



# Health, Safety, Environment and Corporate Social Responsibility

## 15 Guiding Principles

2013

New Gold has a complementary portfolio of assets in different countries and cultures that, by their nature, may affect our people, the environment and local communities. Our Health, Safety, Environment and Corporate Social Responsibility (HSE CSR) Policy commits us to excellence in HSE CSR management and to making a lasting and positive contribution toward sustainable development through environmental stewardship, social responsibility, and the protection of the health and well-being of our people and our host communities.

The 15 HSE CSR Guiding Principles (Principles) provide a framework for the application of the HSE CSR Policy and provide clear direction for developing and applying the company's HSE CSR management systems ("HSE CSR Management Systems") at all levels.

We aspire to a culture of avoiding harm and seek to ensure our business contributes lasting benefits to society through the consideration of health, safety, socio-economic, environmental and ethical aspects in all our decisions and activities. HSE CSR matters are interrelated and co-dependent, and we recognise that the skills and processes required to manage issues vary according to the context.

The Principles cover all operational aspects and activities that have the potential to affect HSE CSR. The terminology Health, Safety, Environment and Corporate Social Responsibility highlights three key components of sustainable development:

**Health and Safety** – promoting and protecting the welfare of our employees through safety-first work practices and providing a healthy workplace.

**Environment** – preserving the long-term health and viability of the natural environments affected by our sites.

#### **Corporate Social Responsibility**

- Our people – improving our people's wellbeing, upholding fair labour practices and encouraging a diverse workforce, where people are treated with respect and are supported to realise their full potential.
- Our host communities – establish relationships based on mutual benefit and active engagement with those affected by New Gold operations to contribute to healthy communities and sustainable community development.
- Human rights – understanding, upholding and promoting human rights within New Gold's sphere of influence.

The Principles will be realized through the consistent cross-organization application of the HSE CSRs Management Systems and standards. Collectively, our commitment to the Principles and to the necessary steps to ensure our ability to implement them demonstrates our leadership and acceptance of the responsibility that is placed upon all of us.

Sincerely,

Robert Gallagher, President and CEO. New Gold Inc.

## **Purpose**

The purpose of the publicly available New Gold 15 HSE CSR Guiding Principles (Principles) is to support a risk-based HSE CSR Management Systems framework, consistent with:

- ISO 14001,
- OHSAS 18001,
- ISO 26000,
- The United Nations Global Compact,
- The Mining Association of Canada, Towards Sustainable Mining Initiative, and
- International Cyanide Management Code.

As such, the Principles provide 15 guidelines and a clear direction for HSE CSR Management Systems across New Gold which can be measured, and will drive continual improvement towards leading industry practice.

## **Application**

The Principles apply to New Gold activities throughout the world, including:

- majority owned and/or operated sites,
- development projects, mergers, acquisitions and divestments, and
- activities by contractors on New Gold sites or under New Gold management.

Where New Gold does not have operational responsibility, but has an equity stake, these Principles will be made available to the operator.

## **Structure and Context**

The Principles support the New Gold HSE CSR Management Systems, which, have an internal validation model including:

- annual self-assessments,
- annual performance improvement plans, and
- external audits every three (3) years.

## **New Gold HSE CSR 15 Guiding Principles**

1. LEADERSHIP AND ACCOUNTABILITY .....	4
2. REQUIREMENTS, COMMITMENTS AND DOCUMENT CONTROL.....	5
3. RISK AND CHANGE MANAGEMENT .....	6
4. PLANNING AND MEASURABLE GOALS.....	7
5. AWARENESS, COMPETENCE AND BEHAVIOUR.....	8
6. HEALTH AND HYGIENE .....	9
7. ENGAGEMENT .....	10
8. BUSINESS CONDUCT, HUMAN RIGHTS AND COMMUNITY.....	11
9. DESIGN, CONSTRUCTION AND COMMISSIONING .....	13
10. OPERATIONS AND MAINTENANCE .....	14
11. SUPPLIERS & CONTRACTORS .....	14
12. STEWARDSHIP.....	15
13. INCIDENT REPORTING AND INVESTIGATION .....	16
14. CRISIS MANAGEMENT AND EMERGENCY RESPONSE PLANS.....	17
15. MONITORING, AUDIT AND REVIEW.....	18

# 1

## LEADERSHIP AND ACCOUNTABILITY

### Intent

Directors, employees and contractors will understand their accountabilities and demonstrate leadership and commitment to sustainable development and a clear direction through effective HSE CSR management.

### Performance Measures

- 1.1 New Gold maintains a public HSE CSR Policy that is appropriate to the nature and scale of the company's activities, and is approved by the President and Chief Executive Officer.
- 1.2 Each site is accountable for meeting the performance requirements of these Principles through systems designed to measure and drive continual improvements.
- 1.3 HSE CSR roles and accountabilities are defined, documented, communicated, kept up-to-date, understood and applied.
- 1.4 HSE CSR Management Systems are in place to ensure that employees and contractors are aware of expected HSE CSR behaviours and to recognize, reinforce and reward HSE CSR innovation, initiatives and desired outcomes.

# 2

## REQUIREMENTS, COMMITMENTS AND DOCUMENT CONTROL

### Intent

Relevant legal, regulatory and other HSE CSR requirements will be identified, accessible, understood and complied with and an effective HSE CSR document control system will be in place.

### Performance Measures

- 2.1 Activities are conducted in a manner that is consistent with HSE CSR Management Systems.
- 2.2 Systems are in place to identify and provide access to applicable HSE CSR approvals, licenses, permits, and other requirements.
- 2.3 Compliance with legal and other requirements is demonstrated through implementing, communicating, measuring and reporting as required by HSE CSR Management Systems.
- 2.4 Systems are in place to ensure that HSE CSR documents and records are established and maintained, and are accurate, legible and identifiable.

- 2.5 HSE CSR documents and records are securely stored, readily retrievable and have established retention times based on legal, company or other requirements.
- 2.6 Disposal of HSE CSR documents and records is in accordance with defined and appropriate records disposal procedures.

# 3

## RISK AND CHANGE MANAGEMENT

### Intent

HSE CSR hazards will be identified and associated risks will be assessed and managed. Planned and unplanned changes will be identified and managed.

### Performance Measures

- 3.1 HSE CSR risks are assessed, prioritized and managed as appropriate to the nature, scale and HSE CSR impacts of the operations and activities. Low probability, high consequence events are specifically identified and assessed.
- 3.2 HSE CSR risks are recorded and maintained in a risk register which is reviewed and updated at least annually. These will also be reviewed following a significant incident or change, or more often if the nature of the risk requires.
- 3.3 The HSE CSR Management Systems manage HSE CSR risks associated with planned or unplanned changes, whether permanent, temporary or as the result of incremental change.

- 3.4 The HSE CSR Management Systems ensure that changes are authorized either permanently or for a defined period, and communicated once the level of HSE CSR risk has been demonstrated to be acceptable.

# 4

## PLANNING AND MEASURABLE GOALS

### Intent

Sustainable development is an integral part of business planning with HSE CSR measurable goals being established to drive continual improvement in performance.

### Performance Measures

- 4.1 New Gold sets company-wide HSE CSR goals consistent with the Health, Safety, Environment and Corporate Social Responsibility Policy.
- 4.2 Corporate and site management annually set HSE CSR goals, targets and leading and lagging performance indicators that are documented, communicated, monitored and reviewed. These are measurable and consistent with the New Gold wide HSE CSR targets.
- 4.3 HSE CSR Management Systems include designated responsibilities, resources and time frames to achieve HSE CSR measurable goals, with systems to monitor and regularly report on progress. They are updated and communicated as changes, modifications or new developments occur.

# 5

## AWARENESS, COMPETENCE AND BEHAVIOUR

### Intent

Employees and contractors will be aware of relevant HSE CSR Management Systems and required permissible activities consistent with those systems, so that they will be competent to conduct their activities and behave in a responsible manner.

### Performance Measures

- 5.1 Inductions that address relevant HSE CSR objectives, hazards, risks, controls, and behaviours will be conducted and documented for employees, contractors and visitors at the commencement of their employment or visit.
- 5.2 Recruitment criteria for employees and contractors include an assessment of HSE CSR awareness, competencies, behaviours and performance.
- 5.3 HSE CSR Management Systems identify the requirements necessary to ensure that employees and contractors meet their HSE CSR behaviors, including hazard recognition and elimination.

# 6

## HEALTH AND HYGIENE

### Intent

Employees and contractors will be informed of and protected from health hazards associated with New Gold operations. Potential community health issues relevant to company operations will be identified and effectively managed.

### Performance Measures

- 6.1 HSE CSR Management Systems are in place for health and hygiene assessments and ongoing monitoring and surveillance programs consistent with exposure risks.
- 6.2 Where the application of other controls have not adequately reduced exposure, suitable and properly maintained personal protective equipment and appropriate training are provided to all employees and contractors.
- 6.3 Prior to employment and periodically, where appropriate, people undergo assessment to ensure their fitness for work, including drug and alcohol and fatigue management programs.
- 6.4 Employees, contractors and visitors have access to adequate medical and first aid services, as appropriate.

- 6.5 Systems are in place for the rehabilitation of employees following work related injury or illness. Initiatives are in place to promote and encourage a safe and healthy life style.
- 6.6 Potential community health hazards relevant to New Gold operations are identified, assessed and communicated. Public health and other relevant authorities are engaged, as appropriate, and control measures are implemented to manage the risks, as appropriate.

# 7 ENGAGEMENT

**7.4** Annual sustainability reports are produced, with reference to the HSE CSR Management Systems.

## **Intent**

Transparent and open engagement will be encouraged and maintained with local communities and other communities of interest associated with New Gold activities.

## **Performance Measures**

- 7.1** Systems are in place to identify communities of interest and to ensure proactive development of communication strategies, including engagement, to identify, evaluate and address their concerns and expectations as appropriate.
- 7.2** The HSE CSR Policy, these Principles, and relevant HSE CSR information is communicated throughout the organization and to communities of interest on a regular basis. HSE CSR Management Systems provide for two-way communications and tracking of follow-up actions.
- 7.3** Systems are in place for registration, acknowledgement and investigation of concerns and complaints related to the HSE CSR aspects of New Gold, including having mechanisms in place to resolve conflicts.

# 8

## BUSINESS CONDUCT, HUMAN RIGHTS AND COMMUNITY

### Intent

Activities and operations will be conducted in an ethical manner that supports fundamental human rights and respects traditional rights, values and cultural heritage. Opportunities will be sought for contributing to sustainable community development.

### Performance Measures

- 8.1** Systems are in place to ensure that employees and contractors are familiar with and abide by the requirements of the New Gold Code of Business Conduct and Ethics and the New Gold Human Rights and Anti-Corruption Policy.
- 8.2** Systems are in place to ensure that the principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption are assessed, prioritized and implemented as they apply to the company.
- 8.3** Consideration is given to the particular training needs of local communities that facilitate employment or enhance skills, taking into account cultural traditions and sensitivities.

- 8.4** Local and indigenous communities, and their traditional and cultural heritage values that are potentially affected by New Gold operations, are identified, and strategies developed to address related concerns.
- 8.5** Appropriate cross-cultural awareness training is undertaken by employees who interact with people from different cultures and capacities, including indigenous peoples.
- 8.6** Systems are in place to work with local communities to identify needs and aspirations, and prioritize support for sustainable community development and poverty alleviation initiatives where relevant.

# 9

## DESIGN, CONSTRUCTION AND COMMISSIONING

### Intent

Management of HSE CSR risks and opportunities will be an integral part of all projects through design, approval, procurement, construction and commissioning.

### Performance Measures

- 9.1 Appropriate due diligence processes assess the quality of HSE CSR risk assessment and management strategies as part of project approval.
- 9.2 The design of projects and selection of equipment and processes take into account HSE CSR requirements, as well as providing for decommissioning, disposal and closure.
- 9.3 Design reviews for construction, operation and maintenance of equipment and processes ensure that HSE CSR risks and other considerations are effectively identified, addressed and documented.
- 9.4 HSE CSR Management Systems are in place to ensure design and procurement specifications are met, and construction, commissions and handover are in accordance with approved standards and procedures.

- 9.5 A commissioning plan is documented and approved that incorporates HSE CSR risk management, defines responsibilities and competencies and ensures that the project conforms to the required standards for operation.

# 10 OPERATIONS AND MAINTENANCE

## Intent

All plant and equipment will be operated, maintained, inspected and tested using systems and procedures that manage HSE CSR risks.

## Performance Measures

- 10.1** HSE CSR Management Systems are in place to ensure that operations and maintenance activities are managed to minimize HSE CSR risks and impacts.
- 10.2** Design data, operating limits and certifications are documented, understood, applied and available for all facilities and are regularly reviewed.
- 10.3** Proposals to modify operating or design limits are subject to change management processes.
- 10.4** Systems are established and maintained to ensure the ongoing integrity of plant and equipment. These include procedures for maintenance, inspection, testing, calibration and certification of equipment as appropriate for the level of risk.

- 10.5** Systems are in place to test and maintain the availability and effectiveness of protective systems.

# 11 SUPPLIERS & CONTRACTORS

## Intent

The contracting of services and the purchase, hire or lease of equipment and materials will be carried out so as to minimise any adverse HSE CSR consequences and, where possible, to enhance community development opportunities.

## Performance Measures

- 11.1** Contracts include appropriate HSE CSR obligations specifically requiring contractors to comply with the New Gold Code of Business Conduct and Ethics, New Gold Human Rights and Anti-Corruption Policy, New Gold HSE CSR Policy and relevant HSE CSR legislation.
- 11.2** Suppliers of goods and services and contractors are encouraged to establish and maintain HSE CSR systems consistent with these Principles.
- 11.3** Reporting relationships, lines of communication, responsibilities, accountabilities, and system interfaces are established and documented between suppliers, contractors and New Gold.

- 11.4** Prior to purchase, hire or lease, the specifications of equipment or materials that have potential HSE CSR impacts are reviewed and documented to verify suitability for the intended use, and to prevent the introduction of significant HSE CSR risks.
- 11.5** Suppliers and contractors provide information on the hazards associated with their equipment, products and services, prior to delivery or commencement of works, and whenever changes occur.
- 11.6** Consideration is given to creating business opportunities for local suppliers and contractors, and supporting their ability to fulfill the requirements of these Principles.

# 12 STEWARDSHIP

## Intent

The lifecycle HSE CSR impacts associated with resources, materials, processes and products will be assessed and managed.

## Performance Measures

- 12.1** Initiatives are identified and implemented to maximize use of earth's resources, while reducing the environmental impact of operations.
- 12.2** Existing and new products and services are assessed for potential to provide HSE CSR benefits or cause adverse HSE CSR impacts, and controls implemented as required.
- 12.3** Sites develop, implement and maintain land management plans, water management plans, energy conservation plans and greenhouse gas management programs, as required.
- 12.4** Programs are in place to ensure that wastes are eliminated, reduced, reused, recycled, treated, or properly disposed. Records are kept to track wastes.

- 12.5** Information is made available to employees and contractors, regarding the possible HSE CSR impacts associated with the company's activities.
- 12.6** Closure plans are established, costed, documented and reviewed as appropriate. Consideration is given to how these plans translate into current operational decisions and local community's interests.

# 13 INCIDENT REPORTING AND INVESTIGATION

## Intent

HSE CSR incidents, including near misses, will be reported, investigated and analysed. Corrective and preventive actions will be taken and learning experiences shared.

## Performance Measures

- 13.1** Systems are in place for the timely reporting, investigation, mitigation and appropriate communication of all HSE CSR incidents and near misses.
- 13.2** Incident investigation processes include identifying and documenting all factors and underlying causes contributing to an incident, the controls that were intended to prevent it and analysis of any failures in the controls.
- 13.3** Incident investigations identify and prioritize corrective and preventive actions, aimed at eliminating or reducing the risk and recurrence of incidents. Systems are in place to ensure that these actions are documented, communicated, followed up and completed.

- 13.4** In the event of a significant incident, systems ensure that associated work does not resume until actions have been taken to reduce the risk of recurrence, and authorization is given at the appropriate level.
- 13.5** Information gathered from incident investigations is analyzed to identify trends, and reported to management to improve standards, systems and practices. Key learnings are shared across the organization and with communities of interest, as appropriate.

# 14 CRISIS MANAGEMENT AND EMERGENCY RESPONSE PLANS

## Intent

Procedures and resources will be in place to identify critical risks and effectively respond to related crisis and emergency situations.

## Performance Measures

- 14.1 Systems are in place to identify potential emergency situations and their impacts, including those associated with neighbouring activities.
- 14.2 Plans that define responses (including the mitigation of HSE CSR impacts) to foreseeable emergency scenarios are documented, accessible, communicated and reviewed. The plans define roles and responsibilities for employees.
- 14.3 Emergency response plans are aligned with site and corporate office Crisis Management Plans, the company business continuity requirements, and external response organizations, taking into account their response capabilities.

- 14.4 Employees, contractors, visitors and external parties, as appropriate, are trained in and understand the emergency response plans, their roles and responsibilities, and the use of emergency response resources.
- 14.5 Emergency response and crisis management drills and exercises are scheduled and conducted regularly, including liaison with and involvement of external response organizations and other stakeholders as appropriate.

# 15 MONITORING, AUDIT AND REVIEW

## Intent

New Gold's HSE CSR Management Systems are monitored, audited and reviewed for compliance and to identify trends, measure progress, assess conformance and drive continual improvement.

## Performance Measures

- 15.1** HSE CSR Management Systems are reviewed regularly to ensure they continue to be relevant and are measured, monitored, recorded and analyzed with results reported to communities of interest, as appropriate.
- 15.2** The Health, Safety, Environment and Social Responsibility Policy, these Principles and the HSE CSR Management Systems are reviewed annually and revised, as required.
- 15.3** External audits are conducted every three years at sites and organizational levels to establish the extent of conformance with New Gold's HSE CSR Management Systems. Audits may be more frequent depending on the company's HSE CSR risk profile and performance history.

- 15.4** Annual self-assessments are conducted at each site to establish the extent of conformance with New Gold's HSE CSR Management Systems (unless a corporate directed audit is conducted within the same reporting year). Performance improvement plans are prepared and executed to address non-conformities.
- 15.5** Sites conduct HSE CSR inspections and audits at frequencies appropriate to the level of HSE CSR risk, and report results as appropriate.
- 15.6** Systems are in place to identify, report, respond to and manage non-conformities and improvement opportunities. Non-conformities are investigated, and corrective and preventive actions implemented and their effectiveness reviewed to avoid recurrence.