

December 6, 2012

Dear Sir/Madam:

We are writing to share the results of a recent perception study, and to express our sincere thanks for your open and honest participation.

As you know, we commissioned the Centre for Social Responsibility in Mining (CSRMI) and CCPM Grupo Consultor to conduct a series of interviews with stakeholders to better understand your perspectives and needs. We have conducted similar studies in the past, but our success in applying what we learned has been limited.

As Newmont's new leadership team in Peru, we are committed to taking a fresh approach to listening to our stakeholders and rebuilding our relationships in the region as a top priority. We wanted to underscore this commitment by sharing the results of this listening study as one of our first actions.

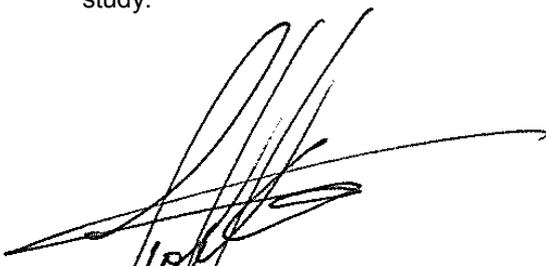
We are not proud of the current state of our relationship with the people of Cajamarca. We want to take this opportunity to acknowledge the mistakes we have made in how we have conducted ourselves and conducted business. Most importantly, we apologize for the distress we have caused and for failing to earn your trust.

We cannot forget or ignore what has happened in the past, but we want to remember for a purpose: that purpose is to do a better job of listening to and addressing your concerns, and to engaging you in how we operate our mines, protect the environment and create shared value for the people of Cajamarca.

We remain committed to doing business in Peru, and ultimately, we want the region and the company to realize the full value of extracting gold in a safe and responsible manner. But in order to do that, we understand that we need to regain the trust and support of our host communities.

To support this goal, we are relocating the Yanacocha corporate office from Lima to Cajamarca so that our management team is closer to the center of our business. Although we have only been in office a few weeks, we have begun to develop a strategy to address the issues identified in the listening study which we will present to you and other stakeholders in January. We want to get your feedback before it is finalized to make sure we are on the right track. That strategy will include more frequent public meetings where we will share information, but spend most of our time listening to what community members have to say. Finally, we will create an advisory board of community and company leaders to guide our efforts going forward.

Above all else, we are committed to listening and learning as we work to rebuild relationships and trust with the people of Cajamarca. Thank you again for your courage and honesty in participating in this study.



Todd White
Regional Senior Vice-President
Minera Yanacocha, S.R.L.



Javier Velarde
General Manager and Corporate Affairs
Minera Yanacocha, S.R.L.

SMI **CSRM**

Centre for Social
Responsibility in Mining

Listening to the city of Cajamarca

A study commissioned by
Minera Yanacocha

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THE UNIVERSITY
OF QUEENSLAND
AUSTRALIA

Centre for Social Responsibility in Mining
Sustainable Minerals Institute
The University of Queensland, Australia
csrm@smi.uq.edu.au
www.csr.uq.edu.au

The Centre for Social Responsibility in Mining (CSR) is a leading research centre, committed to improving the social performance of the resources industry globally.

We are part of the Sustainable Minerals Institute (SMI) at the University of Queensland, one of Australia's premier universities. SMI has a long track record of working to understand and apply the principles of sustainable development within the global resources industry.

At CSR, our focus is on the social, economic and political challenges that occur when change is brought about by resource extraction and development. We work with companies, communities and governments in mining regions all over the world to improve social performance and deliver better outcomes for companies and communities. Since 2001, we have contributed to industry change through our research, teaching and consulting.



The members of CCPM have more than ten years' experience providing successful consultancy services to mining, oil, energy and transport companies concerning the design of strategies for a social and environmentally responsible performance, linked to their commercial objectives.

We believe that the efficiency, competitiveness and sustainability of an investment project will depend on the capacity to conceive the management of social issues not as a requirement, but as a key factor of the business strategy.

We have a comprehensive understanding of the social issues that emerge over the different stages of a project's life cycle and we adapt this experience to the specific case of each business. We aim to innovate and offer alternatives that contribute to the social and sustainable development of countries.

Authors

Dr Deanna Kemp, Deputy Director, CSRM (Project Leader)

Dr John Owen, Senior Research Fellow, CSRM

Mr Miguel Cervantes, Executive Director, CCPM Grupo Consultor

Ms Diana Arbelaez-Ruiz, Research Manager, CSRM

Mr Jaime Benavides Rueda, Researcher, CCPM Grupo Consultor

Project support

Mr Arnaud Michaux, Business Support Manager, CCPM Grupo Consultor

Acknowledgements

The project team gratefully acknowledges the contribution of the participants who shared their personal stories and knowledge about the situation in Cajamarca. As researchers we were confronted by the complexity of the situation in Cajamarca, but inspired by the willingness of the people we spoke with to engage in discussion about the issues and challenges they face. We also gratefully acknowledge the support provided by the local logistics team, and our translators. The team also recognises those people from within the company who commissioned this study and kept their commitment to enabling the release of the research findings to participants. We hope that this report will stimulate constructive dialogue between Yanacocha and the people of Cajamarca.

A note for readers of this report:

This report is the result of a ‘perceptions study’ based on interviewee opinions, views and experiences. The report is neither a performance assessment nor an audit. In contrast to a perceptions study, audits and assessments focus on ‘testing’ company systems and procedures, and validating that plans are being implemented. This was not the approach taken in this study. The researchers did not evaluate the status or effectiveness of community engagement and social development programs that Yanacocha has planned or that are currently underway. The research team were commissioned to listen to interviewees, focus on what people said, and capture their views in a concise report. When Yanacocha invited CSRSM to undertake the study, there was some internal recognition that the company had not been listening well to the community, in particular to people from Cajamarca city. The release of this report is an initial step towards remedying that gap.

Company feedback

The research team has engaged with company representatives from Yanacocha and Newmont to help ensure that the information presented in this report is understood internally (without breaching confidentiality commitments). The team discussed the findings with company representatives from Cajamarca, Lima and Denver, including representatives from the Executive Leadership Team. There are many people within the company who have engaged with the study and who appear committed to improving Yanacocha’s ability to listen and respond. This process of internal communication resulted in a slight delay in the distribution of the draft document to interviewees for their comment and feedback; however, we hope it has enhanced the potential for a more open dialogue about the issues raised in the report.

Feedback from interviewees

As part of the agreed process, in December 2012 the research team shared the draft report with interviewees to seek feedback on the content and the research process itself. Study team members from CCPM Grupo Consultor travelled to Cajamarca that month to meet with interviewees who were interested and/or available. They also met with a number of Lima-based interviewees. Comments were also received via email and phone.

This final version of the report reflects some adjustments to the original draft. Changes were made where feedback fell within the scope of research, particularly to correct errors or to improve readability. Overall, feedback on the report was that it was an adequate reflection of community sentiment at the time. Some interviewees suggested that the report was “too strong” where others said that it was “not strong enough”. Rather than adjust the report, we note here that the report reflects our interpretation of the interview data that we collected in August 2012. We acknowledge that there is a range of opinion on the Conga situation and the relationships and dynamics at play. We also note there that since the study was undertaken, there have been a number of major developments that have not been documented in the report.

Aside from content, interviewee feedback reflected a perceived need for ongoing work to better understand the issues discussed in the report, at a deeper level than was undertaken by the CSRSM team. Above all, many interviewees re-iterated their desire to continue to engage in dialogue about the situation.

Research overview

This report presents the findings of a rapid stakeholder perceptions study conducted for Minera Yanacocha (“Yanacocha”) in mid-late August 2012. The urban area of Cajamarca has not been the primary focus of Yanacocha’s community engagement and social development activities to date as the company has been more focused on near-mine communities in its ‘area of influence’. Therefore, the focus of this research was on the urban area of Cajamarca city.¹

The study was led by the Centre for Social Responsibility in Mining (CSR/M) from The University of Queensland, in Australia in collaboration with CCPM Grupo Consultor from Peru. The objectives of the perceptions study were to:

- understand community perspectives, experiences, stories and views about company-community relationship dynamics – both historic and contemporary
- explore the dynamics that have led to entrenched relationship tensions and conflict with Yanacocha
- highlight potential strategies for ‘re-connecting’ with stakeholders in Cajamarca city.

The research team spent two weeks in-country and spoke to approximately 60 people in Cajamarca and Lima. Study participants in Cajamarca included local community members, representatives from local authorities, institutions, and civil society organisations, in addition to personnel from Yanacocha.² Participants were recruited using diversity criteria agreed to by the company. More than half the external interviewees were from the Cajamarca region, with the majority residing in the city of Cajamarca.³

The company is confident that the majority of the 32 communities in its ‘area of influence’ are supportive of the Conga Project. The study team interviewed only a few individuals from these communities, all of whom travelled to the city in order to participate in the study.⁴ While the research team had positive responses to most requests for interview, two local institutions declined to participate in the study on the grounds that the scope was limited to the urban area, the sample was too small, and that the study was funded by Newmont which made it, in their view, vulnerable to manipulation by the company.

The explicit focus of this research was to document the attitudes and perceptions relating to the situation in Cajamarca pertaining to the ‘crisis’, and Yanacocha’s relationship with the urban

¹ The Yanacocha Mine and the Conga project are both located in the Cajamarca Region. Yanacocha is located 10 km from the City of Cajamarca. The Conga project is 24km north east of the Yanacocha mine, 73 km north east of the City of Cajamarca and 585 km from Lima. The City of Cajamarca is not the closest urban centre to the Conga project’s footprint area. Conga straddles the Sorochuco and Huasmin districts of the Celendin province (also part of the Cajamarca Region) and the district of La Encañada in the Cajamarca province. (Note: a district is the equivalent of a municipality, provinces group various districts, with provinces grouped into regions.)

² A range of departments were engaged in the research, including Environment and Social Responsibility, Government and Institutional Affairs, Legal, Operations, Project Management, in addition to the ALAC Foundation. Interviews were conducted in Yanacocha’s Cajamarca and Lima offices.

³ The research team recognises that, as with many places in Peru, urban and rural areas are closely linked. Many rural people have a presence in the city and many city people have links to rural areas. Nevertheless, this study was configured as an ‘urban study’.

⁴ The State of Emergency and security concerns constrained the research team’s ability to travel to rural areas.

community of Cajamarca city. The task was not to provide a complete historical analysis of the social conditions leading up to or driving the conflict. However, given the overall complexity of the situation, it is not possible to understand the current state of relationships without the benefit of this history. In order to situate interview responses, the research team approached narratives and events historically; that is, rather than just focusing on the 'here and now', the research team engaged participants to understand how current relationships and perceptions have been shaped by past events and the long-term presence of Yanacocha in the community. In order to ensure that the research context was accounted for during interviews, the research team were attuned to the following:

- (i) forces of social change brought about by mining that interviewees experienced and/or described during interviews
- (ii) interviewee references to key events or 'pivot points' that people understood as influencing the current mine-community relationship.

When explaining the significant forces of social change in Cajamarca, participants noted the following factors as being of most immediate contextual relevance to the study:

- displacement of, and social transformation from, a largely agrarian social order
- large scale land acquisition and land alienation
- emergence and sustained presence of a large-scale, foreign-controlled, transnational mining company in a historically remote and under-serviced region of the country
- rapid decline of a rural subsistence economy and the impact of an increasingly dominant urbanised cash-based economy
- influx of migrant labour to the region
- introduction of a labouring 'mining class' in Cajamarca city
- continued high levels of poverty.⁵

The key historical events or 'pivot points' that were prominent in discussions with interviewees, included – the Choropampa mercury spill in 2000, the Cerro Quilish protests, which were resolved in 2004, and the Combayo incident, which occurred in 2006. These issues and incidents were frequently cited as defining features of company-community relations. While much of the history is focused on the relationship between the company and the community, it is also acknowledged that the company is not the only actor in this space. More recently, for example, the role of the State and decisions taken by the current President, Ollanta Humala, feature prominently in participant

⁵ Cajamarca is one of the poorest regions in Peru. With Apurímac and Huánuco, the Cajamarca region records the highest incidence of extreme poverty in the country, estimated at between 20 and 24 per cent (INEI 2012. Informe Técnico: Evaluación de la pobreza 2007-2011, available at: http://www.inei.gob.pe/DocumentosPublicos/Pobreza_InformeTecnico.pdf). Based on the National Household Survey, INEI indicates that in 2011 more than half of Cajamarca's population lived below the poverty line. Likewise, in 2011 approximately 64 per cent of households were connected to municipal water supplies and 69 per cent had access to electricity (see <http://www.inei.gob.pe/>). Infant and child mortality rates in Cajamarca also sit above the national averages. This overall profile results from complex historic and contemporary causes, but is often attributed to lack of access to services and infrastructure, the remote location of communities, land ownership regimes and the nature of the rural economy.

understandings of the Conga situation, as does the tension between national President Humala and the regional President in Cajamarca, Gregorio Santos. The activities of regional NGOs and community leaders have also featured significantly in the recording and playing out of events. Moreover, the potential for future mining development including projects by Anglo American, Lumina, Rio Tinto and others, all have an impact on this landscape.

Key points of interest from the 18 months directly preceding the study that were discussed by interviewees include:

- full approval of the EIA under the previous national government
- prior support of the Conga project from regional government
- changed position of President Humala from 'Conga no va' to 'Conga va'
- failed dialogue tables, demonstrations and community protests
- appointment of an Independent Expert Review panel, the release of its findings and the debates that followed
- States of Emergency and the impact of the police presence in Cajamarca
- police shootings of protesters in Bambamarca and Celendin
- assertion by Regional President Santos that the only way for Cajamarca to recover social peace is to stop the Conga project.⁶

There are several reports and studies that have examined Yanacocha's legacy in Cajamarca region over the past 20 years. These range from company-commissioned studies about urban and rural enterprises, community relations, security and incident investigations, through to International Finance Corporation (IFC) reviews of complaints and incidents.⁷ There has also been significant scholarly work undertaken that relates to mining in the region, and the Yanacocha operation in particular.⁸ The research team was not commissioned to undertake a systematic review or analysis of these sources, but notes that many of the issues raised in this report featured in previous studies.

Consideration of the major social forces and landmark historical events requires close and careful analysis of the causes and consequences of concurrent events happening at different levels, over a broad range of issues, involving multiple actors. A comprehensive analysis of factors as diverse as these also sits outside of the scope of this research. However, a separate account of the company's own behaviour during this history is integral to understanding the situation that the company and the surrounding communities now find themselves in. While there are many factors that relate to the current situation, one of these is Yanacocha's own history and the difficulties that it has experienced in fully integrating social responsibility into everyday practice. Yanacocha's behaviour

⁶ A State of Emergency was declared in early July 2012 for 30 days, covering the provinces of Cajamarca, Celendin and Hualgayoc. It was extended in August 2012. See: <http://www.peruviantimes.com/05/state-of-emergency-in-cajamarca-follows-four-deaths-in-mine-protests/16170/>

⁷ These include Elizalde et al.'s 2009. *Community Relationships Review* report for Yanacocha, available at http://www.beyondthemine.com/2011/community_relationships/performance/community_relationships_review; the IFC's *Compliance Advisory Ombudsman review of the Dialogue Table of Cajamarca*. See: http://www.cao-ombudsman.org/cases/documentlinks/documents/MESA_Evaluation_Report_Final_English.pdf;

⁸ For example: Bury, J., 2002. *The Political Ecology of Transnational Mining Corporations and Livelihood Transformation in Cajamarca Peru*. PhD Dissertation, Geography, University of Colorado at Boulder; Bebbington, A., Humphreys Bebbington, D., Bury, J., Langan, J., Muñoz, J. P. & Scurrah, M. 2008. *Mining and Social Movements: Struggles Over Livelihood and Rural Territorial Development in the Andes*. World Development, 36, 2888-2905.

has influenced the trajectory of the situation and will continue to influence the future of *Cajamarquinos* and others within the region.

Deliverables

A rapid summary report was provided to the company immediately following the fieldwork phase of the study. This report elaborates on that document and provides a descriptive analysis of the data, including supporting quotes and passages from the interview transcripts. It has three objectives, which are to:

1. state plainly interviewees' understanding of the company-community relationships, and perspectives on the current situation in Cajamarca
2. highlight patterns of corporate behaviour relevant to company-community relationships and the current situation, as described by interviewees
3. provide a basis for identifying future engagement strategies.

As a relationship analysis, this report does not provide a full account of the Conga conflict or the multiplicity of factors that have contributed to this. Rather, the focus is on the relationship between Yanacocha's operations, the Conga project and the people of Cajamarca city. A conflict analysis of the situation associated with Conga would require a different scope, methodology, sample and mode of analysis to what has been applied here. A study team would need to consider a very different set of relationship dynamics than have been examined in this instance. Notwithstanding this difference, many of the relationships in this context are characterised by conflict and therefore, perspectives on the current situation have surfaced.

Methodology

As a community listening study, the research sought to engage people from Cajamarca city on the nature of community-company relationships. This report is based on perception data collected during interviews. Additional sources were consulted only to confirm and clarify general themes and context, not to audit or assess company programs or corporate performance against issues raised. While the quotes provided in the report are indicative of individual perceptions and generally consistent with the perspective of many interviewees, claims were not substantiated.

In preparing for the research, the research team completed a rapid desktop study by reviewing reports about Yanacocha's activities in Peru, academic studies and popular media, and familiarised themselves with the political context in Peru, including in relation to the Conga project. The researchers then developed a layered questionnaire, reflecting the scope of the study. Interviews were conducted through direct conversations with research participants, assisted by simultaneous English-Spanish translation where necessary. Questions focused on understanding collective and/or institutional viewpoints in addition to personal perceptions and experiences. The research design was peer-reviewed internally by the University and ethical clearance was granted to conduct the research. Interviews were audio recorded, with consent first sought from participants. In all cases, interview data remains confidential and accessible only to members of the research team. In total, the team collected more than 120 hours of discussion, with interviews ranging from one to four hours in length.

On each day of the research, the team met to de-brief and identify knowledge gaps, consistent patterns or potential inconsistencies in the data. Inconsistencies were fed back into the interview process to gain further clarification. Notwithstanding that additional analysis would add value to the findings presented here, the research team has a high degree of confidence in the findings presented below.

The Conga situation – brief political context

CSRSM's research was conducted during a period of intense socio-political tension related to the approval of the Conga project. These tensions had been building before the study commenced. During the latter part of 2011, antagonism between the regional and national government had grown. The regional government and other local leaders opposed the Conga project, largely on environmental grounds, and mobilised local community participation in a series of public protests. Yanacocha disagreed that there were significant environmental issues and contested the claim that there was a lack of support in the project's area of influence. It also became evident that the national government had not consolidated its position on the project – the Environment Minister for example called for improvements to the company's environmental impact assessment (EIA), while the Minister for Energy and Mining declared that the project was essentially 'environmentally sound'.⁹ At the same time President Humala shifted his position on mining, from 'water over gold' prior his election, to a pro-mining position once in government. The cumulative effect of this shift at the national level, antagonism between the national and regional governments and Yanacocha's communication strategy aggravated local-level discontent.

In this context, a general strike was called by the regional government and other protest leaders in November 2011. Roadblocks prevented access to the city of Cajamarca for 11 days resulting in shortages of fuel and food. Five days into the strike, and following a request by the national government, Yanacocha issued a press release stating that it had suspended construction of the Conga project to 'restore social peace'.¹⁰ The general strike continued until the national government declared a State of Emergency. With the State of Emergency in effect, the government then announced that it would appoint a panel of independent, international experts to review Conga's EIA, which had been approved in 2010 under a previous government. In April 2012, the panel of experts announced that Conga's EIA met all the technical requirements for its approval. However, it recommended additional conditions to better manage the project's impacts on water systems.¹¹ In June 2012, President Humala called on Yanacocha to abide by the panel's recommendations and imposed additional conditions relating to Conga's social contribution to the Cajamarca Region. The company publicly committed to follow the independent panel's recommendations and announced

⁹A report on Conga's EIS produced by the Environment Ministry exposed disagreement with the Energy and Mines Ministry. <http://elcomercio.pe/politica/1339464/noticia-informe-ministerio-ambiente-pidemayor-evaluacion-proyecto-conga>; <http://elcomercio.pe/politica/1340369/noticia-ministro-giesecke-afirmo-que-informe-sobre-conga-les-permite-negociar>

¹⁰As stated in Minera Yanacocha's press release: <http://www.yanacocha.com.pe/sala-de-prensa/ultimas-noticias/comunicado-6/>

¹¹The International Expert Review of Conga's EIA, published on 17 April 2012 by Rafael Fernández Rubio, Luis López García and José Martins Carvalho, concluded that the EIA was 'technically sound' but recommended a number of improvements to reduce Conga's impacts on water systems. Recommendations included an increase in reservoir capacity, improvements to the management of acid water, and avoiding the use of the drained Azul and Chica lagoon areas for waste rock disposal. See: <http://elcomercio.e3.pe/66/doc/0/0/4/6/5/465697.pdf>

that the construction of Conga would continue only if it could be done in a safe, socially and environmentally responsible manner, prioritising the development of water infrastructure.¹²

President Humala later announced that the project would proceed and met with 65 local mayors to discuss regional development. These discussions did not involve the regional government. Clashes between protesters and police subsequently erupted in the urban areas of Celendin and Bambamarca, leading to the fatal shooting of five protestors in early July 2012.¹³ In response, President Humala initiated a dialogue process facilitated by two religious leaders in Peru and declared a second State of Emergency.^{14,15} It was during this second State of Emergency in August 2012 that the CSR interviews took place.

Clearly, the current socio-political dynamic surrounding the future closure of Yanacocha and the development of the Conga project is both volatile and complex. The relationship dynamics are highly complicated, with many contrasting and sometimes contradictory layers and dimensions. This report does not attempt to characterise, in any substantial way, the current context or its history.

Key findings and supporting information

The following is designed to provide feedback to Yanacocha on the main themes and issues identified during interviews. Each point consists of a single high-level finding with supporting information. The findings have been presented plainly and without favour to the company. Whatever the basis of these perspectives might be, there is no doubt that many people in Cajamarca city feel they have been deeply affected, often adversely, by the presence and behaviour of the company.

Finding No. 1: From the standpoint of the interviewees, the company's entry, presence and interaction with the people of Cajamarca city has contributed economic inequalities and a profound negative emotional legacy.

In a short period of time, the research team collected stories, narratives and accounts of exclusion and exploitation by the company. These accounts come from a broad cross-section of interviewees, often verified by company employees and were greater in number and intensity than the research team expected. We have sequenced the data from respondents around four prominent themes:

- Yanacocha's entry to Cajamarca
- social harm and exclusion
- accumulated resentment
- feelings of being 'trapped' in conflict.

¹² http://www.newmont.com/sites/default/files/u87/Yanacocha%20Conga%206_22_12%20Final.pdf

¹³ Confrontations with police in early July 2012 during protests over Conga resulted in the death of 4 civilians from Celendin and one from Bambamarca. See: <http://elcomercio.pe/actualidad/1437254/noticia-cuarto-civil-fallecido-dejaron-enfrentamientos-cajamarca>; <http://elcomercio.pe/actualidad/1436768/noticia-cajamarca-manifestantes-anti-conga-se-enfrentaron-policias>; <http://elcomercio.pe/actualidad/1437526/noticia-protestas-antimineras-cajamarca-sumaron-quinto-fallecido-dos-dias>.

¹⁴ <http://elcomercio.pe/actualidad/1438014/noticia-ollanta-humala-ejecutivo-ha-propuesto-monsenor-cabrejos-como-mediador-cajamarca>

¹⁵ A State of Emergency was declared in early July 2012 for 30 days, covering the provinces of Cajamarca, Celendin and Hualgayoc. It was extended in August 2012. See: <http://www.peruviantimes.com/05/state-of-emergency-in-cajamarca-follows-four-deaths-in-mine-protests/16170/>

While it was two decades ago, for many people the 'relationship story' requires a return to when Yanacocha first arrived. At that time, Peru was in the midst of internal political conflict marked by violence. One external interviewee from Cajamarca explained that: *"When Yanacocha arrived, Peru was going through violence and terrorism – we had an internal war. Cajamarca was not centre stage in this, but Yanacocha came in as if the context had terrorist threats in it. Managers were guarded by private security when they went around to places. Our first image was that of armed foreigners"*. Several interviewees indicated that the violence was not as prevalent in Cajamarca as elsewhere and that the company had simply assumed this, rather than understanding the nuances of the local area. Interviewees also explained that when the company arrived, Yanacocha was planned as an eight year project, and has since expanded incrementally over twenty years. Local people understand that the company's original approach was to focus on relationships in rural communities around the mine and otherwise to maintain a low profile. The key point that people seemed to want to make here was that: *"The situation we see today is a consequence of history"*. Historical explanations included far more than a description of the company's activities. Many interviewees spent time explaining, often quite carefully, the history of Cajamarca, its people and its politics. These explanations typically served to highlight a strong belief about the company's lack of will or ability to understand and adapt to the local context and appreciate the changes that it was creating through its presence and actions.

People frequently expressed feelings of being excluded or harmed by the company across a range of dimensions. One participant reflected: *"The saddest thing is that people have been hurt and killed"*. While the recent shootings in Celendin and Bambamarca were prominent in the minds of many local interviewees, people also talked about being *"pushed to the periphery"* to make way for the mine. There were stories of families feeling like they were forced to move out of town because the company bought up land, or because they could no longer afford to live close to the city because of local inflation following the emergence of the new mining economy. One external participant explained: *"When the mine arrived, people were pushed out, where the roads were no good, and they were far from supplies. People had to spend more on transportation to live their lives"*. People also spoke of being pushed out of everyday spaces, such as restaurants, banks and salons by Yanacocha employees and their families. Some said their standard of living dropped, which created a very negative feeling. Others explained: *"More people came to the city, but public services did not improve – all that has added up to a huge sense of resentment"*. Many people felt that they had been excluded from economic opportunities, such as employment or business opportunities. Representing this view, one interviewee said: *"There is deep resentment about employment. There has never been a good strategy for local employment here"*.

Interviewee perceptions about the company's attitude were multi-dimensional. The most common term used by participants when describing the company's attitude was *"arrogant"*. Some statements were general, along the lines of: *"The company has an attitude that is arrogant and the employees are 'stuck up'"*. Others focused on specific issues, such as the company: *"treating our city like a mining camp. This has not changed in 20 years. It's the same now as it was then"*. A number of *Cajamarquinos* said they felt that managers and their wives did not want to *"mix it"* with locals and preferred to take their families to Lima on the weekends to *"get away"*. A more specific example of the company's attitude towards local people was provided in relation to the lakes that are central to debate about the Conga project and the current crisis. A local participant explained that company representatives had referred to the lakes not as lagunas but *"lagunitas"*, which, through the use of a Spanish diminutive denotes an intention to reduce the importance of the lagoons. It was explained

that this undermined the value the community places on the lakes as a significant *“source of life”* and highlighted the insensitive way the company engages with people over issues of local importance, such as water.

Several interviewees explained that while these issues may not appear significant on their own, it was the accumulated nature of negative interactions in everyday life that had resulted in local people feeling that they had been *“used and disregarded”* by the company. One external interviewee from Cajamarca said: *“It’s the little details that have created the larger problem”*. There was a recognition that the company had tried, at different points, to address some of the issues described above. However, the prevailing view was that change had not been successful. Representing this view one interviewee explained: *“They have tried to change, but it has been ‘light’ change, not deep change. People are still wounded”*. Several company interviewees mentioned that Yanacocha had established an Internal Social Responsibility unit to begin to address issues of arrogance and to embed values which are more consistent with the company’s code of ethics. This initiative was not mentioned by interviewees external to the company. Largely, the company is said to have not apologised to the community for known impacts. Another local participant said: *“The company never apologises to the community. There has been no recognition, no acknowledgement”*.

In a context characterised by endemic poverty, several local people said that they feel *“trapped”* in an ongoing *“dilemma”* between pro and anti-mining agendas. Increasingly, people feel forced to choose between poverty or development and the impact of what they perceive as social and environmental *“contamination”*. Several interviewees described a condition of *“people feeling ‘stuck’”*. *On the one hand they believe that the mine contaminates, but they still want a job”*. A number of individuals said that for taking a pro-mining stance, they have been targeted by people they refer to as *“radicals”*. Even some who are neutral about the project have become the subject of harassment by anti-mining groups. One external interviewee from Cajamarca said: *“We have suffered threats and attacks. Despite the State of Emergency, violence continues against us”*. Several participants with links to rural areas said they are afraid to say *“Conga Va”* [Conga goes], because people have been attacked for supporting the project. The following quote provides a sense of this perspective: *“In some rural communities, there is a sense of terror. If you are not anti-mining, you have sold yourself to the mine. There is no neutral ground anymore”*. Another interviewee said: *“We feel we are in the middle of a war, where both sides demand active involvement from us”*.

The research team met with several individuals who were largely supportive of the Conga project on the basis that it would deliver long-awaited opportunities for social development. Notwithstanding that they were supportive; many also expressed a strong sense of grievance for the way they have been treated by Yanacocha over a prolonged period of time. Yanacocha’s reputation with the community was considered to be so poor that many external interviewees suggested a complete *“change of face”* to the extent that several interviewees said: *“People have reached their limits with this company”*. Others said that the company could change its face by changing senior people associated with legacies of the past. For many, a change in corporate management and leadership was stated as a necessary pre-condition for addressing relationship issues, including those that relate to the Conga situation. This group included those who were otherwise supporters of the project or broadly ‘pro-mining’.

Land Acquisition Issues

One area that requires immediate attention is the process of land acquisition and management in relation to Yanacocha, but including Conga.

The issue of land acquisition was a prominent theme in the research. Technical decisions relating to processing and discoveries from near mine exploration at Yanacocha have led to an incremental approach to land acquisition by the company. This approach does not appear to recognise that since the company first started purchasing land, individuals and families have had to find alternative locations in which to resettle and that Yanacocha had not until relatively recently developed a land acquisition and resettlement planning framework to manage this risk. The narrative below describes some of the more pressing issues associated with this approach as it has been applied in recent times to the Conga project.¹⁶

When ex-landowners described their relationship with Yanacocha there was a strong sense of disappointment about the way the agreements have been managed by the company. Landowners interviewed by the research team indicated that when negotiating agreements for the acquisition of land, the company often made quite generous offers which were not documented. Some claimed that these ‘agreements’ were sometimes dismissed by the company after the sale and transfer of title were completed. As one interview participant noted: *“Before the sale, they offered to give me a job, but after they got our land they didn’t honour this agreement. They just forgot. This is why people are upset. The company doesn’t honour its promises, they create conflict”*.

For some rural landowning households who support the development of the Conga project, this has come at a personal cost to them and their families. Given the high-level of contestation and opposition to the project in some quarters of the community, some families who sell land to the company do so at the risk of retribution and personal harm. One participant stated that once they sold their land others from the village said: *“You are guilty because you have sold the land. You are helping this project to go ahead. Now they have hate for us”*. This participant explained that they were no longer safe in their community and because of the remoteness of their village they were not in a position to call for help if attacked or assaulted. The interviewer asked the research participant whether they had talked to a company representative about their situation. On their account, they: *“spoke to the engineer who acquired the land, but as he now has our land, he doesn’t pay attention to us, other than to say – take care and be careful”*. The situation as described by this participant is extremely tenuous and on more than one occasion he has had to *“run in to the hills [with his family] in order to escape”*.

Commenting on a recent incident in Bambamarca, a local participant described a situation whereby an individual sold land to the company against the expressed wishes of local leadership. The replacement land purchased by that individual was then confiscated by the local *ronda* as a kind of punishment for assisting the company. The owners were then dismissed from the land, which was declared a community cemetery. Details of this story were confirmed internally during interviews with Yanacocha personnel.

¹⁶ In recent years Yanacocha has developed an Ex-landowner’s Program. This program has been developed and audited against World Bank standards for Resettlement and Land Acquisition. The research team has not undertaken a comprehensive review or evaluation of this program, and the program was not mentioned by participants external to the company, including ex-landowners.

Other accounts of land acquisition practices resulting in social risk were encountered by the research team. One example involved the company promising an ex-landowner a business contract if he purchased earth moving equipment using the proceeds from the sale of his land. The landowner secured a ten year loan from the bank to purchase the necessary equipment. After three years the contract with the company expired. This individual was then unable to finance the payments on his equipment, which was later repossessed by the bank. This individual is now landless and in debt to the bank. The company has taken no responsibility, to date. These types of stories were familiar to several Yanacocha employees and were confirmed during interviews.

Finding No. 2: Most interviewees perceived that Yanacocha suffers from an inability to listen effectively to the community.

The prevailing view among interviewees was that decision-makers within Newmont are simply unable to listen. One external interviewee said: *“The company has an inability to see, feel, understand or even listen”*. Another said: *“The company hasn’t known how to process and understand Cajamarca since the first moment [...] they don’t listen”*. Several participants said that they had been involved in similar studies on previous occasions: *“I have participated in four or five internal assessments like this from Newmont and Yanacocha. You wait for the result and a change in relationships with Cajamarca. Then things continue the same”*. This is clearly not the first time that issues like those canvassed in this report have been documented. There are several publicly available studies that have also highlighted similar issues.¹⁷ These studies have either been commissioned by the company or are readily available to it. A small number of internal interviewees said that the company had indeed taken note of findings and had attempted to address issues. Given this, more than one manager asked: *“Why haven’t we been able to learn lessons from the past?”* This failure to listen has, at a minimum, made the company more susceptible to community-level protest, and more likely, has exacerbated community-level conflict and violence.

There were accounts of field-based practitioners warning the company in advance about the risk associated with not listening to and engaging with local stakeholders in rural and urban areas. The gap was obvious to local stakeholders, one of whom observed: *“The company doesn’t communicate with Cajamarquinos. They only negotiate in Lima, with the State”*. Some field-level practitioners had warned the company about relying on campaign-style communication with stakeholder groups. Several interviewees indicated that field-based practitioners had suffered in the process, along with the community. One observer said: *“The fieldworkers are blamed for being incompetent. But we know them and some have done great work in the public sector, but when they go into a transnational like Yanacocha, their behaviour changes. This is due to organisational culture more than an individual’s own approach”*.¹⁸ The consequence of failing to listen is obvious both in terms of the level of disconnection between the company and community groups and the difficulty the company now faces in gaining community acceptance for Yanacocha’s presence more generally.

¹⁷ The 2005 Newmont Five Star report flagged serious breaches in land acquisition practice, lack of communication as a contributing factor to the Quilish protests and failure to communicate with the grassroots in Cajamarca.

¹⁸ This gap has been recognised. About one year ago, the company established an Internal Social Responsibility Section in an attempt to address organisational issues. The focus of this department is internal culture, working to improve company behaviour and practice.

Finding No. 3: Decisions and practice are seen as being driven by a short term, risk avoidance approach which has constrained the company and its ability to relate effectively in this context.

The company's approach to community and stakeholder engagement was often read – internally and externally – as avoidance of business risk. Risk avoidance is categorically different from risk minimization or risk mitigation. The approach of staying under the radar or keeping quiet – even about positive contributions – is increasingly considered by local people to be irresponsible, particularly in the immediate period leading into a crisis. While the research team did not collect verbatim quotes containing the exact words ‘risk avoidance’, the avoidance of risk was nonetheless a prominent theme. Terms like “lay low”, “remain silent” or “stay under the radar” were strong indicators of this tendency. For example, one participant said: “One of the company’s main sins has been to ‘lay low’ and be silent”. Another said: “The company does many activities. There are benefits, but they haven’t communicated that well. The negative is a lot more visible”.

There is an inconsistency in this approach because the company has at times actively taken decisions which indirectly expose it to greater risk. Community participants also believe the company is over-using third party actors and contractors to work on its behalf to manage its public risk. Several participants stated that the use of ‘third parties’ serves to distance the company from these ‘risks’. This was understood by internal and external participants as an intentional exercise by the company to distance itself from the trouble associated with difficult problems or relationships. In some instances this was viewed as being a less than optimum decision, which had the result of the company contracting out, and then later being associated with work that was done poorly. In other instances, the results of being perceived as influencing third parties were more serious.

The following extended excerpt details a perception held in the community about the company’s influence over the national government in the management of opposition in the current crisis. The participant described the following:

"The level of response of the police has been inappropriate for what they were trying to control. Almost everybody knows someone who’s been detained or beaten, in local media we have seen this, the public videos are on YouTube probably, the way police are dealing with protestors, and the level of response by the police. They don’t allow you to defend your rights, because you are taken to another region which is Chiclayo, 8 hours from Cajamarca. There is also the idea the police had orders coming from above, in order to inflict not just suffering but fear on the people who have been protesting”.

This quote aligns with perceptions of other interview participants whose impression was that the police were being transported in Yanacocha buses and a perception that police were acting on behalf of the company.

Finding No. 4: Interviewees identified a range of structural and systemic factors within the organisation, which have compromised Yanacocha's ability to build and maintain local-level relationships in key areas of activity.

STRUCTURE:

There are both internal and external perceptions that within the institutional structure of the company there is limited recognition of the importance of community relations or social development work. One interviewee stated plainly: *"The dynamic between 'social' and 'operational' sides of the business is a dynamic that is just not working"*. The matrix structure was described as being confusing for both staff and stakeholders. This structure was attributed to the creation of silos within the organisation. Another participant explained the structure as *"tri-dimensional reporting"* in which *"responsibilities are not well defined"*. As a direct result, it is unclear who makes decisions or who has ultimate responsibility for decisions relating to social responsibility. According to several respondents, Yanacocha's Social Responsibility Department has six or seven managers, which weakened decision-making processes. In describing how this process functioned in practice, one participant stated that the department *"needed seven green lights to go, but only one red to stop"*. The common view was that this makes accountability virtually impossible and the leadership void more obvious.

Due to these factors, it was explained that there are divisions and tensions between different sections of the business, which result in duplication, undermining and overall, a poor environment for coordination across departments. This was described internally as *"conflicting streams"* where different divisions operated on different motivations and principles. This was noted as having a limiting effect on co-ordination across community relations, government and institutional affairs, land acquisition, contractor management and social development. Without a coherent institutional base, it is difficult to build durable external relationships. In an environment in which personnel understand that the company is not well accepted, the absence of an institutional *"commitment to connect"* is problematic. There were some descriptions of good relational and social development work, however, these were described as pockets of good practice (within Conga in particular), rather than within Yanacocha more broadly.

SYSTEMS:

Organisational systems for decision-making do not appear to be informed by grounded data from the field. A consistent message was that community relations fieldworkers do not have significant input into the formulation of plans or strategies. There was a reported tendency within the organisation for senior decision-makers to overlook field-level perspectives, without always providing a rationale to those whose work is affected. Select examples include: (i) the decision to 'lay low' with direct relationships with stakeholders in the midst of an emerging crisis, (ii) to move some practitioners with deep relationships in one community to another where they did not have the same rapport, and (iii) a broader communications campaign that employed confrontational, technical and argument-driven methods to combat doubts about the project. On this last point, at the height of the crisis, field-based practitioners argued that the company needed *"permanent dialogue, not campaign communication"* in order to maintain local-level relationships. Nevertheless, the strategy of communication was not adjusted.

Overall, those people working in the field with communities, such as personnel from community relations, were perceived as being in a weak structural position with limited internal influence. Several managers surmised that there was a capacity issue within the organisation, at different levels, in handling social aspects. There did not appear to be a robust system for building the capacity of social responsibility practitioners, such as a discipline-specific induction that provides a detailed account of the social and historical context of the operation and surrounding communities, or a comprehensive program for professional development that engages the challenges described in this report. It was also suggested that professional development needs to be targeted towards other areas of the business. One external interviewee explained: *“Even the environment team has to be selected very carefully. This team has to be, aside from technically knowledgeable, capable to respect people and the zone where they are, if they prioritise production above all, there is a problem”*. The overall view was that the company did not adequately *“prepare”* its staff for relationship work.

SOCIAL ANALYSIS:

Interviews highlighted a lack of systematic analysis of the local context, social issues and impacts of Yanacocha’s decisions and actions beyond perceptions surveys and *“information grabbing”*. The research team observed that external interviewees emphasised and discussed history and context – of place, people, politics, culture and of the land and water. Other than for those in community-related positions, company representatives tended not to draw on this history in discussions about their relationship with the community. Their focus was the future. This lack of attention to community context and local history was a source of criticism from *Cajamarquinos*. One company representative agreed and said it was a *“mistake not to know the community, not to be aware of the environment, to study it carefully”*.

Based on interviews with internal staff, our observation is that many practitioners and managers intuitively draw on social science principles and practice, rather than also drawing on a solid base of professional and institutional knowledge. Interviewees explained that there are few people in senior positions able to drive a social agenda within the business. This was described as being the product of Newmont having limited social science capacity and *“a lack of push within the organisation around social aspects”*. The approach within Newmont was understood as being dominated by political, commercial and technical imperatives, largely driven by the Denver office. Several executives in Peru explained that as a low cost asset, Yanacocha has been put under more pressure than other operations in Newmont’s portfolio to increase production. These kinds of pressures and demands have influenced how Yanacocha has built relationships and where it invests attention.

Most participants described critical gaps in how the company forms relationships. Several interviewees referred to Yanacocha’s overall approach as a *“power strategy”*, not an engagement and relationship building strategy, which is a reflection on its approach to social analysis. One commentator said: *“community relations are not good [...] professionals working for Yanacocha are not prepared to build relationships”* and, as fundamental barrier: *“they do not know the reality of Cajamarca”*. Several interviewees suggested that this is symptomatic of a larger capacity issue within the global corporation regarding the need for more *“social scientists in senior positions within the company”* to offer a critical internal voice.

Finding No. 5: There are clear links between the “Conga Crisis” and Yanacocha’s legacy, which have not been defined or agreed internally.

While Conga is the focus of the current situation, many people believe that the company’s current challenges relate to Yanacocha and its legacy. One external interviewee from Cajamarca observed that: *“Yanacocha has been marked by problems and they have transferred those problems to Conga. We live with that legacy and now history is repeating itself”*. Another said: *“Conga may have tried to do things differently. But the legacy of Yanacocha is heavier than Conga’s innovation”*. Notwithstanding these perspectives, there is no internal agreement about the nature, size and character of the linkages between Yanacocha and Conga and how they relate to the current situation. There does not seem to be a coherent process for systematically analysing the causes and consequences of the conflict beyond a macro-political analysis. This political analysis largely positions the company as a ‘pawn’ in a broader game of political interests. Internally, national and regional politics are considered to be the driver of the current conflict. There are those who see the Conga situation as completely separate from Yanacocha.

Other interviewees maintain that because of the major structural changes brought upon the rural social order in the Cajamarca province, the population has experienced a continuous state of micro-conflict since the arrival of the mine, which has been exacerbated by the current situation. Reflecting this view, one local participant said: *“Since Yanacocha came, we have been living in a constant state of conflict”*. In this vein, one company representative argued that it was important to consider that Yanacocha is to Cajamarca what Conga will be to Celendin. They said: *“We forget to take that into account when we think about the linkages [between Yanacocha and Conga]”*. What seems to be missing from Yanacocha’s approach to conflict analysis is a consideration of how the changed socio-economic landscape, company behaviour, and the everyday micro-level interactions between the company and the people of Cajamarca city are related to the ‘big picture’. This pattern is symptomatic of what interviewees describe as an entrenched disregard for the social aspects of this project.

The lack of focus on social dimensions of the conflict has meant that relationships and community-level issues have not been prioritised in the company’s overall analysis. *Cajamarquinos* have not been a focus for the company. One senior company representative stated: *“The problem is not the city. The problem is the region”*. Up until the recent situation erupted, Cajamarca city had never been the focus of a planned or systematic bottom-up approach to community engagement, beyond government and institutional affairs. One external interviewee in Cajamarca said: *“In Celendin, there were ‘mining Fridays’. These sessions were interesting and informative. But there has been no space created like that for the city”*. Another reflected: *“There have been lost opportunities for providing information [in the city]. People have not been informed and misinformation has bred ignorance”*.

Finding No. 6: Development and social exclusion are significant factors in the conflict. However, it is evident from the interviews that the company has not been able to articulate a coherent development agenda, either internally or externally.

During interviews, company representatives were unable to point to or articulate a development agenda beyond: (i) land access payments, (ii) growing the number of employment opportunities and/or (iii) ad hoc development projects. Many external interviewees from Cajamarca said that the

company's approach was not linked to a broader vision of development. They explained the approach as having: *"No horizon [...] each project is autonomous. It might be integrated on paper, but not in reality"*. Another described the company's approach as a series of: *"individual agreements – each one fulfilling individual goals, each one efficient in its place. But, the group as a whole is inefficient"*. For many participants this failure to integrate development stems from a failure to establish a systematic understanding of the local context: *"In terms of social investment, their approach has collided into the peasant economy. They don't understand it – they have made no effort to understand it"*.

Conflict and development were considered by many *Cajamarquinos* as inextricably linked to the disconnection between the company and community: *"The conflict is not only social – it is also because of a lack of connected development activities"*. It is no small coincidence that the most remote communities from the Yanacocha mine are both the epicenter of the conflict and receive the least coverage in terms of engagement, development and benefits via the Canon. Several participants also shared concerns about the company's relationship with the regional government. Many said that the company should look to strengthen its relationships with regional authorities, no matter how difficult that might be. Some argued that without those relationships, the prospect of achieving local or regional development would be minimal.

Overall, the company's approach to development was perceived as driven by a need to secure short-term social acceptance and a social licence to operate. For example, projects undertaken by the Foundation (ALAC) were said to be largely driven by the need for positive corporate reputation, rather than being part of a shared development agenda. Several interviewees described the recently completed hospital in Cajamarca city as an example of a poorly targeted development project. Some said that the hospital had inadequate staffing and equipment and was inaccessible to people in the rural areas, some of whom may be better served by an outpost service. Many interviewees pointed to the company's investment in 'status projects'. One participant explained that after Quilish, Yanacocha sought to re-configure its approach to development through the establishment of ALAC. However, several said: *"the projects don't solve anything. They are displays of wealth. ALAC prefers big projects – projects they are not always able to finish"*.

There was a high level of scepticism about what was described as a *"social licence' approach to development"*. One participant claimed that: *"the company does not have a development agenda – it has a social license agenda. Once it gets access the transaction is complete and the relationship is over"*. The strongest statement provided on this issue was in reference to ALAC and Bambamarca, where one participant claimed that the company stopped funding development projects in that area *"because they became the enemy"*. Another participant from Cajamarca stated that: *"The governance of ALAC means that the company has too much influence. They have used it for leverage. They have undertaken projects to give them the advantage"*. Another participant thought that other actors have too much influence over the company: *"The social fund is used by authorities with the purpose of getting votes. Yanacocha just follows the authorities' agenda; there are not round tables. ALAC does not have grassroots representatives"*.

The company's approach to development was also seen as having a conditioning effect on the way the community approaches its communication and interaction with the company. One long-term external observer noted that: *"The company focuses on how road blockages affect jobs and business risk – nothing else"*. Another claimed that the company has established a habit of: *"satisfying short-term needs ... this has created bad habits in people – it has made them more dependent. It is*

company policy to give things to people. This has increased blockades because people see [the company] as a way to get what they want. The company has supported this dynamic with its actions". Several senior company representatives admitted that managing unrealistic expectations was very difficult, but there was little reflection that the company's approach to conflict and development may have exacerbated this. One external observer from Cajamarca felt that the company could have better targeted its development effort by focusing on 'process' rather than 'spend'. This would require the company to engage at the grass roots before deciding on how and what to spend social investment money on. One local interviewee said: *"the fund could do wonderful things. They don't even need that much money"*.

How development priorities were determined was a point of concern among participants. ALAC states that its development strategy is based on diminishing poverty in a way that is compatible with human development. However many interviewees felt that the approach was driven by experts and professionals from the top-down, often against what the local context required: *"They get in professionals, from outside, and they impose criteria. They ask about needs, they don't look to understand the context and the situation of the people"*. It was also claimed that the approach was not transparent, or equitable. ALAC describes its methodology as participatory, but as one local participant said: *"They say all their plans are participatory. But the question is: Who participates and who benefits?"* A recurrent theme expressed during interviews was that: *"Yanacocha distributes inequality, not development"*.

In terms of the current approach, an over-reliance on jobs as evidence of 'development' leaves the company vulnerable on several fronts. First, it is dependent on continued jobs growth and suffers when there are contractions in the workforce – as will occur under a closure scenario. Second, unemployment is viewed as a major cause of social exclusion. Interview participants noted the ongoing absence of training and education centres. The perception that the company *"continues to bring people from outside, even after 20 years"* is regarded as a significant factor in the erosion of the company-community relationship and the generation of conflict. It was noted that: *"They even bring food in from outside now. Guinea pigs, beef. They said we don't meet the quality standards. They bring in goods from Chile. People see that"*. Moreover, there was a strong perception among a number of local participants that the quality expectations have made them vulnerable to failure. Yanacocha's approach has been to: *"get rid of the problem by paying off contractor debts and then terminating the contract"*. Across the 20-year history of the company in the region, participants in this study were unable to identify a coherent strategy for supporting local suppliers or generating sustained local economic development.

Finding No. 7: Quilish is a present factor in relationship dynamics, and the current conflict.

Quilish is historically significant for Newmont and the people of Cajamarca. There was often a direct association made between the events surrounding Quilish and the shape of the current situation relating to Conga. During interviews, participants from both inside and outside the company, not only drew parallels, but suggested that: *"Like Conga, Quilish was a political issue where politicians and radicals took advantage of the mood of the people regarding water. The situation with Quilish was different, but the common denominator is a poor relationship with Yanacocha"*. Quilish was described by local people as being an important episode in the history of the company-community relationship and a significant factor in the current relationship: *"Anthropologically Quilish is a monument of the people of Cajamarca. Technically, hydrologists might say that there is no problem,*

but in the imagination of the people, Quilish should never be exploited". Others argued that water was not the key issue at Quilish, nor Conga. Commenting in this area, one local interviewee said: *"The riot of the Cajamarquinos is not against Conga – it is against the people of the company. It has more to do with the processes of the company, the way they purchase locally, the pride and arrogance of the managers who do not have a social commitment ... the water issue is a façade; it is a mask"*. Similarly, another said: *"Water has become our natural symbol of discontent"*.

For the company, Conga provides a potential pathway to Quilish, particularly if they can demonstrate that they have addressed legacy issues and environmental concerns. Some company representatives said Quilish was explicitly part of the company's strategy, whereas others only referred to it as a general part of *"future thinking"*. Externally, there is a common perception that the company is *"hedging its bets"* on Conga in order to maintain production and then secure Quilish. For the community, Quilish symbolises power that they hold over a company that they believe has behaved abusively. Preventing the development of Quilish is seen as a historical victory and is celebrated by many within the community – urban and rural. The strength of the resistance in 2004 was a lasting source of emotion and pride for some interviewees. There are sections within the community who see the Conga situation as *"the next front"* in this resistance. Reflecting a strong local sentiment, one interviewee said: *"Why not suspend Conga, if we suspended Quilish"*.

Interviewee perspectives on 'next steps'

This section describes some potential 'next steps' for relationship building between the company and community, as described by interviewees. Most suggestions relate to the city of Cajamarca however, there is also some reference to relationships with rural communities. It must be noted again that the scope of this research did not explicitly encompass rural communities, however many interviewees had links to rural areas. 'Next steps' in the Conga situation were playing out at the time of the research with an announcement by the Prime Minister that the project had entered a new phase of suspension, agreed to by the company. Some commentators and opposition groups say this spells the death of the project, whereas Yanacocha executives say they are continuing with plans on a measured basis, pending national and local-level support and only if it can be done in a safe, socially and environmentally responsible manner, with risk-adjusted returns that justify future investment.

Notwithstanding the project's uncertain trajectory, one of the first things that the company needs to agree internally is that there is – in fact – a disconnection between the company and people in Cajamarca. There are some within the company who argued that before the Conga conflict, the company's relationship with Cajamarca city was *"fine"*. In contrast, there is an alternative view within the company, including at senior levels that the company needs to address *"past mistakes"* and improve local-level relationships in Cajamarca. One manager went as far as to say that commissioning a study aimed at identifying points of 're-connection' with the city of Cajamarca was misdirected as it was his view that there is nothing to re-connect – i.e. the company is starting from ground zero. One internal interviewee said the company was not even starting from scratch, but was *"in the negative"*. One senior manager said: *"It is important to keep up the momentum for change"*.

As was noted earlier, several interviewees said nothing could be done about the company's relationship with Cajamarca because it was simply too late. One external interviewee stated firmly: *"Something is very broken here. Some things cannot be overcome. The project cannot move forward based on people's blood"*. The only possibility they saw was for the company to leave. Others say: *"The problem is not mining, it is Yanacocha. People say 'we won't stop until we expel Yanacocha'"*. Notwithstanding that some interviewees see no way forward, others made suggestions that are outlined below:

Initiate an organisational change process

Some interviewees are seeking clear signals of change from the company, including a complete *"change of face"*. Some indicated that this would mean Yanacocha walking away from Conga, while others described a change of face as key managers moving on and leaving the company. One said: *"There is a sensation that the staff members are always the same and that there is no change – it's the same faces. The faces need to change"*. Others emphasised that organisational-level change was necessary together with a *"complete re-engineering of the company's approach"*.

Provide an apology

For interviewees who see potential for change, one of the first things they suggested was that Newmont apologise for past mistakes. Some company representatives agree: *"I think we need to stand up and say sorry. There have been bad things happening – people have been killed ... there is such hatred towards the company"*. Others concurred: *"We need to admit weaknesses, and apologise"*, and *"We need to be prepared to lose the fear about people having a negative perception. It's already there"*. External interviewees cautioned that while apologising is important, serious change was needed: *"It is no longer about repenting, it is about changing. The company needs to change. They need to give people what they didn't give – some care"*.

Revise timelines

Recognising that the project is now 'officially' in a new phase of suspension, many interviewees said that a helpful step would have been for Newmont's Board of Directors to pro-actively announce a suspension until issues were resolved. Not everyone called for a full project suspension – some suggested an adjustment to timelines. Many interviewees felt that the company's drive to secure the project and meet production targets was too aggressive: *"The company should moderate its desperation to progress, they should learn to slow down"*. Certainly, one interviewee said that where the company had not invested time in relationships, others had gained a lot by doing so: *"Yanacocha didn't want to have an approach like the NGOs, who are longer term and let people understand and buy into things. Yanacocha didn't have time – they give things to get to where they want. They were very short-term oriented. There was no appreciation for NGOs that are process oriented"*.

Prioritise local-level relationships

Most interviewees felt that decision-makers should focus on building relationships not only with people in power and authority, but also with everyday people. Local-level and day-to-day relationships need to be prioritised, alongside relationships with elites in Lima. One common suggestion was that company executives should *"bajar al llano"*. This Spanish expression suggests that people in a higher social position should show humility and adapt to the realities of everyday people. While there was a clear emphasis on prioritising relationships with everyday people, the

company's relationships with different levels of government were also considered to be important in terms of establishing a broader vision for development. Almost all interviewees who offered suggested 'next steps' said that change would need to be slow and careful. On this point, one interviewee said: *"They need to start building bridges, one by one"*. Others emphasised the gravity of the challenge: *"There is a big problem here, and it will require a big solution"*.

Support community building

A few interviewees shared reflections and thoughts on changes that may be required within the community to improve company-community relationships. Several suggested that because of the level of micro-conflict that is now a part of Cajamarcan society, community building work is necessary, as well as education about *"citizen's rights"* in relation to mining. Some said that this would help the community to address its internal conflicts. Some suggested that a process would have to be facilitated by an outside party, but supported by the company. They also said this would be difficult because Yanacocha had always sought to control community processes and institutional spaces. Nevertheless, interviewees said such support would be taken as a strong signal of change.

Some interviewees provided specific suggestions, including:

- fostering local economic development, rather than focusing solely on jobs and competing for business directly with the company
- conducting a detailed social closure study for Yanacocha that addresses social legacy, as well as environmental issues
- agreeing on rules of 'co-existence' that recognise the situation of host communities.

This report highlights the importance and opportunity of enabling inclusive avenues for discussion and dialogue between (and within) the company and community. To facilitate this, Yanacocha will need to review its approach to community relations and development in Cajamarca city. This will require the organisation as a whole to: (i) reflect on the past in order to consider how relationships might evolve in the future, (ii) remain open to exploring its own internal weaknesses, and (iii) focus on processes that support organisational change. While the findings presented above are indeed challenging, sharing this report provides an opportunity for engagement towards improved company-community relations.