

Treat people and communities well

In past reports we have communicated that improvements in the social aspects of our business were very much a work in progress. That is still the case, but we are pleased to report that significant progress has been made in this important and growing aspect of our business. Much of our progress is the result of leadership by our operations' senior management who recognize the importance of being good neighbours.

Treating people and communities well – our performance at a glance

- Joined the UN Global Compact
- The Büyükdere Valley Housing Foundation commissioned a new building of 10 residential flats in the Çayeli area
- Introduced Socio-Economic Assessment Toolbox (SEAT) to our operations and completed SEAT company and community profiles at Çayeli and Winston
- Increased community affairs resources at Çayeli
- Consulted extensively with stakeholders at our Petaquilla development property
- Convened a second meeting of Inmet Mining external stakeholder advisory panel

Overall, our community affairs performance improved in 2008 as measured by our progress in building community affairs organizations at our operations. The frequency and depth of our local stakeholder engagement continues to increase; as this occurs, we build further confidence in the value of such activities. Despite the overall progress, performance has been uneven at some operations. Pyhäsalmi's progress in developing specific engagement strategies and timing has been slower than hoped, and we will continue to work to improve the breadth of engagement at Las Cruces.

Our most concentrated community affairs work has been undertaken by Minera Panamá broadening its engagement and making good progress helping local residents understand modern mining, how environmental impacts can be minimized, the community development benefits that a well-planned project can help deliver, as well as the values of Minera Panamá and Inmet. Panama does not have a deep mining history and Minera Panamá initially found people to be skeptical of its intentions.

Minera Panamá continued to talk with residents of the three local indigenous communities located in the area. These communities initially would not engage with Minera Panamá, fearing that doing so would ultimately result in involuntary removal from the area of the project. Minera Panamá has continued its efforts to build trust by listening to their concerns and interests, a long-term process that Minera Panamá has committed to. It is talking to the local communities about ways that it can assist them improve their agricultural practices and access educational and healthcare services. Minera Panamá does this because building its social license locally and within Panama is critical to the ultimate success of the project.

Following our acquisition of Petaquilla Copper in late 2008, MPSA performed an in-depth evaluation of its existing community development programs in the area of the Petaquilla project. MPSA committed to continue support for school food, scholarship, small- and medium-size enterprises and poultry production programs. We redesigned the school food program to help ensure its longer-term sustainability, and we modified the selection criteria for the scholarship program to make them and the objectives of the program more transparent. As part of its community development program, Minera Panamá helped establish a local contractors' association to provide road maintenance services to the project, the first of what we hope will be many such opportunities. We know it is important to put actions to our words, and establishing an extensive community development program this early in our project signals our commitment to ensure project benefits flow directly to local residents.

Inmet Mining initiatives

The Inmet Mining external stakeholder advisory panel met once during the year. The panel was established in 2007 to:

- Provide Inmet with comments and advice on sustainability issues
- Help us identify emerging sustainability issues the company will face
- Challenge and provide advice on the company’s sustainability strategy
- Review Inmet’s sustainability performance
- Provide advice on future focus and priorities
- Comment on how the Inmet sustainability publications meet stakeholder needs for disclosure of sustainability information
- Provide other advice or private observations to Inmet

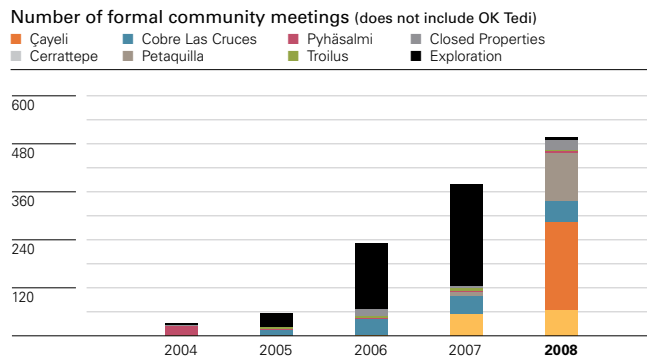
The panel includes representatives from industry, environmental nongovernmental and governance organizations, the mining industry, sustainability experts, and the investor community. Inmet Mining’s President and Chief Operating Officer and Vice-President, People and Environment, along with other senior management, participate in the externally-facilitated panel on behalf of Inmet. In 2008 we formalized the panel and reviewed its terms of reference. We sought feedback on our year-to-date SECA performance against our 2008 and five-year objectives, and input on our 2009 objectives. The feedback on our 2008 SECA performance was constructive and included the following suggestions:

- Consider establishing a zero harm safety target
- Designate more effort to GHG reductions
- Develop and implement social impact indicators to evaluate the impact of our operations on local communities
- Consider establishing an annual analysts’ sustainability call

During the discussions we provided feedback on these and many other suggestions. In terms of the four suggestions mentioned above we have:

- Discussed the concept of zero harm in our Safety Task Force, and have agreed that this concept has value and is worthy of further evaluation
- Moved forward with GHG reductions by way of reductions in energy usage; we currently do not see other external drivers to move forward more aggressively
- Started to develop community affairs indicators to evaluate the value of our programs
- Met with our panel investor representative separately to discuss the idea of an annual analysts’ sustainability call

We value our panel as a way to further challenge ourselves to improve our SECA performance and as a mechanism to gain an external perspective on issues of concern regarding our business.



VOLUNTARY INITIATIVES

We became a signatory to the United Nations Global Compact (<http://www.unglobalcompact.org/>) as of October 1, 2008. We are further assessing our systems and performance relative to the Global Compact commitments. Our performance on these commitments relating to human rights, labour standards, environment and anti-corruption is noted in our GRI/Global Compact Index, beginning on page 60. We continued our participation in the Devonshire Initiative, a group of community development nongovernmental organizations (NGOs) and mining companies who have joined together to evaluate areas of mutual interest in corporate responsibility. Discussions in 2008 primarily focused on artisanal mining and how mining companies and development NGOs can partner to achieve objectives of mutual interest.

SOCIO-ECONOMIC ASSESSMENT

As part of our 2008 objective to complete socio-economic assessment at our operations, we selected the Socio-Economic Assessment Toolbox (SEAT). For more about this process developed to improve an operation's understanding of its communities and role within them, see <http://www.angloamerican.co.uk/aa/development/society/engagement/seat/>. SEAT was developed by Anglo American plc (<http://www.angloamerican.co.uk/>), one of the world's largest diversified mining and natural resource groups, and has the advantage of being specific to the mining sector's operating mines. We convened a company-wide workshop to introduce SEAT, identify and address questions and build support within Inmet for its use. Our 2008 SEAT training included personnel from Las Cruces, Pyhäsalmi, Çayeli, Closed Properties and head office. The training was led by the developers of SEAT.

The selection of SEAT and subsequent training means that we were not able to fully meet our 2008 objective of completing assessments at all operations. Nevertheless, the selection of SEAT and the additional time we took to build broad support from our operations for this process was a good investment that we expect will deliver positive benefits to our community affairs programs going forward.

OUR EMPLOYEES

The 2008 Inmet President's Award of Excellence for Safety Performance was awarded to the Closed Properties' team (see photo on page 17). Awards were also given to Çayeli for Teamwork, Gobain Ovejero from Las Cruces for Service and Commitment, and to Mehmet Teker from Çayeli for Innovation.

In 2008, we continued to emphasize the importance of leadership within Inmet, as expressed in our Leadership Charter. Through their actions, effective leaders demonstrate Inmet's core values in an exemplary manner. For 2008, five employees were recognized for their extraordinary efforts in this regard and received a leadership bonus for their achievement:

- François Fleury, Managing Director, Las Cruces
- Pauli Koistinen, Manager, Site Services, Pyhäsalmi
- Fernando Martinez-Caro, Director Projects, Toronto
- Susmin Patel, Senior Manager Information Technology, Toronto
- Shelton Yip, Senior Manager Corporate Development, Toronto

Training continued to be an important focus of activity at our operations in 2008. Our sites design and implement training programs to provide their employees and contractors with the necessary skills and knowledge to competently perform their jobs. Topics ranged from job-specific skills (basic miner training, scoop and truck training, and hot work training) to more general topics (training in first aid skills, high consequence protocols, management skills, community skills development, facilitator skills and SEAT). As a further demonstration of our investment in training and development programs, we advanced our employee development program, designed to identify, support and encourage, mentor and coach, promote and retain high performing employees.

We also launched a global employee pulse survey to obtain employee feedback on the experience of working at Inmet and suggestions for improving work life and benefits. We also undertook a review of the employee benefits to ensure that our operations provide programs that are competitive and aimed at meeting the needs of our employees. These steps are all part of our commitment to treat our employees well and assist them in fulfilling their potential.