive work environment and encourages employees, directors and officers to address any questions regarding the best course of action in a particular situation or concerns about a possible violation of a law, regulation or the Code promptly with local management.

The Code states that if asking for guidance or reporting a concern to local management is not possible or for some reason an employee, director or officer is not comfortable raising an issue with local management or if local management does not resolve the matter, the employee, director or officer should promptly contact Goldcorp at a specific internal Ethics Helpline or through an Anonymous Compliance Hotline. Goldcorp will not tolerate any form of retaliation (including termination, transfer, demotion, suspension, threats or harassment) against any person who, in good faith, reports a suspected Code violation or a situation that may create a potential for a Code violation or who cooperates with investigations of a suspected Code violation or a situation that may create a potential for a Code violation.

#### **Update October 2010:**

**The Code of Conduct was finalized and distributed in English, Spanish and French to every Goldcorp operation during the second quarter 2010. The new Code is available to the public on the company's website at <http://www.goldcorp.com/company/coc/> and to all employees on the company's intranet site. Goldcorp has selected a contractor to assist Goldcorp in developing its program for training and compliance assurance with respect to the Code. This process will be initiated in 2011. Additionally, Goldcorp recently retained a new company to provide the independent hotline service. Goldcorp made this change, in part, because the new company offers a comprehensive and efficient system for identifying and tracking matters brought to the company's attention through the hotline, as well as matters generated through the company's grievance mechanisms.**

Recommendation: Industrial health problems in the workforce.

*Address immediately the situation of any employees with blood tests indicating heavy metals at problematic levels, or any other indicator of industrial health problems. Provide them with access to support and independent second opinions from health care specialists. Review the deaths that have taken place in the labour force to establish that no industrial exposure could have been the cause.*

#### Initial Response June 2010:

Montana conducts health monitoring of employees that might be exposed to heavy metals every six months. Where the monitoring results in an initial positive indication, the individual affected is first referred to the Marlin Clinic and then to a specialist if necessary. The toxicology results are a permanent part of the worker's health record and must be shared with the appropriate health authorities.

Montana will review the health monitoring process to make sure it is consistent with international best practice and publicly certify or implement changes before the end of 2010.

Montana requested reports from independent medical doctors as to the cause of death of two individuals who were employed at the Marlin Mine at the time of their deaths. Montana commits to engage an independent medical expert to review these reports and other information regarding these deaths to evaluate whether there is a causal link between the deaths and industrial exposure. Montana will publish the results of that review.



## **Update October 2010:**

**The initial response is still valid with no new developments to report.**

Recommendation: Address workplace issues

*Take immediate action and problem-solve with employees on issues of concern, workplace logistics, and access to basic facilities. The dialogue on specific issues can evolve into a more formal structure for collective bargaining in the medium term.*

Initial Response June 2010:

As part of the dissemination of the HRA, presentations were made by On Common Ground and the Steering Committee to more than 500 Montana employees at the mine site. Montana commits to reviewing its internal communication processes and to respond with a report of the results of this assessment and all recommended actions prior to the end of 2010.

## **Update October 2010:**

**Montana initiated a review of communication processes with the Marlin Mine management team. In addition, follow-up meetings have been held to communicate Goldcorp's response to the HRA, the commitments the company made, the current status of implementation of the recommendations, and to seek input into the overall process.**

Recommendation: Support freedom of association and collective bargaining

*Support development of an employee-based workers' association (not management run) to promote and address workers' rights on an ongoing basis. Facilitate external advice and resources to educate workers on labour rights and collective bargaining processes. Ensure effective measures to prevent management taking retaliatory action against workers that exercise those rights. Train and raise awareness at all levels of management to respect freedom of association and collective bargaining.*

Initial Response June 2010:

Montana will conduct a review of different structures for an employee-based workers' association and report to the employees and the public on the results of this assessment before the end of 2010.

In the interim, Montana will provide the employee-run solidarity association named ASOTROMON with independent education on worker rights and reinforce information present in the Guatemala Labour Code as well as in Goldcorp's Code of Ethics with an emphasis on rights and responsibilities of all Goldcorp employees.

Goldcorp's Code of Conduct prohibits harassment and discrimination in the workplace and commits Goldcorp to fostering an open and inclusive workplace environment. The Code expressly prohibits any form of retaliation (including termination, transfer, demotion, suspension, threats or harassment) against any person who, in good faith, reports a suspected Code violation or a situation that may create a potential for a Code violation or who cooperates with investigations of a suspected Code violation or a situation that may create a potential for a Code violation.

**Update October 2010:**

**Goldcorp received and reviewed information on other forms of employee-based workers' associations previously adopted in Guatemala. This issue will be addressed with the employees in the ongoing dialogue with respect to the HRA and its recommendations.**

Recommendation: Establish a workers' grievance mechanism

*Provide an internal grievance mechanism as part of the proactive management of labour rights issues, with final recourse to an external or third party review considered legitimate by employees. Ensure confidential means for making and pursuing complaints.*

Initial Response June 2010:

Goldcorp is in the process of developing a corporate framework regarding the development and implementation of effective internal (employee) and external (community) grievance mechanisms. Goldcorp will complete this framework and implement it prior to the end of 2010 and will report to the public upon the adoption of the mechanisms.

**Update October 2010:**

**Goldcorp completed the development of a corporate framework for the development and implementation of effective site-level grievance mechanisms in the second quarter of 2010. The framework is one element of Goldcorp's Corporate Social Responsibility Strategy which also includes a Corporate Social Responsibility Policy and Human Rights Policy. The framework was presented at the Canada and United States regional corporate social responsibility conference in September 2010 and will be presented at the Mexico and Central and South America regional corporate social responsibility conference in November 2010. Initial training on the framework began at Marlin with the assistance of a consultant in September 2010.**

Recommendation: Conduct an independent review of firings

*Establish an independent review panel with credible third parties to review the files of employees that have been fired by Montana. Where there is inadequate evidence to establish that due process was followed in firing, provide alternatives to re-store employment or compensate for damages.*

Initial Response June 2010:

Goldcorp and Montana have taken this recommendation under consideration and will respond to it in a future report.

**Update October 2010:**

**No further developments to report.**

Recommendation: Complete a review of wages

*Undertake a thorough review of existing wage structures and identify problems in equity of pay for equivalent jobs. Develop a plan to respond to the need for employees to have a living wage. Commit to and implement pay equity for the same or equivalent job. Review wages paid to contractors.*

Initial Response June 2010:

Goldcorp is implementing a corporate employee performance management system and career ladder employee development process. Prior to implementing these practices, job descriptions, salary classifications, and organizational structure are reviewed and aligned. In addition, current wages and salaries are reviewed relative to competitive local wage and salary levels. Goldcorp and Montana commit to conduct the review and alignment and to implement the corporate programs at the Marlin Mine prior to the end of 2010.

**Update October 2010:**

**Due to the recent acquisition by Goldcorp of a project in Chile and a pending acquisition in Argentina, implementation of the review and alignment process has been deferred until 2011 due to the desire to implement this program uniformly with respect to all sites within Central and South America.**

Recommendation: Implement human resources procedures that promote non-discrimination and diversity

*Implement objective, transparent procedures for hiring, promotion, discipline and firing to address the risk of bias, discrimination or favouritism/nepotism. Ensure due process for all decisions, and integrate the objectives of the new strategy across all departments. Pay particular attention to policies and procedures related to respecting the rights of women and indigenous peoples in the workplace. Develop disaggregated tracking of indigenous and female hiring, firing, promotion, pay status and raises, to report on effectiveness of indigenous and female employment commitments. Support management to implement these in practice through training, monitoring, evaluation, and incentives.*

Initial Response June 2010:

Goldcorp commits to ensure training regarding, implementation of, and compliance with the corporate Code of Conduct at Montana and the Marlin Mine.

Montana commits to develop disaggregated tracking of indigenous and female hiring, firing, promotion, pay status and raises, to report on effectiveness of indigenous and female employment commitments. Training, monitoring, and evaluation will be developed to support implementation of these commitments.

**Update October 2010:**

**The Code of Conduct was finalized and distributed in English, Spanish and French to every Goldcorp operation during the second quarter 2010. The new Code is available to the public**

**on the company's website at <http://www.goldcorp.com/company/coc/> and to all employees on the company's intranet site. Goldcorp has selected a contractor to assist Goldcorp in developing its program for training and compliance assurance with respect to the Code. Goldcorp anticipates that this process will be initiated in 2011.**

Recommendation: Maintain and formalize commitment to hire locally

*Identify current barriers to female and indigenous employment and advancement and initiate programs to address these. Develop specific educational strategies and processes for people with low literacy levels. Training is one of the keys for employment and advancement of local, indigenous men and women. Ensure that training materials are culturally appropriate and supported by translation in local languages (an indigenous and cultural rights issue, but also a health and safety issue). Link the human resources and sustainable development departments operationally so there is a coherent program to fulfill commitments from land acquisition and to ensure that local employment and contracting objectives are aligned with a long-term sustainable development strategy.*

Initial Response June 2010:

As stated above, Goldcorp and Montana commit to review and align job descriptions, salary classifications, and organizational structure and to implement the corporate performance management system and career ladder employee programs at the Marlin Mine prior to the end of 2010. The revised classification of positions and wages will include position descriptions, possible career paths, and necessary skill acquisition and experience for advancement. Montana has publicly stated that its preference is to hire locally and will reaffirm this in this process.

Montana also will ensure that training material will be culturally and language appropriate. Spanish is the primary operating language of the Marlin Mine. Where appropriate, training may take place in Mam and Sipakapanse. However, work groups will not be divided by first acquired language. The mine cannot put all training materials in Mam and Sipakapanse, given that these are primarily oral languages and the population literate in these languages is extremely small.

The Marlin Mine has an on-site Spanish literacy program underway for workers. A separate program in conjunction with CONALFA is underway with the goal of improving literacy in Sipacapa and San Miguel Ixtahuacán.

Goldcorp and Montana confirm their commitment to value cultural diversity. Training on history and culture will be mandatory for managers and supervisors at the Marlin Mine as appropriate.

**Update October 2010:**

**Goldcorp's Corporate Social Responsibility Strategy includes guidelines on cultural awareness. The objectives of the guidelines include: ensuring that Goldcorp's commitment to cultural diversity and acceptance is respected; increasing awareness and identifying issues that may impede effective working relations; preparing employees and contractors to enter and work effectively in a new culture, a new country, or a culturally diverse situation; and improving the intercultural skills of employees and contractors.**

**Due to the recent acquisition by Goldcorp of a project in Chile and a pending acquisition in Argentina, implementation of the review and alignment process using the corporate programs has been deferred until 2011 due to the desire to implement this program uniformly with respect to all sites within Central and South America.**

Recommendation: Improve workers' access to health care

*Review employee perceptions and satisfaction with health care at the on-site clinic, and identify barriers to providing effective care and treatment for workers. Investigate the appropriateness and accessibility of the private health insurance with a Q300 (\$38) deductible. Determine who has been using it, for what kinds of treatment, and develop adjusted insurance coverage as required, considering the results of the investigation into employee deaths. Engage and collaborate with local health care providers to determine the reason for ongoing use of the public system by mine employees. Review social investment commitments to community health as a contribution to employee health.*

Initial Response June 2010:

Montana has provided private health insurance for its employees, a benefit that is not common in Guatemala. Montana is working to improve local access to health care for all people in the area in conjunction with the local and national health authorities. Montana commits to reviewing the private health insurance, its coverage, and access. The review will include engagement with employees to identify concerns about or barriers to the use of the on-site clinic and the care available through the private health insurance. Montana will report on the results of this assessment prior to the end of 2010.

**Update October 2010:**

**No further developments to report.**

Recommendation: Conduct unscheduled audits for safety and health issues

*Contract a qualified external company or specialist to undertake unscheduled, documented, third-party audits.*

Initial Response June 2010:

Through the Golden Eye Review program, Goldcorp currently conducts internal safety review and cross-mine learning. The Golden Eye Review process includes retention of an external consultant to provide objective input on the safety and health programs and systems. The consultant prepares an independent report to supplement the internal safety review conducted by the Golden Eye Review team.

The Goldcorp safety vision is based on the development of a "safety culture." This approach is expressed in the commitment to Care, Think, and then Act, with the goal of making our operations "Safe Enough for Our Families." Goldcorp is confident that development of a safety culture is the appropriate approach in part due to the response that the company receives from its employees. For example, one Montana employee, wrote this note following his training session: "As safety is an

important element that goes hand in hand with the work we do in our field, and it is a value of our welfare and to have a successful working day, so that we can leave and arrive safely to our homes, and that way our families at home have hopes that we are well, earning our salary for them and for our daily bread. Thank you Goldcorp, that has created this safety policy so the workers can be successful in any enterprise we undertake.”

As the recent BP accident in the United States of America demonstrates, compliance based audits alone cannot ensure safety and do not achieve the results that development of a safety culture does. Goldcorp considered use of “unscheduled audits,” but has not included them in the safety program. In our experience, a scheduled audit can determine if there is an effective safety culture and unscheduled audits are no more effective than well performed scheduled audit. Also, unscheduled audits have the potential to undermine the trust between the various levels of the company (line employee, supervisors, management) that is essential an effective safety culture.

**Update October 2010:**

**No further developments, Goldcorp considers this recommendation to be fully addressed.**

Recommendation: Ensure contractors respect labour rights

*Extend improvements in labour standards to contractors and their employees, including wages, and include these standards in contracts. Provide support and training to help local contractors respect these standards. Conduct periodic inspections of contractors to ensure respect for human rights.*

Initial Response June 2010:

Montana currently carries out monthly inspections to ensure safety compliance by contractors and their employees. In addition, Montana provides and will continue to provide training for local contractors especially in construction.

Montana will immediately revise its contracts to include a clause requiring compliance with applicable labour standards and the company’s safety and other policies.

**Update October 2010:**

**Montana has revised its contracts to include a clause requiring compliance with applicable labour standards and the company’s safety and other policies. Goldcorp considers this recommendation to be fully addressed.**

Recommendation: Retrain the workforce

*Anticipate the end of the mine life through training opportunities that provide transferable skills that will provide further opportunities to exercise the right to work and to maintain an adequate standard of living after the mine closes. Develop a strategy for how to support contractors to prepare for mine closure and reduce dependency on mine economy over upcoming years.*

Initial Response June 2010:

Montana has taken this recommendation under consideration and will respond to it in a future report.

**Update October 2010:**

**Goldcorp's corporate sustainability framework includes a guideline that requires operations and projects to include a socio-economic section for closure within a full site closure plan. Details of this guideline are being defined at this year's regional corporate social responsibility conferences. The objective is to finalize the guideline in 2011 in time to allow each site to integrate socio-economic closure in the 2012 budget planning process.**

Recommendation: Review occupational health and safety policies, procedures and practices

*Ensure that international standards are being met across the board, not just with respect to the International Cyanide Code. Undertake an operation-wide health risk assessment, including a review of potential health exposure risks incurred by employees since initiating operation.*

Initial Response June 2010:

Goldcorp regularly reviews its corporate occupational health and safety policies, procedures, and practices, and commits to continue to do so.

Montana developed its health and safety management system based on OSHA 18001 (internationally recognized health and safety management system). As a result of the work Montana has undertaken in developing their management system, this framework has been adopted by the rest of Goldcorp's operations. The Golden Eye Review process specifically looks at the level of implementation of the management system.

As part of the corporate employee health initiative currently under development, Goldcorp commits to work with Montana to undertake a review of health risks at the Marlin Mine since inception of operations. Goldcorp and Montana will report the results of this assessment prior to the end of 2010.

**Update October 2010:**

**No further developments to report.**

Recommendation: Review labour relations

*Put in place a comprehensive review of labour relations and compliance with corporate policies, lead by an internal Goldcorp champion reporting directly to either the CEO or Board of Directors. Set a timetable for a review.*

Initial Response June 2010:

Goldcorp and Montana have taken this recommendation under consideration and will respond to it in a future report.

**Update October 2010:**

**No further developments to report.**

Recommendation: Strengthen industrial health program

*Establish a best practice preventive health maintenance program for all workers, including scheduled monitoring for exposure to any measurable risks, an approved action plan for responding to any identified issues, and an annual public disclosure and reporting process upward to Goldcorp's CEO or Board of Directors.*

Initial Response June 2010:

Goldcorp is engaged in strengthening its industrial health program and commits to integrate this recommendation into that effort. Goldcorp will report on the status of this effort in its 2010 and subsequent sustainability reports.

**Update October 2010:**

**No further new developments to report.**

## **LAND ACQUISITION**

Recommendation: Adopt a moratorium on land acquisition

*Halt all land acquisition, exploration activities, mine expansion projects, or conversion of exploration to exploitation licenses, pending effective State involvement in consultation with local communities, and agreements put in place with communities to structure future land acquisitions. This would particularly include any project that requires an ESIA, such as La Hamaca.*

Initial Response June 2010:

Montana agrees to review and update the Land Acquisition Procedures published as an appendix to the 2004 Annual Monitoring Report and to engage with the public on the issue of land acquisition. Montana will provide regular updates on the status of this process.

Montana has taken the recommendation regarding a voluntary moratorium on additional land acquisition under consideration and will respond to it in a future report.

The ESIA for exploration and development of the La Hamaca deposit has been approved.



**Update October 2010:**

**Goldcorp's corporate social responsibility framework includes a Land Acquisition and Compensation Guideline that is intended to define how Goldcorp will acquire land for use in its operations. The guideline is guided by international standards and best practices, and driven by our aspiration for excellence in the overall performance of our business. The guideline provides that prior to acquiring land in an area that does not have an established transparent market for real property, Goldcorp and its subsidiaries will develop a public compensation framework to ensure that people affected by our acquisition of land understand the land acquisition procedures, know what to expect at the various stages of the transaction and have access to transparent reporting of the process.**

Recommendation: Adopt a moratorium on using the titulacion supletorio process

*This process risks extinguishing collective land titles of the indigenous communities around the mine, and should not be used until individual and collective land usage and rights are thoroughly understood and documented, including any differences between San Miguel Ixtahuacán and Sipacapa.*

Initial Response June 2010:

Montana has taken the recommendation regarding a voluntary moratorium on using the *titulacion supletorio* process under consideration and will respond to it in a future report.

**Update October 2010:**

**Montana has suspended action on the *titulacion supletorio* process while it investigates further the issue of individual and collective land usage and rights in San Miguel Ixtahuacán and Sipacapa.**

Recommendation: Identify and support at-risk families

*Identify as a priority any land sellers and their dependents considered 'at risk' and address immediate subsistence and basic service gaps.*

Initial Response June 2010:

Montana commits to undertake a comprehensive socio-economic study of the communities in the vicinity of the Marlin Mine. Land sellers and "at risk" families and individuals will be specifically considered in the design of the socio-economic study. The assessment is anticipated to be completed by the end of 2010.

**Update October 2010:**

**Montana contracted with Consultoria Tecnologia Ambiental S.A. ("CTA") to perform a socio-economic study. The scope of the study is defined by reference to the recommendations of the HRA. The fundamental objective of the study is to obtain socioeconomic indicators that will provide a baseline against which changes in the indicators can be evaluated over time to assess the socio-economic impact of the Marlin Mine. The Centro de Investigaciones**

**Económicas Nacionales de Guatemala will design the study concept and prepare terms of reference based on that concept, supervise the preparation of the study and certify the quality of the data collected.**

**Consistent with the goal of applying the recommendations of the HRA in other projects, the scope of the contract with CTA includes preparation of a socio-economic study for the Cerro Blanco Project, which is not yet in operation.**

**In addition, Montana contracted CTA to conduct a study of the individuals who sold land to Montana at the Marlin Mine. Montana has a data base of land sellers since 2003. Of the 412 sellers in the data base, Montana understands that 302 continue to live in the Project area. The goal of the study is to contact all of these sellers who continue to live in San Miguel Ixtahuacán and Sipacapa to: evaluate the socio-economic condition of the sellers and their families; evaluate Montana's program for following up with and providing assistance to these families; and make recommendations for revisions to the Land Acquisition Policy based on best international practices. The study is expected to be completed by during the fourth quarter of 2010.**

Recommendation: Convene an independent review of historical land acquisition

*Develop an independent review process to resolve complaints about land sales (e.g. inequitable payments for improvements, unfulfilled commitments related to employment, and allegations of coercion); recommended would be a three-member commission including PDH representation, Peace Judge from the local area, President of the Alcaldes Auxiliares, or other authorities of importance. The commission may require additional technical expertise or advisors.*

Initial Response June 2010:

Montana has taken this recommendation under consideration and will respond to it in a future report.

**Update October 2010:**

**The land seller study described above includes an evaluation of Montana's program for following up with and providing assistance to these families and an assessment of modifications to the Land Acquisition Policy based on best international practices. If these elements of the study identify issues related to prior transactions, Montana will address them. In addition, Montana will ensure that land acquisition is identified as an issue to consider for all participants in the multi-stakeholder consultation process.**

Recommendation: Implement a revised land seller follow-up program

*Develop and implement a land seller support program that assesses impacts of land sales on sellers and provides for targeted income restoration programs. Allocate adequate resources to the Community Relations Group ("new associates" position) to implement such a program.*

Initial Response June 2010:

Montana commits to include assessment of the land seller follow-up and support program in the socio-economic study under design. In particular, the socio-economic study will evaluate the function, needs, and opportunities for more effective land seller support through the “new associates” program and other programs operated by the Sustainable Development Department. The assessment is anticipated to be completed by the end of 2010.

**Update October 2010:**

**The land seller study described above includes an evaluation of Montana’s program for following up with and providing assistance to these families and an assessment of modifications to the Land Acquisition Policy based on best international practices. The socio-economic study and the land seller assessment are expected to be completed during the fourth quarter of 2010.**

Recommendation: Develop a program to ensure access to wood

*Determine how the cost and availability of wood have changed as a result of land acquisition, or as a loss of access to common property resource, and implement a replacement program.*

Initial Response June 2010:

Montana commits to include assessment of historical and current access to firewood in the socio-economic study under design. Based on the results of that study, a strategy will be developed for engagement with the public to address access to firewood taking into account environment, soil conservation, sustainable forest management, and Guatemalan law. The assessment is anticipated to be completed by the end of 2010.

**Update October 2010:**

**As noted above, Montana contracted with CTA to perform a socio-economic study, the scope of which includes an assessment of historical and current access to firewood. The study is expected to be completed during the fourth quarter of 2010.**

Recommendation: Implement a land acquisition policy with reference to international best practice

*Ensure comprehensive due diligence on indigenous peoples land rights issues, including inheritance and collective resource issues. Ensure appropriate documentation and follow-up on all commitments made in the land acquisition process.*

Initial Response June 2010:

Montana commits to revise the existing Land Acquisition Procedure with reference to international best practices. This revision will be completed by the end of 2010

**Update October 2010:**

**The land seller study described above includes an evaluation of Montana's program for following up with and providing assistance to these families and an assessment of modifications to the Land Acquisition Policy based on best international practices. This study is the first step in the review of Montana's Land Acquisition Procedure. The study is expected to be completed in the fourth quarter of 2010. In addition, Goldcorp has developed corporate land acquisition guidelines which support Goldcorp's Corporate Social Responsibility Policy. The Montana Land Acquisition Procedure will be revised during the first quarter of 2011 based on the results of the land seller study's assessment of the land seller follow-up and support program and Goldcorp's land acquisition guidelines.**

Recommendation: Adjust land prices

*Adjust future land compensation from the previously paid standard above-market price of Q4,000 per cuerda to take into account inflation in the local land market.*

Initial Response June 2010:

Montana commits to include assessment of historical and current land prices in the socio-economic study under design. Montana will include land prices in its engagement with the public. The assessment is anticipated to be completed by the end of 2010.

**Update October 2010:**

**The initial response is still valid with no further developments to report.**

Recommendation: Ensure fairness in valuations of improvements

*Review current land acquisition procedures ensuring that all forms of compensation for land acquisition respond to clear and transparent criteria for evaluation and compensation. Establish a transparent and independent mechanism for valuation of improvements on land to be purchased.*

Initial Response June 2010:

Montana commits to include procedures for valuation of improvements in the review of the Land Acquisition Procedure. Montana will engage with the public on this issue.

**Update October 2010:**

**The land seller study described above includes an evaluation of Montana's program for following up with and providing assistance to these families and an assessment of modifications to the Land Acquisition Policy based on best international practices. This study is the first step in the review of Montana's Land Acquisition Procedure. The study is expected to be completed in the fourth quarter of 2010. In addition, Goldcorp has developed corporate land acquisition guidelines which support Goldcorp's Corporate Social Responsibility Policy. The Montana Land Acquisition Procedure will be revised during the**

**first quarter of 2011 based on the results of the land seller study's assessment of the land seller follow-up and support program and Goldcorp's land acquisition guidelines.**

Recommendation: Provide access to independent advisors

*Facilitate access of potential land sellers to independent representation and advice during land negotiations to enhance the integrity of the process, protect the rights of the land sellers, and protect the company against any allegations of coercion or pressure on the land sellers, as well as undocumented verbal commitments. Goldcorp should adopt this as a matter of standard practice for future land sales.*

Initial Response June 2010:

Montana commits to include land negotiation procedures in the review of the Land Acquisition Procedure. Montana will engage with the public on this issue. Montana commits to undertake further efforts to strengthen alliances with national consulting groups that have experience working in Guatemala at the grassroots level in investment and development processes.

Goldcorp commits to use the revised Land Acquisition Procedure adopted by Montana as the basis for the development of a corporate land acquisition policy.

**Update October 2010:**

**The land seller study described above includes an evaluation of Montana's program for following up with and providing assistance to these families and an assessment of modifications to the Land Acquisition Policy based on best international practices. This study is the first step in the review of Montana's Land Acquisition Procedure. The study is expected to be completed in the fourth quarter of 2010. In addition, Goldcorp has developed corporate land acquisition guidelines which support Goldcorp's Corporate Social Responsibility Policy. The Montana Land Acquisition Procedure will be revised during the first quarter of 2011 based on the results of the land seller study's assessment of the land seller follow-up and support program and Goldcorp's land acquisition guidelines.**

Recommendation: Clarify process for land transfer at closure

*Clearly set out the intention and modality for transferring the titles to the land acquired by Montana to the communities at closure of the mine.*

Initial Response June 2010:

At the present time, Montana is planning not to transfer any land owned by Montana or its affiliates to individuals following mine closure. Montana is evaluating alternative mechanisms to best preserve the Marlin Mine property for the benefit of the communities of San Miguel Ixtahuacán and Sipacapa following mine closure. Montana commits to engage with the local communities with respect to the issue of post-closure land use and ownership in conjunction with engagement on mine closure and post-closure planning.

### **Update October 2010:**

**The initial internal technical review of the closure plan is now expected to be completed during the second quarter of 2011. This means that public consultation on the closure plan will likely begin during the second quarter 2011. Post-closure land tenure issues will be addressed during the review.**

## **ECONOMIC AND SOCIAL INVESTMENT**

Recommendation: Identify and support families in need or at risk due to potential project impacts. Investigate and create medium to long-term solutions.

### Initial Response June 2010:

Montana will include identification of specific at-risk and vulnerable groups in affected communities as specific issues to be considered in the socio-economic assessment currently under design. The assessment is anticipated to be completed by the end of 2010.

At the time the original EISA was prepared, Montana assumed that most residents of communities near the mine were at risk and vulnerable because most were both indigenous and living below poverty levels. Marlin-related employment, purchasing and economic activity has helped reduce the vulnerability of individuals residing in communities near the mine, and their families, who are employed at the mine or in a business that Montana does business with. Many of the programs developed by the Fundación Sierra Madre are designed to reduce vulnerability throughout the local indigenous population. These programs include vocational training, healthcare programs, including maternal health and nutrition programs, and women's communal micro-lending programs, to name a few.

Montana commits to use the findings of the socio-economic study to adjust and improve the activities of the Sustainable Development Group and the Fundación Sierra Madre.

### **Update October 2010:**

**As noted above, Montana contracted with CTA to perform a socio-economic study. The scope of the study is defined by reference to the recommendations of the HRA. The fundamental objective of the study is to obtain socioeconomic indicators that will provide a baseline against which changes in the indicators can be evaluated over time to assess the socio-economic impact of the Marlin Mine. The Centro de Investigaciones Económicas Nacionales de Guatemala will design the study concept and prepare terms of reference based on that concept, supervise the preparation of the study and certify the quality of the data collected.** Recommendation: Delink social development investment from social license

*Montana's commitment to social development programs should not be contingent upon social acceptance by all segments of the population. Develop an effective grievance procedure to address the problems of social protest.*

Initial Response June 2010:

As described in response to other recommendations, Goldcorp is in the process of developing a corporate framework regarding the development and implementation of effective internal (employee) and external (community) grievance mechanisms. Goldcorp will complete this framework and implement it prior to the end of 2010 and will report to the public upon the adoption of the mechanisms.

Goldcorp and Montana agree that commitments to specific, previously defined social development initiatives, such as scholarships, will be made on the basis that the commitment is not contingent on continued operation of the mine. However, Goldcorp and Montana disagree that there should or can be no link between operation of the mine and the companies' commitment to social development programs. The benefits from mining are dependent on the continued operation of the mine. If the mine does not operate, there are no jobs, no purchases of supplies or services, no revenue to pay for social development programs. Goldcorp and Montana believe this to be both an economic reality and important for capacity-building. Montana has expressly provided that Montana's commitment to specific social development programs is contingent on continued operation of the mine. This condition is discussed with the local communities and leaders involved in the particular program. Montana believes that being open and transparent with respect to this condition ensures that the benefited individual or community does not depend on a commitment that Montana cannot honour absent continued operation of the mine and encourages the individual or community to develop alternative means of supporting their needs. Ultimately, this fosters independence for the community from the mine and sustainable social development.

**Update October 2010:**

**Goldcorp considers this recommendation to be fully addressed.**

Recommendation: Review whether there are outstanding commitments for social investment projects

Initial Response June 2010:

Montana commits to conduct ongoing reviews of its social investment commitments and to report the results of those reviews to the public annually.

**Update October 2010:**

**No further developments to report, the reporting will occur in conjunction with Goldcorp's annual GRI reporting.**

Recommendation: Finalize a long-term and rights-based sustainable development plan

*Adopt a right-based framework and principles for the sustainable development plan currently being drafted at the Marlin Mine. Ensure that specific objectives and targeted programs are included to address the key areas of negative human rights impacts, as well as vulnerable segments of the project-affected communities. Ensure extensive consultation and participation as part of the development of*

*the new sustainable development plan. Establish a comprehensive social baseline for effective monitoring and evaluation.*

Initial Response June 2010:

Goldcorp commits to integrate respect for human rights explicitly in Goldcorp's business management process. This commitment includes sustainable development plans and programs.

Montana commits to address each of the elements of this recommendation in the sustainable development plan being developed and the new socio-economic study currently under design for the Marlin Mine.

Existing Marlin sustainable development programs, beginning with the early Indigenous People's Development Plan, have benefitted from engagement with local communities. More recent engagement has included needs identification and project prioritization sessions with representatives of the local communities as part of the annual development activities of the Marlin Sustainable Development Department. Marlin commits to continue this collaboration.

**Update October 2010:**

**Goldcorp consulted with a broad range of stakeholders regarding the development of a Human Rights Policy. The corporate Human Rights Policy was finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Human Rights Policy will be posted on the company's website. Training programs regarding the Human Rights Policy are being developed and will be implemented in conjunction with the implementation of Goldcorp's Corporate Social Responsibility Strategy.** Recommendation: Build upon programming that enhances human rights

*Improve community and worker health. Implement a program to improve the general health and well-being of the communities where workers and their families live, with the objective of addressing secondary health issues that also affect health and safety in the workplace.*

Initial Response June 2010:

Montana commits to continue to evaluate both on-site and community health indicators and issues and to support initiatives to positively impact quality of life through improved worker and resident health in a sustainable way.

The health of workers and host communities is a Goldcorp and a Montana priority. One example of this commitment is the Permanent Attention Center (CAP) in Guatemala built and equipped by Montana. The San Miguel CAP substantially exceeds the commitment set forth in the Marlin ESIA. Montana is cooperating with the Ministry of Health to ensure continued support for capacity-building and training activities for the CAP.

Montana carried out a comprehensive health baseline study in consultation with the Ministry of Health who formally accepted its results. Marlin provides health care services to members of the



communities near the mine at its on-site clinic and in 2009 created a clinic to treat residents of nearby communities in San José Nueva Esperanza.

Both the company directly and the Fundación Sierra Madre have supported the San Miguel Ixtahuacán Health Center (now CAP) as well as provided periodic medical brigades or health campaigns. Fundación Sierra Madre also has provided health fairs, immunization clinics, health education, and direct health care to local residents.

**Update October 2010:**

**Goldcorp considers this recommendation to be fully addressed.**

*Expand teacher training.*

Initial Response June 2010:

Montana expanded its commitment to teacher training in 2009 and commits to continue to work with the local communities, teachers and the Ministry of Education to support local education.

The Sierra Madre Foundation and the Sustainable Development Department are working with CONALFA to eradicate illiteracy in San Miguel Ixtahuacán and Sipacapa.

**Update October 2010:**

**No further developments to report. Goldcorp considers this recommendation to be fully addressed.**

*Expand scholarship programs to support leadership.*

Initial Response June 2010:

Montana commits to expand scholarship programs and to support leadership.

The Government of Guatemala has recently begun an initiative to provide additional teachers in rural areas. Montana's strategy has been to increase scholarship programs as the Government puts increased numbers of teachers on its payroll and the mine reduces those that it pays.

There are a number of ways to support the acquisition and improvement of leadership skills, several which have been core to the Sustainable Development Department and the Fundación Sierra Madre. Montana will continue supporting leadership strengthening both within the Marlin Mine as well as in the communities.

**Update October 2010:**

**No further developments to report.**

*Support programs that enhance access to water.*

Initial Response June 2010:

Montana commits to continue to support programs that enhance access to water. For example, planning processes are currently underway in the town of San Miguel Ixtahuacán, communities near the Marlin Mine, and communities farther away to expand support for access to water.

**Update October 2010:**

**In conjunction with the water census that has been initiated with the six communities around the Marlin Mine, Montana agreed to provide financial and technical assistance to improve the water systems in these communities.**

Recommendation: Review the effectiveness, transparency, participation and accountability of current mechanisms and programs, including the different roles for the FSM and SDD

*Direct SDD programs should be focused on addressing the negative impacts of the mine, which is the company's direct responsibility, while the FSM could contribute to building local capacity and enhancing community-level impacts. FSM should not be an additional mechanism for Montana's engagement and consultation, and should transition to be a community-based development foundation.*

Initial Response June 2010:

Montana commits to review the effectiveness, transparency, participation, and accountability of the Sustainable Development Department and the Fundación Sierra Madre. Montana will report publicly the results of this review by the end of 2010.

Montana commits to consider the recommendation regarding the appropriate roles for the Sustainable Development Department and the Fundación Sierra Madre in the analysis of the results of the socio-economic study.

Montana does not use and commits not to use the Fundación Sierra Madre as a mechanism for consultation by Montana.

**Update October 2010:**

**As noted above, Montana contracted with CTA to perform a socio-economic study which will provide a basis for an assessment of the effectiveness, transparency, participation, and accountability of the Sustainable Development Department and the Fundación Sierra Madre. The study is expected to be completed in the fourth quarter of 2010. The review will be undertaken during the first quarter of 2011.**

Recommendation: Strengthen FSM's capacity to fulfill a long-term role after closure.

*If the FSM is to provide ongoing programming after mine closure, it must evolve as a community-based development foundation. This requires strengthening the independence of the Board of Directors; ensuring an adequate and sustainable funding mechanism such as an endowment;*

*improving the professional capacity of the staff; and ensuring appropriate evaluation and reporting standards.*

Initial Response June 2010:

Montana agrees with this recommendation. A portion of the Fundación Sierra Madre's income is dedicated to funding its endowment. Montana commits to strengthening the independence and capacity of the Fundación Sierra Madre's Board of Directors.

**Update October 2010:**

**As noted above, Montana has contracted with CTA to perform a socio-economic study, which is currently being implemented. This is the first step in strengthening the FSM's role after closure.**

Recommendation: Develop a clear rationale for investment levels

*Ensure the amount of investment is sufficient to create sustainable impacts and commensurate with a reasonable level of expectation of the communities to have benefits from the success of the mine. Include factors such as industry best practice, mine profitability, current tax and royalty contributions, and other indirect forms of social investment. A more clearly articulated strategy would also foster more effective management of community expectations.*

Initial Response June 2010:

Goldcorp and Montana have taken this recommendation under consideration and will provide a response in a future report.

**Update October 2010:**

**Goldcorp's Corporate Social Responsibility Policy and Strategy were finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Corporate Social Responsibility Policy will be posted on the company's website. The Strategy provides that each site will develop a Corporate Social Responsibility Development Plan. This plan will be developed based on socio-economic studies to be prepared as part of a full environmental and social baseline study which should identify key social, cultural, economic, and political conditions in areas potentially affected by the company's operations; provide data to predict, explain and substantiate possible impacts to the communities; inform the development of mitigation measures and opportunities within the Corporate Social Responsibility Development Plan; identify effective and culturally appropriate development goals; and establish Key Performance Indicators that can be used to assess the effectiveness of the Corporate Social Responsibility Development Plan.**

Recommendation: Adopt results-based management

*Adopt clear objectives, monitoring and evaluations in order to determine the effectiveness of the strategies chosen and the funds being spent.*

Initial Response June 2010:

Montana agrees to implement this recommendation. As stated above, monitoring and evaluation mechanisms will be designed based on the results of the planned socio-economic study.

**Update October 2010:**

**As noted above, the Corporate Social Responsibility Policy and Strategy include development of a Corporate Social Responsibility Development Plan at each Goldcorp site based in part on a socio-economic baseline study. The Key Performance Indicators established in the Plan will be used to assess the effectiveness of the Corporate Social Responsibility Development Plan.**

Recommendation: Continue to invest in state and municipal capacity

*Continue to strengthen municipal institutions' capacity to administer revenues from mining. Continue and expand initiatives with Ministry of Energy and Mines or other government departments and regulatory agencies to build capacity.*

Initial Response June 2010:

Montana commits to continue to invest in state and municipal capacity building.

**Update October 2010:**

**This is an ongoing commitment for Goldcorp and Montana.**

Recommendation: Ensure transparency of revenue flows

*Work alongside government to ensure greater transparency in the way revenues and royalty payments from mining are invested in social programs to enhance the economic, social, and cultural rights of project-affected communities. Express support for the Extractive Industries Transparency Initiative (EITI) and encourage the Guatemalan government to participate as well.*

Initial Response June 2010:

Goldcorp and Montana support the EITI and efforts to promote transparency. Montana is one of the few Guatemalan companies that publishes its royalty and tax payments on a regular basis, both locally and throughout Guatemala. Goldcorp and Montana commit to support Guatemala in its efforts to become EITI certified.

### **Update October 2010:**

**Montana was advised that Vice President Espada of Guatemala has expressed the Government's interest in being a participant in the EITI. Montana has accepted Vice President Espada's invitation to participate in a national commission he established to support this initiative. The first meeting of the commission was held on October 11, 2010.**

## **SECURITY**

Recommendation: Strengthen internal processes

*Ensure that a clear protocol exists for convening all relevant managers and departments to discuss human rights risks associated with all situations that involve a threat of confrontation or violence.*

Initial Response June 2010:

Goldcorp commits to develop a corporate human rights policy prior to the end of 2010. As part of the implementation of that policy, Goldcorp commits to provide training throughout the company and its subsidiaries with respect to human rights.

Montana commits to integrate a protocol for convening all relevant managers and departments to discuss human rights risks associated with all situations that involve a threat of confrontation or violence in the company's crisis management policy and training. Human rights considerations will be included in the checklists of issues to be addressed during crisis deliberations.

Montana commits to implement additional human rights seminars for employees and to include key managers in our workshops with the Policia Nacional Civil, military and private security companies.

Montana commits to include sexual harassment and work place violence training during new employee induction training.

### **Update October 2010:**

**Goldcorp consulted with a broad range of stakeholders regarding the development of a Human Rights Policy. The corporate Human Rights Policy was finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Human Rights Policy will be posted on the company's website. Training programs regarding the Human Rights Policy are being developed and will be implemented in conjunction with the implementation of Goldcorp's Corporate Social Responsibility Strategy.**

**Montana's security personnel receive human rights training every other month, or twice per quarter. The training includes human rights theory as well as practical matters. This training involves all executive security personnel (36 people), uniformed personnel (62 people, 2 of which are women), and Duty Supervisors.**

**Montana department managers and superintendents are also trained on human rights. The next training is scheduled for late October.**

Recommendation: Ensure independent monitoring

*If a situation requires the intervention of private security guards or public security forces, provide for independent monitoring as a deterrent for and witness of human rights infringements or violations. The recent example of including the PDH to monitor actions of the police is a positive step.*

Initial Response June 2010:

Montana commits to request the participation of a representative of the Procuradora de Derechos Humanos when an incident arises that involves or is anticipated to involve public or private security intervention.

**Update October 2010:**

**This is an ongoing commitment for Montana.**

Recommendation: Strengthen follow-up of past incidents

*As part of monitoring of the Voluntary Principles, pay particular attention to the follow-up and results of investigation into potential infringements by private security guards and/or violations by public security forces. Ensure that Montana is taking appropriate steps to investigate and discipline private security guards, and to press the Guatemalan government for investigation, prosecution and remedy for violations by public security forces.*

Initial Response June 2010:

Montana commits to continue to adhere to the Voluntary Principles and to investigate and discipline private security guards, and to encourage the Guatemalan government to investigate, prosecute and remedy violations by public security force.

**Update October 2010:**

**This is an ongoing commitment for Goldcorp and Montana.**

Recommendation: Obtain an agreement with public security forces

*Despite turnover of military and police personnel, the dialogue with the Guatemalan public security forces about security arrangements must continue with a view to obtaining a transparent agreement that security be provided in a manner consistent with human rights by personnel with adequate and effective training. Companies should encourage host governments to permit making security arrangements transparent and accessible to the public, subject to any overriding safety and security concerns.*

Initial Response June 2010:

Montana has worked within the context of Guatemala's legal parameters to establish an agreement with public security forces and has been advised that a legislative change is required before such an agreement can be signed by the government. Non-binding agreements with individual public security officials have also been attempted and in every instance Montana has been advised that the officials have no authority to commit to any agreement. Montana commits to continue to dialogue with public officials on this issue.

Montana has implemented proactive security measures and risk assessments in an effort to reduce our risk exposure, and minimize the need to call public security. Montana does not use public forces for security and commits to maintain that policy.

Montana does not normally provide material or logistical support to public security forces and commits to maintain that policy. Material support is limited to small quantities of fuel offered to encourage preventative patrols in the San Miguel Ixtahuacán and Sipacapa municipalities. All support offered to public security is documented and the signed letters from the benefited force are available for review. All letters indicate that our support is for the benefit of the neighbouring communities, is not to be transferred for personal benefit, and will not be used in violation of human rights.

**Update October 2010:**

**No further developments to report.**

Recommendation: Continue to screen private guards

*Focus primarily on in-depth reference checks for past human rights concerns rather than national databases. Complement screening mechanisms with ongoing supervision and evaluation for good human rights performance. Hire more female guards and improve gender balance in the security force by hiring and training more women.*

Initial Response June 2010:

Montana has examined and commits to continue to examine different options in terms of background checks. Montana commits to continue its efforts to engage the NGO community on this issue.

Montana is proud to have hired our first female uniformed security officer after a three-year search. Montana commits to continue efforts to increase the number of female employees in the Security Department.

**Update October 2010:**

**This is an ongoing commitment for Goldcorp and Montana.**

Recommendation: Expand human rights training

*Reinforce and build upon early achievements in human rights training for public security forces and expand to include all relevant actors that may be involved in public security responses (e.g. unit responsible for carrying out arrest warrants). Build upon early achievements in human rights training for private security firms by strengthening and verifying training, with clear objectives and goals. Implement an appropriately-designed evaluation program to measure effectiveness, and adapt as needed. Expand current training initiatives for security guards to management and then other staff and employees. Content on human rights and the Voluntary Principles should be expanded to cover risk areas such as intimidation, sexual harassment, and privacy rights of employees.*

Initial Response June 2010:

Goldcorp commits to develop a corporate human rights policy prior to the end of 2010. As part of the implementation of that policy, Goldcorp commits to provide training throughout the company and its subsidiaries with respect to human rights.

Montana commits to include training regarding sexual harassment, intimidation, privacy rights of employees, and work place violence as a part of new employee induction training.

**Update October 2010:**

**Goldcorp consulted with a broad range of stakeholders regarding the development of a Human Rights Policy. The corporate Human Rights Policy was finalized and will be presented to the Sustainability, Environment, Health and Safety Committee of Goldcorp's Board of Directors during the Committee's meeting on October 26, 2010. Following review by the Committee, the Human Rights Policy will be posted on the company's website. Training programs regarding the Human Rights Policy are being developed and will be implemented in conjunction with the implementation of Goldcorp's Corporate Social Responsibility Strategy.**

Recommendation: Engage stakeholders on security issues

*Expand formal consultation with community members and other stakeholders about security-related matters. As the conduct of the public security forces and broader issues of public safety are shared concerns for the company and the community, there is an opportunity for engagement and dialogue with community members that can be expanded over time to other areas of mutual concern. Implement a more formal process to welcome and address concerns of community members, moving next to engagement and accountability with external stakeholders and critics.*

Initial Response June 2010:

Montana commits to expand engagement with community members and other stakeholders about security-related matters.



Over the past several months, the Montana Security Department has expanded its stakeholder dialogue. On a bi-weekly basis the Superintendent of Security (or a Security Supervisor as delegated) is accompanied by the Sustainable Development Coordinator for Community on a scheduled visit to one of the communities in the area of influence of the Marlin Mine. The initial visits are principally a courtesy call, at which time local leaders are provided a letter describing Montana's commitment to respect all human rights and providing contact information should they have a grievance to present. Local leaders are encouraged to contact the Security Superintendent directly if they have concerns with respect to Montana's security measures.

These visits are a permanent part of the goals and objectives for the Security Superintendent and will be included for the Supervisors as well.

**Update October 2010:**

**Stakeholders have been engaged on security issues and human rights six times between June and August. These engagements have focused on community leaders in the vicinity of the Marlin Mine. Another workshop at Marlin on human rights, communities, and the voluntary principles is scheduled for fourth quarter 2010.**

Recommendation: Undertake periodic risk and conflict assessments

*Strengthen risk assessments in light of repeated use of public security forces. Strengthen and institutionalize an interdepartmental process of analyzing risk and conflict concerns in particular with decision-makers at the mine, including identification of internal and external strategies to manage and reduce risks and conflict. This should focus on expanding the number of managers involved, and deepening understanding and capacity to manage human rights and security risks. Include in risk assessments consultation with all relevant internal departments and managers, as well as the public security forces, community members, and other relevant stakeholders.*

Initial Response June 2010:

The Montana Security Department routinely performs risk assessments. The CARVER system which uses the concepts of Criticality, Accessibility, Recuperability, Vulnerability, Effect and Recognizability is used to identify the potential risks and assign each a priority. Risk assessments include dialogue with all relevant internal departments and managers, as well as the public security forces, community members, and other relevant stakeholders.

Montana commits to include risk assessment and its human rights implications in training for Montana managers.

Montana commits that the management team will formally review the risk assessment on a quarterly basis or as required.

**Update October 2010:**

**This is an ongoing commitment for Goldcorp and Montana.**

Recommendation: Continue external reviews

*The practice of periodic external evaluations of the implementation of the Voluntary Principles, including the company's interaction with public security forces, should be continued. Given the risks identified in previous VP assessments, as well as some of the gaps in current implementation, such assessments should be undertaken on a regular basis (e.g. every 18 months). The development of more formal plans to implement recommendations from assessments is also recommended.*

Initial Response June 2010:

Montana commits to continue regularly scheduled external reviews of the implementation of the Voluntary Principles.

Work plans are developed from the recommendations of each Voluntary Principle audit and a record of Montana's efforts and results are maintained in the files of the Security Superintendent.

**Update October 2010:**

**This is an ongoing commitment for Goldcorp and Montana.**

## **ACCESS TO REMEDY**

Recommendation: Review current grievance mechanism

*There is considerable guidance on international standards for rights-compatible, company-based grievance mechanisms that Montana can draw upon to improve access to remedies. The company should re-evaluate and redesign the existing grievance mechanism, according to the key principles of legitimacy, accessibility, predictability, equitability, rights-compatibility, transparency, and dialogue or mediation. Final resolution should be by an independent third party or commission rather than a unilateral decision by the company. It is critical to involve representatives of the local communities and independent third parties in the (re)design, operation and evaluation of the grievance mechanism. This step could be an opportunity to signal a new approach to community engagement and dispute resolution around the mine.*

Initial Response June 2010:

Goldcorp commits to develop a corporate grievance framework prior to the end of 2010. As part of the implementation of that framework, Goldcorp commits to provide training throughout the company and its subsidiaries with respect to grievance management and human rights.

During Goldcorp's regional corporate meeting in Mexico in 2009, the existing grievance system used by Montana was reviewed by Susan Wildau, a sociologist, and company professionals from several countries. The input from this review and the recommendations of the HRA will be included in the process of developing the Goldcorp corporate grievance framework and to continually review and improve the Montana grievance system.

Goldcorp and Montana agree that involvement of community representatives directly in the company grievance systems could avoid escalation of disputes and resort to legal or self-help (e.g., protests) to redress unresolved grievances. Montana commits to seek and encourage their participation in the grievance review and revision process.

**Update October 2010:**

**Goldcorp completed the development of a corporate framework for the development and implementation of effective site-level grievance mechanisms in the second quarter of 2010. The framework is one element of Goldcorp's Corporate Social Responsibility Strategy which also includes a Corporate Social Responsibility Policy and Human Rights Policy. The framework was presented at the Canada and United States regional corporate social responsibility conference in September 2010 and will be presented at the Mexico and Central and South America regional corporate social responsibility conference in November 2010. Initial training on the framework began at Marlin with the assistance of Susan Wildau in September 2010.**

Recommendation: Establish a 'commission' to address outstanding grievances

*While Montana is re-viewing and revising its grievance mechanism, consider and consult upon options for the establishment of a commission of independent and credible individuals or officials (e.g. PDH, Justices of the Peace, President of the Auxiliary Mayors) who can receive, review and resolve outstanding grievances through a process of dialogue and mediation.*

Initial Response June 2010:

Some outstanding grievances are being addressed through multi-stakeholder processes including the Transparency Commission work on cracked houses.

Goldcorp and Marlin commit to review the issue of outstanding grievances and work to see how dialogue and mediation can best be achieved through existing institutional frameworks.

**Update October 2010:**

**Montana is engaged in a process being sponsored by Deputy Rosa Maria de Frade to establish a consultation process among the representatives of various Ministries of the Government of Guatemala, the Mayors and Auxiliary Mayors of San Miguel Ixtahuacán, and Sipacapa, and the company. This initiative arises in part from the Transparency Commission report and in part from the HRA recommendation.**

Recommendation: Support regulatory agencies

*Montana should develop a strategy to reduce contentious proceedings with regulatory agencies, and to work to strengthen the capacity of regulatory agencies to proactively protect human rights, labour and the environment. This will enhance the protection of human rights, as well as the company's compliance with the relevant international best practice standards. Respond to the need of relevant*

*regulatory agencies for capacity-building. Explore opportunities to collaborate with international development agencies and other actors and to leverage additional resources.*

Initial Response June 2010:

Goldcorp and Montana support the strengthening of capacity within the regulatory agencies of the Government of Guatemala and commit to continue to do so.

Some examples of the efforts undertaken today include the following. Montana has provided technical training to the Ministry of Energy & Mining and the Ministry of Environment and Natural Resources. Montana signed an agreement with the Ministry of Health to support a health monitoring process. Montana provided training on the Voluntary Principles to the Municipality of San Miguel Ixtahuacán, the police, the army and invited COPREDEH, though they did not respond. Montana has provided in teacher training to support the Ministry of Education. Capacity building has long been an integral part of Montana's program with an emphasis on practical capacity building with auxiliary mayors and local development councils. The Fundación Sierra Madre also has a history of municipal government capacity building.

Montana's efforts in capacity building have been recognized by the Guatemalan government. Last year, Montana received recognition from the Consejo Nacional para la Reducción de Desastres (CONRED) – National Council for Reduction of Disasters for providing training on emergency response for hazardous materials and incident command systems. This year, CONRED and other national institutions invited Montana to be part of the national board for hazmat transportation awareness and to assist in the development of regulations for Guatemala. Two of Montana's safety leaders now serve on that board.

**Update October 2010:**

**This is an ongoing commitment for Montana.**

Recommendation: Develop a policy on use of litigation specific to Guatemala

*Such a policy should favour the use of alternative dispute resolution and non-judicial mechanisms (including company-level mechanisms) to favour the early identification and resolution of disputes. Where resort to litigation and the formal judicial system is unavoidable, prohibit any conduct on the part of the company or its legal representatives that may infringe upon the right to a fair trial or other human rights. Ensure greater over- sight and guidance for the conduct of litigation from Goldcorp's corporate headquarters.*

Initial Response June 2010:

Montana commits to develop a policy on the use of litigation specific to Guatemala prior to the end of 2010. This policy will be published once it is adopted.

Montana also commits to support initiatives to build capacity in Guatemala's judicial system. Montana also commits to analyze the availability and use of alternative dispute mechanisms, including traditional dispute resolution mechanisms, in the area of influence of the Marlin Mine.

**Update October 2010:**

**No further developments to report.**