



Agnico Eagle Mines (AEM)

*Annual Report on the Voluntary Principles
on Security and Human Rights 2020*

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 fourth 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 short-form report in 2020 and 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/companies/agnico-eagle-mines/>.

Agnico Eagle also publicly commits to adhere to the VPs in our [2019 Sustainable Development Report](#) and on our website: <https://www.agnicoeagle.com/English/sustainability/our-approach-and-commitments/default.aspx>

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

In 2020, AEM continued to participate in VPs related meetings and conference calls with member companies and governments. In December AEM participated in a meeting with Canada's Working Group on the Voluntary Principles comprised of companies, NGOs and government. Members received an update from the government of Canada, shared how they were implementing the VPs within the context of Covid-19, and discussed a project on gender and vulnerable groups.

At a site level, the Security department continued to communicate the importance of complying with the Voluntary Principles to local private security guards and the army. Both La India and Pinos Altos carried out multiple training sessions throughout 2020 with guards on the use of force, human rights, executive

protection and preventative security. Due to Covid-19, some of the trainings were carried out virtually, but most were conducted in-person with Covid distancing measures in place.

See section 8 under Country Implementation for additional initiatives undertaken at La India.

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 upholding 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. No significant changes were made to AEM's security and human rights related policies and procedures in 2020.

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

AEM remains committed to conducting third-party Voluntary Principles and Human Rights Risks Assessments, however, the assessments planned for our operations in Canada and Finland were put on hold due to COVID-19 travel restrictions. The assessments will take place in 2021 as part of combined compliance assessments for the Responsible Gold Mining Principles Framework and the Mining Association of Canada's TSM Framework.

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 and presented it to each site in 2020. All sites are mandated to complete a risk assessment with the new criteria by the end of Q1 2021.

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 behaviour."

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.

AEM's 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 2020.

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 La India mine site in the state of Sonora, Mexico.

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.

La India has a contract with SISPS to provide armed security guards to the project site for physical security. The contract was renewed in 2020 and includes compliance with the VPSHR such as screening of security guards, completion of use of force and human rights training and compliance with national and international human rights laws.

As per Mexican law, La India is not permitted to contract police to provide security to the mine site. The site maintains open communication with both the state police and the army (SEDENA) who frequently patrol the community roads around the mine site and mine access road. La India occasionally provides public security with lodging, fuel, food, training, medical attention, communications equipment and vehicle repairs. All donations to the police are provided with a letter that outlines that the goods shall only be used by the police for the stated purposes in accordance with human rights standards and cannot be transferred to third parties.

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

La India actively promotes the Voluntary Principles with its private security guards and with public security that patrols the communities near the mine site.

In 2020 La India carried out three trainings with a total 51 private security personnel on non-lethal weapons, three trainings with a total of 24 security personnel on weapons handling, and three trainings with a total of 50 security personnel on national law on the use of force. The site also completed two human rights training sessions with a total of 17 security personnel on human rights and the use of force, the rights of juveniles under arrest, and human rights and sexual diversity (with a focus on non-discrimination based on sexual orientation).

Most recently on January 13, 2021, site security facilitated a basic introduction on human rights course with ten members of the Secretaría de la Defensa Nacional (SEDENA) assigned to the municipality of Yécora, Sonora. The training covered human rights in general, the origins of human rights, the legal framework for protecting human rights, and complaints mechanisms for human rights violations.



Figure 1 - Human Rights Training with SEDENA

Engagement with the community on the VPs was limited in 2020 due to the Covid-19 pandemic. Visits to the community were limited to emergency response or provision of medical support. Prior to the pandemic, community members were able to access the medical clinic onsite. To ensure ongoing medical support to the community while taking all the necessary precautions to protect workers from Covid-19, La India established a mobile clinic outside the mine site for community members.

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 2018. All recommended actions were carried out following the assessment. No independent assessment has been conducted at La India since but the site reports any significant changes to its security arrangements, along with its training and engagement initiatives to corporate on an annual basis. The Security Manager from La India was also involved in the third party assessment that was completed at Pinos Altos in 2019 to share learnings and best practice.

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 Covid-19 pandemic required some modifications to AEM’s plans for VPs initiatives in 2021, including training and assessments against the VPs requirements. Training for guards was still carried out although some sessions had to be conducted virtually rather than in person. Independent assessments were put on hold for a year due to international travel restrictions and limitations on visitors to sites.

As the first point of contact for all persons entering the mine sites, security guards were provided with added protection to ensure their health and safety during the pandemic. For example, plexiglass barriers were placed at the security office and pigeon holes were installed for deliveries and document transfer. All persons entering sites have been required to present a negative Covid test, have their temperature checked on site, respond to a Covid questionnaire, wear a mask and maintain physical distancing.

AEM is committed to furthering VPs implementation at all of our sites and plans to carry out an integrated audit against the VPs, the Towards Sustainable Mining Standard, the Responsible Gold Mining Principles and AEM’s RMMS at all of our sites in Q3/Q4 2021 (provided Covid-19 restrictions are lifted). We will also review the action plans from our previous third-party assessments against the VPs at La India and Pinos Altos.