

TERMS OF REFERENCE
For
THE WORKING GROUP ON THE 2006 CMCA REVIEW
Finalized June 21, 2006

“One Group, One Agreement, One Voice”

1. What the Working Group Will Do

The Working Group will help determine the future balance between the mine’s social and economic benefits and its environmental impacts. Specifically, the Group will consider the perspectives and key concerns of member villages, regions and organizations as they:

- Review environmental information
- Seek agreement on a framework for CMCA compensation and benefits
- Discuss ways to work together in the future

All final decisions on compensation, benefits and environmental mitigation will be made by OTML and its board. The more agreement that can be reached by the Working Group, the greater the impact the working group will have on OTML’s decisions.

In some cases, the Working Group may choose to make recommendations that fall outside the scope of OTML’s role and the CMCA review process. In these cases, the Working Group may choose to forward those recommendations to parties or to create strategic alliances in order to meet certain goals.

2. Who is on the Working Group

Delegations:

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|---|---|
| - Suki Fly Gogo | - Department of Mining |
| - Manawete, | - Department of Environment and Conservation |
| - Kiwaba | - Managing Director and/or General Manager |
| - Dudi | - Delegate for Women and Children |
| - Middle Fly | - Delegate for Catholic Church and Evangelical Church PNG |
| - North Ok Tedi | - Delegate for Environmental Concerns |
| - Lower Ok Tedi | |
| - Highway | |
| - Mine Area | |
| - Fly River Provincial Government | |
| - PNG Sustainable Development Programme Company | |

Anyone is welcome to observe the Working Group meetings. The Working Group members may decide to give observers the opportunity to speak at meetings. The Working Group members can request independent experts to comment on matters.

Delegations can appoint one alternate person. The alternate should only attend if one of the three delegates is unable to attend.

3. What Delegates Will Do

- **Attend** meetings
- **Listen** to each other
- **Read** materials and study information before meetings
- **Speak** for your people
- **Ask** questions when you don't understand or when you need something
- **Create** solutions that everybody will support
- **Discuss** what happens at the Working Group with your people
- **Work** hard, be patient, don't leave
- **Focus** on the future, consider lessons from the past

Delegates for this Working Group have been chosen by their regions and organizations to review the CMCAs. Delegates do not replace other authorities such as Trustees.

4. When the Working Group Will Meet and Talk

Note: Below is an initial outline for Working Group discussions. As needed, the Working Group can add issues, or change the order of discussions.

Meeting 1: Agree on How to Talk and Get Organized (April 2006)

Meeting 2: Gather and Evaluate Critical Information

Meeting 3: Create Possible Packages of Compensation and Benefits

Meeting 4: Negotiate Final Agreement on Packages of Compensation and Benefits

Meeting 5: Finalize and Ratify the Agreements

5. How the Working Group will Make Decisions

The Working Group members will seek full consensus around compensation, benefits and new and better ways of working together. Full consensus has been reached when all of the Working Group delegates agree they can live with a solution. This does not mean that each delegate gets everything they want. Partial consensus has been reached when a majority of delegates agree they can live with a solution. No consensus means a majority of delegates could not agree on a solution. The best way to reach consensus is for each member to suggest solutions that everybody can support.

If the Working Group cannot reach full or partial consensus, the facilitators will record where there is agreement, and where there is dissent. If there is no agreement, the issue will be recorded and no agreement will be noted.

If villages or regions choose not to participate in the Working Group, or if any delegation chooses to leave the Working Group, they are still able to receive benefits under CMCAs, but will forfeit their role in making decisions about the future distribution of benefits and compensation.

Villages and individuals that are within the CMCA area, who have not yet signed on and wish to, there is a process whereby they can be included in CMCA agreements. Any delegations or villages which join the Working Group later in the process should not delay the progress of the Working Group and its deliberations.

No Working Group agreement or package is final until everyone agrees that it is final. All agreements before that are contingent and temporary.

Periodically, the facilitators may use a “polling” device to test the opinion of the delegates.

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| <p>5 = Perfect! We love this idea.
4 = Very good. We like this idea.
3 = Not perfect but still acceptable.
2 = OK. We don't like it but we can live with it.
1 = We won't stand in the way but we want our serious reservations noted.
0 = We cannot live with this and must oppose it</p> |
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Subcommittees may be formed to work on behalf of the Working Group

At times, the Working Group may choose to create subcommittees or groups that have specific tasks and work on behalf of the larger Working Group. Subcommittees do not have decision-making authority. They work at the request of the larger Working Group. Subcommittees have a specific job requested and endorsed by the larger Working Group. Additional subcommittees may be formed in the future in order to efficiently generate ideas and proposals for consideration by the full Working Group.

Examples of Subcommittees:

Independent Scientist Selection Committee

Delegations “Core Group”

5. What Happens if the Working Group Can't Reach Agreement?

OTML will make its own decisions and may choose to use an outside arbitrator to give expert advice on future compensation and benefits.

6. What the Independent Facilitators Will Do

The independent facilitators are from The Keystone Center (USA) and Tanorama (PNG). The job of the facilitators is to help all of the delegates to participate and represent themselves as best as they can. Therefore, the facilitators will:

- Ensure that everybody has a chance to speak
- Promote good discussions by enforcing ground rules
- Record information and take notes
- Help the group decide when, how and in what order to talk

- Listen to the interests of all delegates
- Recruit the participation of important stakeholders
- Consult confidentially or privately with delegates where needed or desired

Facilitators will not make or recommend decisions about compensation and benefits. The facilitators do not have a stake in the outcome of negotiations.

Independent Facilitators are not controlled by OTML or anyone else and are paid by Deloitte. Facilitators work for all of the delegations in the Working Group equally.

7. What the Independent Observers Will Do

The Independent Observers of this Working Group will be led by Mr. John Kawi. The observers' job is to verify that:

- Facilitators remain independent
- Everyone who wants has a chance to speak
- Decisions are transparent
- The review process is thorough and has integrity

Independent Observers will report publicly on their observations and conclusions about the process. They will also review all regional and village meeting reports and include comments on these in their reports.

The Independent Observers will not make or recommend decisions about compensation and benefits. The Independent Observers have no stake in the outcome of the negotiations.

Independent Observers are paid by Deloitte. Observers work for all of the delegations in the Working Group equally.

8. What the Special Advisor Will Do

Sir Arnold Amet will act as Special Advisor to the Working Group. The Special Advisor will be available to consult with all stakeholders in the CMCA Review Process. As Special Advisor, Sir Arnold can offer advice to any parties. A detailed Scope of Role is available for those seeking more information on www.wanbelistap.com

9. What the Independent Scientist Will Do

Dr. Alan Tingay will act as the Independent Scientist to the Working Group. He will review and evaluate technical studies relating to matters of particular concern to communities. The Independent Scientist will report his findings back to the Working Group. A detailed Scope of Role is available for those seeking more information.

10. Ground Rules for Discussions

Each delegate will take responsibility for the success of the Working Group discussions by following these rules:

- Speak for yourself and your people
- Create solutions that meet your needs but that can also be supported by everyone
- Offer solutions in addition to criticism. When you don't like something, please present an alternative.
- Focus on the issues rather than attacking people or organizations.
- Do not interrupt.
- Be Sober
- No personal attacks. Be polite, even when you are upset.
- Stay in the process and do not walk out
- If the Working Group discussions are not useful for you, ask for what you need.
- Keep an open mind
- Share information
- Speak clearly and briefly
- Reach consensus where possible
- Facilitators may remind delegates to stay on topic

11. What is Success?

The Working Group will be successful if:

- All delegates participate in discussions and decision making
- All delegates have an understanding of environmental issues and predictions
- Each delegate wrestles with the hardest parts of these issues and decisions
- The Working Group reaches consensus on compensation and benefits
- The Working Group develops a model for making decisions together in the future
- All delegates communicate with their people about the Working Group.