



MMTC-PAMP

North Mara Gold Mine Assessment

Executive Summary

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EXECUTIVE SUMMARY

The overall recommendation of the independent third-party on-the-ground evidence-based assessment of North Mara Gold Mine (based on OECD Due Diligence Guidance and LBMA Responsible Gold Guidance) is that Barrick continues with its focus to progressive improvement of the mitigation of and reporting on the identified risk areas. It is recommended that MMTC-PAMP continues trading with NMGM while engaging with Barrick, with ongoing monitoring of performance and implementation, and reviews progress by the end of 2020. It is also recommended that the plan for measurable risk mitigation prepared by Barrick is made in consultation with MMTC-PAMP.

Scope and context

This report documents an **independent third-party on-the-ground evidence-based assessment** by Synergy Global Consulting (Synergy) of the **North Mara Gold Mine (NMGM)** in Tanzania and the actions and plans that Canadian-listed Barrick Gold Corporation (**Barrick**) has implemented and intends to implement at NMGM. The assessment is based on the **OECD Due Diligence Guidance** for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas as well as the **LBMA Responsible Gold Guidance**. The focus of these guidance documents, and hence this assessment, is on risks of companies contributing to or being associated with significant adverse impacts, including serious human rights abuses and conflict¹.

This assessment has been requested by **MMTC-PAMP**, a precious metals refiner, which sources minerals from NMGM. It is intended to provide both MMTC-PAMP and Barrick with Synergy's view of Barrick's existing and future plans since taking ownership from the previous operator, Acacia Mining plc (**Acacia**), specifically to determine whether the mitigation actions that are being undertaken and are proposed at NMGM reasonably manage existing risks following the principle of "progressive improvement"². The assessment will assist in identifying gaps (if any) in the proposed action plans and provide suggested recommendations to close these to support ongoing improvement in risk management measures.

Acacia owned and operated NMGM until September 2019 when Acacia was fully acquired by Barrick. During the period of its ownership and control of NMGM, both North Mara Gold Mine Limited and Acacia were associated with a number of allegations concerning personal injuries incurred by members of the community that surround the NMGM together with various environmental concerns.

As the independent third-party on-the-ground evidence-based assessment by Synergy occurred only two months following the acquisition by Barrick of Acacia, and therefore as a result the introduction of a new management team at the NMGM, the extent to which due diligence systems and risk management by Acacia can be considered relevant is limited. In addition, in light of the principle of promoting progressive improvement, it is important that this assessment considers the potential of the new Barrick management (which have experience of operating in environments similar to NMGM) to be able to demonstrate its ability to remedy and improve the historical management of the various issues at NMGM. The assessment, therefore focuses on the plans and actions that Barrick have and will undertake, as well as assess the change in NMGM's management and thereby the approach.

¹ Throughout this report 'significant adverse impacts', 'serious abuses', 'serious human rights abuses and conflict' and similar terms are used as per the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas as well as the LBMA Responsible Gold Guidance.

² Throughout this report 'progressive improvement' is used as per the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas.

Acacia and North Mara Gold Mine Limited have both been subject to allegations of personal injury claims in the past, particularly in relation to actions of the Tanzania Police Force, as well as environmental pollution from tailings storage facility (TSF). The scope of risk areas to assess defined by MMTC-PAMP therefore includes:

- Management of and plans for, **security and human rights** issues and related risks, related to infiltration and trespassing incidents, and community disorder;
- Management of and plans for, **land access** issues and related risks, including historical and future resettlement;
- Management of and plans for, **grievance mechanism** processes and related risks;
- Management of and plans for, **environmental performance**, specifically the TSF management and related water issues;
- Management of and plans for, **community benefit** issues and related risks, including social investment and local content.

The assessment also needs to be viewed within the context of the site at the time of the assessment, including: the tension between Acacia and the sections of the local community created by the combination of intrusions by people external to the mine and community disorder, and the Tanzania Police Force and the security company employed at NMGM, the history of significant disputes between Acacia– and the Government of Tanzania; the merger of Barrick with Randgold Resources Limited in January 2019; the Tanzanian National Environment Management Council's (NEMC) issuing of a prohibition notice in July 2019 relating to TSF management; the acquisition of Acacia by Barrick in September 2019; and the agreement between Barrick and the Government of Tanzania to resolve outstanding disputes in January 2020. This context has shaped the scope, the site assessment including engagement with external stakeholders, the assessment of risk, as well as the recommendations.

It should be noted that Acacia and NMGM (along with other mines operating in Tanzania managed by Acacia), regularly announced to the market following independently assurance, as being in conformance with the World Gold Conflict-Free Standard (including Acacia's statement in that "the gold we produce has been extracted in a manner that does not fuel unlawful armed conflict or contribute to serious human rights abuses or breaches of international law"³). This assurance statement was cross recognised by LBMA until the end of 2017 as demonstrating compliance with LBMA due diligence requirements.

Synergy's site visit to NMGM was conducted between 19 and 21 November 2019, and the assessment therefore reflects the situation at that time. The visit involved observations by Synergy of the processing plant, water treatment plant, TSF, open pit, waste rock dumps, mine accommodation and other site facilities, and neighbouring communities and several community investment projects surrounding NMGM. The visit included interviews with senior Barrick corporate employees, NMGM management, and other on-site staff, review of a detailed presentation prepared for Synergy, and private interviews with a selection of external stakeholders including a range of local community representatives. The assessment was also informed by review of publicly available information relevant to NMGM and a subsequent interview with an international civil society organisation.

³ Conflict-Free Gold Report for Acacia Mining plc June 2015

<https://www.acaciaminging.com/~media/Files/A/Acacia/documents/sustainability/aca-conflict-gold-compliance-report-2014.pdf>

Assessment of risk management

For each risk area included in the scope, an assessment of the context was conducted in order to determine the relative priority and to help understand appropriate risk management measures. Inherent risks were assessed as high, medium or low based on the potential likelihood and scale of potential serious negative impacts.

Barrick's management measures in place (or to be put in place) for each inherent risk were also evaluated. In line with OECD Due Diligence Guidance, four areas of management were considered:

- Company (Barrick) **management systems** relevant to the risk;
- Processes for **risk assessment**;
- Site-level **risk management** strategies, and
- Annual **reporting** on risk management performance.

Each of these areas was scored from 1-3 in terms of their conformity to OECD Due Diligence and LBMA Guidance principles: An explanation of each score number is as following:

1. **Unacceptable** - Reasonable risks of adverse impacts identified which require mitigation and mitigation is not at an acceptable level, including: failed attempts at mitigation with no significant measurable improvement to prevent or mitigate the risk; mitigation deemed not feasible, or; the risks are unacceptable. Suspension or termination of trade required.
2. **Improvement required** - Reasonable risks of adverse impacts identified which require mitigation. Risk management plan required. Continuing trade throughout the course of measurable risk mitigation efforts and demonstration of progressive performance improvement.
3. **Acceptable** – Risk management is at an acceptable level, including: no risks of adverse impacts identified, or; reasonable risks of adverse impacts identified but deemed to not require specific risk management plan and/or demonstration of progressive performance improvement.

Assessment of risk priority and company management at NMGM:

	Risk / issue	Current priority	Company systems	Risk assesm't	Risk mngmt	Reporting
Part of LBMA scope	Security forces management and serious abuses ⁴	High	3	3	2	-
	Environmental performance: TSF and water management ⁵	High	3	3	3	-
Additional to LBMA scope	Land issues: historical resettlement	High	3	3	2	-
	Land issues: future resettlement	High	3	3	2	-
	Grievance mechanism	High	3	3	2	-
	Community benefit: social investment	Low	3	3	2	-
	Community benefit: local content	Low	3	3	2	-

Risk priority: Most of the risks were prioritised as high due to the scale of actual and potential significant negative impacts. Community benefit was assessed as low priority due its relatively low potential for significant negative impacts, although it does have potential to contribute to reducing the risks related to other issues (e.g. level of intrusions) as well as potential to contribute to positive community development impacts.

Company systems: Barrick has corporate-level internal management systems in place to manage risks, including competent senior staff with authority, experience and responsibility, dedicated resources, internal organisational structures and teams, and corporate culture to manage such risks. Systems for managing security forces were established and annually independently audited against the Voluntary Principles on Security and Human Rights. In addition, Barrick has developed experience of managing similar risk areas at other mines it manages in Africa and has assigned many of their experienced staff from those mines to be responsible for the management of NMGM.

Risk assessment: Barrick has identified and assessed the relevant risks at site, senior management are aware of and involved in the risk assessment process, and has put in place, or is in the process of putting in place, suitable risk management plans. Risks relating to the TSF and water management had been assessed in significant detail, especially given the relatively short period which Barrick had had operational management involvement at the site⁶.

Site level risk management: The high risks involved create a need for heightened managerial care in order to effectively manage these risks. Barrick demonstrated that progress had been made improving site-level risk management approaches since it had taken management control. Generally, plans to manage the key risks are being developed or starting to be implemented and many systems to manage risk are being reviewed, put in place

⁴ This terminology is used as per Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas

⁵ Included in LBMA scope since 1st January 2019

⁶ Barrick Gold Corporation acquired Acacia Mining plc and thereby the management of North Mara Gold Mine in September 2019 and Synergy's site visit of NMGM occurred in November 2019.

or are not yet fully implemented or effective. This leads to the need to demonstrate improvement in the management of these risks in line with the principles of the OECD Due Diligence Guidance and LBMA Responsible Gold Guidance.

For some risk areas, Barrick is in the process of understanding issues more fully by engaging with various stakeholders and reviewing its policies and documentation (e.g. risks linked with land and resettlement, and grievance management). For other risk areas, site management systems have been audited and findings provide a good basis for improvement plans (e.g. risks linked with security forces). Finally, in some cases Barrick has started to implement actions to manage some critical risks based on detailed assessments, and these measures are already demonstrably effective at improving performance (e.g. risks linked with TSF management).

Annual reporting: Reporting is not assessed at this time as Barrick has not been in control of NMGM within its latest annual public reporting period.

Assessment findings

As of December 2019, the assessment team did not identify any areas of unacceptable risk management. The assessment identified several areas which require **improved risk management** at NMGM and raised the following recommendations:

- a) OECD Due diligence and LBMA Responsible Gold Guidance principles
 - **Security forces** - Barrick have measures in place to manage private security forces on site and any liaison with the Tanzania Police Force, in line with VPSHR. An independent audit has already identified a number of areas for improvement. It is recommended that Barrick's continued focus on security-focused measures should be complemented with the planned focus on minimising the underlying drivers for intrusions, such as by supporting livelihood opportunities for youth and improved community engagement. Barrick has already made some efforts to improve access to local employment and procurement opportunities. Barrick's planned approach for local content does have the potential to contribute to reducing the risks related to other issues (e.g. level of intrusions) as well as potential to contribute to positive community development impacts.
- b) Other risk areas
 - **Land issues** - historical resettlement: It is recommended that Barrick assess and address outstanding resettlement issues consistent with international good practice.
 - **Land issues** - future resettlement: It is recommended that Barrick is able to demonstrate that that future mine planning has assessed resettlement risks, ensured avoidance and minimisation of potential resettlement and unavoidable resettlement will be managed in line with international good practice.
 - **Grievance mechanism:** It is recommended that Barrick ensures an independent process to address serious and complex grievances, and a more effective process for addressing less serious grievances.

In addition, the assessment identified one area where **existing risk management and planned measures are adequate** and do not require additional recommendations:

- **Environmental performance - TSF and water management:** Barrick has assessed the situation in detail and is implementing a water risk management plan which, with on ongoing implementation, is likely to effectively address water management and pollution risks.

Barrick, as per the press release issued by the company on 20th October 2019⁷, have reached an agreement to settle all disputes between the GoT and the mining companies formerly operated by Acacia but now managed by

⁷ <https://www.barrick.com/English/news/news-details/2019/The-Launch-of-Twiga-Minerals-Heralds-Partnership-Between-Tanzanian-Government-and-Barrick-/default.aspx>

Barrick. The terms of the agreement include the payment of \$300 million to settle all outstanding tax and other disputes; the lifting of the concentrate export ban; the sharing of future economic benefits from the mines on a 50/50 basis; and the establishment of a unique, Africa-focused international dispute resolution framework. .

As per the principles outlined in the OECD Due Diligence Guidance and the LBMA Responsible Gold Guidance, Synergy recommends that Barrick continues with its focus to improve the mitigation of and reporting on the above risk areas at NMGM (following the key concept of “progressive improvement”). Barrick should develop a plan for measurable risk mitigation in consultation with MMTC-PAMP and other stakeholders.

Synergy recommends to MMTC-PAMP that it continues trading with NMGM while engaging with Barrick and reviews progress on the above-mentioned risk areas and related improvement plan by the end of 2020 and to reassess NMGM’s alignment to the principles outlined in the OECD Due Diligence Guidance and the LBMA Responsible Gold Guidance. Progress on these items should be regularly monitored and reviewed by MMTC-PAMP during 2020, along with the implementation and progress on the risk-specific recommendations identified in this report.



Lead Assessor:

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Assessment limitations

The assessment evidence is based on samples of the available information. There is an element of uncertainty in assessment, and those acting upon the assessment conclusions should be aware of this uncertainty (ISO 19011:2018). Any conclusions and recommendations contained in this report are made in good faith and based on the information available to the assessors at that time and the limits of the time available to conduct the site assessments. In some cases, it is only possible to determine, if any, evidence of non-compliance, rather than ascertain compliance.

About Synergy Global Consulting

Over two decades, Synergy Global Consulting has been helping companies, governments, donors, civil society and community-based organisations enhance the social impacts of large-scale and artisanal mining in complex environments. Synergy has helped assess and manage the human rights risks and the impacts of mining operations including land and resettlement, indigenous peoples, employment, migration, and conflict. Today, we apply our long-standing expertise in social performance in the mining sector to drive responsible change along global mineral supply chains. Building on an unrivalled experience of over 200 upstream due diligence audits and assessments conducted around the world according to international standards, we are committed to applying our expertise in mineral supply chain risk assessment to provide sustainable solutions for improved supply chain risk management and due diligence practices. As a trusted partner in responsible mineral supply chains, Synergy designs and conducts independent third-party audits aligned with international standards and industry best practice, such as ISO standards and IFC Performance Standards. Our supply chain due diligence assessments and audits evaluate whether upstream companies involved in the production and trade of mineral commodities have the necessary management systems in place to follow international guidelines and standards, such as the OECD Due Diligence Guidance, London Bullion Market Association (LBMA) guidance, and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains. Our approach to audits is externally oriented: as well as assessment of internal systems, we also rely on site observations, and understanding complex local contexts. We engage local stakeholders to make sure that social performance challenges can be effectively identified.