

Newmont Canada Submission to the 2021 Pre-Budget Consultations

Recommendation 1: We encourage the federal government to invest in training and skills programs for Indigenous employment in the resource sector, including pre-apprenticeship programs that can prepare workers for jobs in skilled trades. We further encourage flexibility in these programs to address the unique needs and extra costs associated with remote communities and remote mines.

Recommendation 2: We encourage the government to broaden the Clean Fuel Standards (CFS) rural exemption to include industrial operations in those same remote geographies which rely on liquid fossil fuels for power generation and which lack access to a clean energy corridor based on the criteria already established for rural communities. We further encourage funding to support the transition from fossil fuels at industrial operations in these areas, where few alternatives exist.

Recommendation 3: The final CFS regulations should ensure that the displacement of fossil fuels resulting from transformative investments made to electrify industrial operations from 2016-2022 can generate credits that correspond with the commensurate volume of fossil fuels displaced, once the final regulations are published in 2022.

Recommendation 4: We encourage the government to invest in infrastructure including roads, power generation, airports and broadband, in remote and northern areas to support the strong potential benefits for economic and jobs development in these areas from resource sector investments.

Newmont would like to thank the members of the House of Commons Standing Committee on Finance for the opportunity to contribute to its consideration of recommendations for Budget 2021. The government's July 29th geoscience funding announcement states that Canada's world-leading minerals and metals industry will play an important role in pandemic economic recovery and that ensuring competitiveness is more important than ever. We are pleased to offer recommendations that support this vision.

Newmont is the world's leading gold company and a producer of copper, silver, zinc and lead. We are the only gold producer listed in the S&P 500 Index and are ranked top gold miner in the Dow Jones Sustainability World Index for 5th year in a row. Overarching commitments to the protection of the health and wellbeing of our people, environmental stewardship and being a catalyst for sustainable economic empowerment in our host communities embodies everything we do. With operations in 9 countries, our focus in Canada is on Musselwhite Mine in Northwestern Ontario, Porcupine Mine in Northeastern Ontario and Eleonore Mine in Eeyou Istchee/James Bay region of Northern Quebec. Additionally, we have active exploration projects underway including the Coffee Project in the Yukon and we are a co-owner of the Galore Creek Mining Project in British Columbia along with Teck Resources.

Meaningful partnerships and long-lasting relationships with First Nation communities is fundamental to Newmont's work in Canada. We are proud to have 23 agreements with First Nation communities across Canada which include financial benefits, education and training, and business opportunities. Additionally, Vancouver is home to our Global Center for Indigenous Community Relations.

Like all Canadian businesses, our operations have been very much impacted by the pandemic. One of the first actions we took in March was to respond to First Nation leaders who voiced their concerns regarding the

potential to impact vulnerable and isolated communities. A mutual decision was made to voluntarily suspend operations at our Eleonore (Quebec) and Musselwhite (Ontario) mines and therefore, only essential personnel required to maintain infrastructure, continue environmental management and provide security remained on site. While the mining sector in Ontario was included on the essential services list, our decision to suspend operations at Eleonore was taken prior to the Quebec government implementing restrictions on mining and remained in effect after they were lifted. In recent weeks, both operations have begun resuming functions, following close, frequent dialogue with local First Nation leaders on acceptable paths forward to protect both our employees and communities.

Mining's direct contribution to 2018 real GDP totaled \$69.5 billion, a 19% increase year-over-year.¹ Newmont believes that mining can play an important role in helping Canada to recover from the economic impact of COVID-19. As economist Kevin Milligan from the University of British Columbia has written, Canada's "resource sector has contributed substantially to the good jobs that underpin that middle-class resilience.... For Canadians concerned with inequality, the equalizing effect of resource development on our economy is too strong to ignore."²

Indigenous Skills and Training

The mineral sector is the largest private sector employer of Indigenous peoples in Canada and there remains significant opportunities for further growth. Additional support for skills and training to support Indigenous employment in mining would provide important benefits to both the industry and communities. Through *Skills Next*, the Public Policy Forum and the Diversity Institute recently concluded pre-employment training as critical to the success of Indigenous skills training programs.³

Newmont is developing a plan for a pre-apprenticeship program at our remote, fly-in Musselwhite Mine to address the very unique challenges and barriers to skilled employment in mining for members of local First Nations communities. Musselwhite was one of the first mines in Canada to enter into a comprehensive agreement with local First Nations that outlines compensation and revenue-sharing as well education, training, employment and business-related services and opportunities. The agreement provides an important means of advancing reconciliation.

Currently, around 20% of Musselwhite's 670 employee and contractors are Indigenous and our pre-apprenticeship proposal is part of our effort to increase this, particularly in higher skilled positions. This program would have participants take part in training and education modules to develop job readiness skills while also spending five months working in each of the five trades needed at Musselwhite allowing them to gain direct experience. Participants would be paid a salary corresponding to typical mining rates of pay and those who successfully complete the program would be guaranteed a job at the mine.

As businesses face the lost revenues and higher costs resulting from COVID-19, support for investments in training and skills will be particularly important to help ensure opportunities aren't lost. We feel strongly this type of program can lead to positive outcomes for our mine and our host communities.

¹ <https://mining.ca/wp-content/uploads/2020/01/FF-English-Web-1.pdf>

² Kevin Milligan, 'Resource jobs are sustaining Canada's middle class. Period.', Globe and Mail, April 16, 2018, <https://www.theglobeandmail.com/opinion/article-resource-jobs-are-sustaining-canadas-middle-class-period/>

³ <https://ppforum.ca/wp-content/uploads/2020/06/IndigenousSkillsTraining-PPF-JUNE2020-EN.pdf>

Recommendation 1: We encourage the federal government to invest in training and skills programs for Indigenous employment in the resource sector, including pre-apprenticeship programs that can prepare help workers for jobs in skilled trades. We further encourage the government to ensure flexibility in skills and training programs so that they can meet the needs of employers and unique community circumstances.

Clean Fuels Standard

Sustainability and responsible environmental stewardship are central to Newmont's business strategy. Our efforts are guided by our commitment to host communities and our unwavering focus on health and safety. Newmont is further committed to safeguarding the environment and managing potential impacts on water, land, climate, air quality and biodiversity. In particular, our 2019 sustainability report assessed our roadmap for setting and meeting greenhouse gas (GHG) emissions reduction targets that are consistent with the 2015 Paris Agreement on climate change. In 2019, we inaugurated our newest Canadian mine. Borden 'Mine of the Future' part of our Porcupine operations is located in Chapleau, Ontario and features an all-electric underground fleet that eliminates diesel particulate matter and substantially lowers site GHG emissions.

The federal government is currently working to establish a Clean Fuels Standard (CFS) to encourage the development and use of low-carbon fuels and reduce Canada's GHG emissions. Newmont supports transitioning away from diesel for both the environment and the health and safety of our workers. However, a careful approach that considers impacts to the economy and jobs must be part of the transition. While Newmont supports a price on carbon, our investment decisions will be informed by the relative costs of competing jurisdictions within our portfolio. For example, in northern Canada, investment is frustrated by the lack of power infrastructure and a reliance on diesel. There is an opportunity to recognize this inequity within the CFS.

While rural communities that lack access to clean energy infrastructure have been exempted from the CFS, currently there is no equivalent exemption for industrial operations in remote regions. Mining operations in Canada are most often located in northern and rural/remote areas, commonly putting them in close proximity to Indigenous peoples and communities. With some very remote mines, these may be the only significant source of employment or business development in the area.

There are important reliability concerns when using some alternative fuels in the cold temperatures encountered in Canada's northern regions. We have also explored other alternatives for power generation, including the potential of wind and solar infrastructure or whether there would be incremental benefits from deploying battery electric vehicles on a diesel electricity generated power grid. Unfortunately, it was found that the intermittency in the availability of wind and solar meant that the necessary baseload power generation could not be achieved. Similarly, the use of battery electric vehicles powered by a diesel generator would offer no benefits.

Investments in resource projects in remote northern areas already face significantly higher costs. Without recognition and accommodation for the unique challenges of operating in the north and the related difficulty in using alternatives to diesel, the CFS as currently proposed could impact investment decisions in Northern resource projects, impacting the prospect of long-term economic development. We are predicting \$1.4M to \$3.9 M in impacts at our existing operations – which benefit from access to hydro-electric power - plus

consideration for possible development of our Yukon project which does not have the same access to clean energy infrastructure.

Recommendation 2: We encourage the government to broaden the CFS's rural exemption to include industrial operations in remote geographies that rely on liquid fossil fuels for power generation and which lack access to a clean energy corridor based on the criteria already established for rural communities. We further encourage funding to support the transition from fossil fuels at industrial operations in these areas, where few alternatives exist.

Newmont supports the proposed approach of allowing for credit generating activities to be rewarded for early adopters of transformative technologies that reduce an operation's reliance on traditional fossil fuels in order to reduce GHG emissions. This should include end users and suppliers. We also believe that it is important that the final regulations ensure that investments made to support electrification in response to the market signals sent since the publication of the original discussion paper on establishing the CFS in December 2016 are recognized.

Recommendation 3: The final CFS regulations should ensure that the displacement of fossil fuels resulting from transformative investments made to electrify industrial operations from 2016-2022 can generate credits that correspond with the commensurate volume of fossil fuels displaced, once the final regulations are published in 2022.

Infrastructure costs in remote areas

Canada's remote and northern regions offer significant opportunities for new resource development that would contribute significant economic gains as Canada looks to build our post-COVID economy and would help meet the growing demand for minerals that are essential to modern economies and emerging technologies, including innovations to support clean growth.

However, the comparatively high infrastructure costs can make the development a remote mine cost-prohibitive and deter investment as companies consider opportunities worldwide when deciding where to direct limited funds. Be it roads, power generation, airports, or broadband, the availability and cost of these essential services are critical factors.

While the government has invested significantly in infrastructure, trade corridors and broadband in recent years, significant deficits remain. And while the population and current industry may not appear to make the case for these funding in some more remote areas, it is important to consider the significant economic benefits that could come from the development of resource projects from key strategic investments.

Recommendation 4: We encourage the government to invest in infrastructure including roads, power generation, airports and broadband, in remote and northern areas to support the strong potential benefits for economic and jobs development in these areas from resource sector investments.