



**AGNICO EAGLE**

**Agnico Eagle Mines (AEM)**

*Annual Report on the Voluntary Principles  
on Security and Human Rights 2019*

## **Introduction**

Agnico Eagle Mines (AEM) began adopting the Voluntary Principles (VPs) in 2016 and became a formal member in 2017. AEM acknowledges that operating responsibly and maintaining the trust of our stakeholders requires us to demonstrate that the gold we produce has been extracted in a manner that does not fuel unlawful armed conflict or contribute to serious human rights abuses or breaches of international law. To this end, AEM is committed to implementing the Voluntary Principles in our operations, development properties and at our closed sites.

This report is our third Plenary Report as a member of the Voluntary Principles. As per the amendments to the Governance Rules regarding annual reports, this report is a short-form 'Update Report' that focuses on material changes since Agnico Eagle Mines (AEM)'s last full annual report submitted in 2019.

### **A. Commitment to the Voluntary Principles**

#### ***1. Public Statement of commitment or endorsement of the Voluntary Principles, engagement in the Voluntary Principles initiative, and transparency.***

Our Board of Directors has made it clear that AEM will only conduct business in regions where human rights laws are respected and promoted. As a Canadian company, we maintain our commitment to the Canadian Charter of Rights and Freedoms while operating internationally, ensuring that all of our employees are treated with respect and dignity. AEM has also adopted and implemented the World Gold Council's Conflict Free Gold Standard to provide assurance that gold and gold-bearing materials are produced by AEM in a manner that does not cause, support or benefit unlawful armed conflict, or contribute to serious human rights abuses or breaches of international humanitarian law.

As a member of the Mining Association of Canada (MAC) Agnico Eagle has committed to implementing a human rights and security approach consistent with the VPs and based on risk levels at the mining facilities we operate. This commitment is outlined in the MAC Progress Report <https://mining.ca/wp-content/uploads/2019/02/Progress-Report-2018-English-Final.pdf>.

Agnico Eagle also publicly commits to adhere to the VPs in our [2018 Sustainable Development Report](#) and our [2018 Conflict-Free Gold Report](#). The latter is independently assured by Ernst and Young LLP ("EY"). Their independent limited assurance statement notes that AEM's Conflict Free Gold Report is in "conformance with the standard."

AEM's Corporate Director Health, Safety and Security continued to serve as a corporate pillar board member throughout 2019, participating in VPs related meetings and conference calls with member companies and governments.

#### ***2. Example of promoting awareness of the Voluntary Principles throughout the organizations or government, including within the value chain.***

In 2019, AEM continued to participate in the Canada Working Group on the Voluntary Principles comprised of companies, NGOs and government. Members share lessons learned regarding what has and has not worked with VPs implementation; experiences and discuss the current and upcoming work of the Voluntary Principles Initiative.

At a site level, the Security department continued to communicate the importance of complying with the Voluntary Principles to local private security guards, public security officials and host government officials through meetings and seminars. See section 8 under Country Implementation for initiatives undertaken at Pinos Altos.

## **B. Policies, Procedures, and Related Activities**

### ***3. Relevant policies, procedures, and/or guidelines (or any changes thereto from the previous reporting year) to implement the Voluntary Principles***

In our [Sustainable Development Policy](#), we commit to uphold fundamental human rights as defined in the United Nations Universal Declaration of Human Rights. This includes providing assurance that our operations will not support, benefit or contribute to unlawful armed conflict, serious human rights abuses, or breaches of international humanitarian law.

All AEM sites must adopt and comply with corporate policies and procedures but sites have autonomy to go beyond and implement additional policies relevant to their own operating environments. At the site level, La India and Pinos Altos have adopted their own Human Rights and Security Policies that require all security personnel to complete human rights training, apply their knowledge of human rights in practice, promote the respect for human rights, and report any human rights violation. Pinos Alto's commitment to respecting human rights has been recognized by the *Comisión Estatal de Derechos Humanos de Chihuahua* (CEDH). Pinos Altos is the only mine in Mexico to receive a certification from the CEDH that it is committed to respecting human rights.

### ***4. Company procedure to conduct security and human rights risk assessments, and integrate findings***

AEM continued to work with third party Avanzar LLC to conduct independent assessments against the VPs at our operations in 2019. See section 9 under Country Implementation for highlights from the assessment carried out at Pinos Altos.

AEM's Responsible Mining Management System (RRMS) includes a comprehensive risk identification system and evaluation system for health, safety, environment and community relations. In 2019 AEM finalized a set of severity of consequence criteria specific to human rights and security. This new criteria will assist the Security departments at sites to conduct security and human rights risk assessments in line with the company's RRMS.

### ***5. Company procedure or mechanism to report security-related incidents with human rights implications by public/private security forces relating to the company's activities***

Agnico Eagle's Sustainable Development Policy commits to: "Provide a confidential complaint reporting mechanism to report unethical, illegal or irresponsible behavior."

AEM uses a corporate wide reporting process for High Potential Incidents (HPI) that incorporates incident severity ratings for all Community Relations (CR) related incidents, including security and human rights incidents. All reported CR incidents are reviewed to determine the level of risk. A web-based system has been developed to record all incidents that meet these criteria. These incidents require detailed investigations and are reported up through the organization. AEM also has a whistleblower policy in place and has established a toll-free ethics hotline for anonymous reporting.

La India and Pinos Altos' Human Rights Policies require personnel to report immediately to their supervisor if they detect any potential violation of human rights (including children's rights). Both sites also have formal grievance procedures in place to respond to community and stakeholder complaints, including those related to human rights.

There were no allegations of security-related human rights violations reported at AEM's mine sites in 2019.

### **C. Country Implementation**

#### ***6. Overview of country operations selected for reporting***

For this report we profile AEM's implementation of the Voluntary Principles at our Pinos Altos mine site in Mexico since a thorough external assessment of its compliance with the Voluntary Principles was conducted in 2019.

#### ***7. Voluntary Principles considerations in the selection of private security providers and formulation of contractual agreement with private security providers, as well as arrangement with public security forces.***

Site security personnel at Pinos Altos are directly employed by Agnico Eagle. All employees must undergo a criminal background check during the hiring process. In addition, the Security department requests that all guards provide a copy of a criminal background check every six months from the State via the *Plataforma Mexico* (a national database).

As per Chihuahua State law, Pinos Altos is not permitted to contract police to provide security to the mine site. The site does not contract police or army to provide security to the site, but the police are present during employees pay days and they patrol the area around the mine site as part of normal policing duties. Police sometimes enter the mine property to patrol a public road.

#### ***8. Examples of supporting outreach, education and/or training of (i) relevant personnel, (ii) private security, (iii) public security, and/or (iv) civil society.***

When guards begin work at Pinos Altos they must complete a new hire orientation that covers basic human rights. Guards also receive annual refresher training on various human rights and security related topics (including the use of force) as part of the site's human rights and security training program.

Pinos Alto's has also entered a partnership with the *Comisión Estatal de los Derechos Humanos de Chihuahua* (CEDH) to facilitate conferences in the local communities on human rights topics relevant to the community members. Topics to date have covered basic human rights, domestic violence, discrimination, addiction, teenage pregnancy, and conflict resolution.

As part of its commitment to engage with public security on the Voluntary Principles, Pinos Altos has invited members of the police force to attend human rights and use of force training sessions sponsored by the mine and facilitated by the CEDH. A number of officers from different branches of the police have attended these trainings over the past two years.

## **9. Company procedure to review progress on implementing the Voluntary Principles at local facilities**

AEM contracted third party, Avanzar LLC, to conduct an independent assessment against the VPs at Pinos Altos in 2019. The assessment found robust security and human rights training programs, sound screening procedures, and proactive engagement with public security and the community on human rights related issues. Most notably the assessment revealed the security benefits of the site's positive relationship with the surrounding communities (see section 10 under Lessons and Issues for more information). Some of the opportunities for improvement included:

- Incorporate the training materials available on the Voluntary Principles website in the annual security refresher training.
- Include an overview of child's rights in the human rights induction course.
- Implement new risk criteria from corporate and consider the risk assessment process in the VPs Implementation Guidance Tool. Evaluate the risk of private or public security using excessive force or abusing their power.
- Review and strengthen existing procedures regarding weapons handling and storage.
- Ensure that all donations to public security forces are documented to explicitly state their intended purpose and use;
- If police are called to assist with a security incident on site Security could use the opportunity to reinforce compliance with international law enforcement principles.
- Consider providing an overview of the Security department's role and the site's commitment to the VPSHR during mine site visits.

By the end of 2019, Pinos Altos had implemented all of the recommended actions from the third party assessment with the exception of those relating to risk assessment. These recommendations will be implemented in the first half of 2020.

### **D. Lessons and Issues**

#### **10. Lessons or issues from this reporting year, as well as plans or opportunities to advance the Voluntary Principles for the organization.**

The third-party assessment of VP compliance at Pinos Altos shed light on the important role positive company-community relations plays in ensuring the security of operations and mine site personnel. Community members interviewed said that mine site personnel are easily accessible and respond to questions and concerns in a timely manner. They also expressed their gratitude to Human Resources personnel for employment and contracting opportunities.

Pinos Altos' community engagement efforts have enabled the site to operate over the past four years with limited to no incidents of trespassing, community protest and violence. Community members voice their concerns via the site's formal grievance mechanism and follow special procedures to come on site. For example, if community members need to come on site to look for their livestock, they must request permission from Security and site personnel will escort them to ensure their safety.

Agnico Eagle recognizes that it is the effort of numerous departments at Pinos Altos that has fostered this trusting relationship between the mine site and the community. Some examples include: staff from all departments participate in local volunteer activities; Security facilitates human rights conferences in local schools; Human Resources works to strengthen company-community relations through a robust local hiring and contracting program; and Community Relations have developed strong personal relationships with the community members through regular communication and ensuring follow up on

community requests and questions. We will endeavor to share these efforts with our other sites through the development and dissemination of a best practice case study.

Agnico Eagle is committed to furthering VPs implementation at all of our sites and will be considering third party assessments at our mines in Canada and Finland in 2020. In addition, all sites will be required to carry out a security risk assessment using the new security and human rights severity of consequence criteria developed as part of AEM's RMMS. Support will be provided to sites in early 2020.