



AGNICO EAGLE

2021 Plenary Report

Voluntary Principles on Security and Human Rights

Independent Assurance

AGNICO EAGLE MINES LIMITED

JANUARY 20, 2022

1 CONTEXT

Agnico Eagle Mines (AEM) recognizes that any of its mining activities requires respect for human rights, and that respect for human rights prevents conflicts. The *Voluntary Principles on Security and Human rights (VPSHR or VPs)* guide companies in maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.

1.1 INTEGRATED AUDIT SCOPE AND METHODOLOGY

AEM retained EEM EHS Management (EEM) to conduct its integrated audits against the *VPs*, the Mining Association of Canada's *Towards Sustainable Mining Standards (TSM)*, the *Responsible Gold Mining Principles (RGMP)* and our Risk Management and Monitoring System (RMMS). The integrated audit objectives included providing an independent opinion on the level of implementation of the *VPs* at six of our operations and the achievement of the action plans following the previous assessments conducted against the *VPs* in 2018 and 2019. The following AEM facilities were audited in 2021:

- Goldex Mine (Canada)
- Kittilä Mine (Finland)
- La India Mine (Mexico)
- LaRonde Complex (Canada)
- Meadowbank Complex (Canada)
- Pinos Altos Mine (Mexico)

The independent assessment was conducted by EEM between June and December 2021 and consisted of the following:

- Interviews with the corporate management team and the RMMS corporate coordinator, including Board of directors and members of the different Board committees (Audit, Governance, Compensation, and Environment, Health, Safety and Sustainable Development committees);
- Site visits at the Canadian and Finnish sites;
- Remote audits at the two Mexican sites;
- Interviews at corporate and site levels with key representatives responsible and accountable for community relations, human resources, environment, occupational health & safety, sustainable development, legal counsel, and training at all sites;
- Review of relevant documents and records; and,
- Production of this annual plenary report.

1.2 INTRODUCTION

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

This report is AEM's fifth Plenary Report as a member of the *Voluntary Principles*. It details the actions taken in 2021 to comply with the standard. In 2021, AEM continued to actively participate in the *VPs'* corporate pillar activities and worked with the Mining Association of Canada to include the *VPs* in its membership requirements. Based on the third-party baseline assessment conducted at higher-risk sites in 2018 and 2019, AEM continued to exchange learnings from each assessment across its sites in order to promote best practices in security and human rights.

Highlights of 2021 include:

- Third party independent assessment at the Canadian, Mexican and Finnish facilities;
- Integration of the *VPs* in AEM's RMMS;
- Assessment of potential security and human rights risks at 6 operating mine sites;
- Inclusion of *VPs* in AEM's mandatory trainings for all employees and contractors at 6 operating mine sites; and,
- Continuation of promotion of the *VPs* with private security contractors where a risk to human rights exists.

2 VOLUNTARY PRINCIPLES AT AEM

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

AEM's 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, AEM maintains its commitment to the Canadian Charter of Rights and Freedoms while operating internationally, ensuring all its 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 human rights abuses or breaches of international humanitarian law.

The Senior Vice-President, Sustainable Development and People, the Vice-President, Health, Safety and Social Affairs, and the Vice-President Environment and Critical Infrastructures are directly responsible for corporate oversight of the management of health, safety, security, environment and community relations and would also be responsible for overseeing the application of the *VPs*. They report to the Health, Safety, Environment and Sustainable Development Committee ("HSESD Committee") of the Board of Directors. The HSESD Committee advises and makes recommendations in accordance with AEM's Sustainable Development Policy to the Board of Directors in its oversight role with respect to AEM health and safety, environmental and corporate social responsibility strategy, policies, programs and performance.

As a member of the Mining Association of Canada (MAC), AEM has committed to implementing a human rights and security approach consistent with the VPs and based on risk levels at the mining facilities it operates. This commitment is outlined in the MAC Progress Report ([AEM – MAC Progress report](#)). Agnico Eagle also publicly commits to adhere to the VPs in its *Sustainable Development Report*, available on its website ([AEM - Sustainable Development Report](#)). The VPs are a pillar of AEM’s health, safety, environment and community management system: the Risk Management and Monitoring System (RMMS). In its fourth Plenary Report ([AEM - Plenary Report 2020](#)), AEM committed to furthering VPs implementation at its sites and planning to carry out an integrated audit against the VPs, the *Towards Sustainable Mining Standard*, the *Responsible Gold Mining Principles* and its RMMS at six of its sites while achieving the action plans from its previous third-party assessments against the VPs at La India and Pinos Altos in Mexico.

The Covid-19 pandemic required modifications to AEM’s initial plans in early 2021, including reviewing training and assessment against the VPs methodologies. The independent assessment was put on hold for almost a year due to pandemic induced international travel restrictions and limitations on visitors to sites. However, the assessments were conducted by auditors from EEM at the corporate and site level in accordance with AEM's commitments for 2021.

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

AEM is a member of the Canada Working Group on the Voluntary Principles, comprised of companies, nongovernmental organizations (NGOs) and government. Members share lessons learned with one another in regard to what has and has not worked with VPs implementation, their experiences and to discuss the current and upcoming work of the Voluntary Principles Initiative.

In 2021, AEM continued to participate in VPs related meetings and conference calls with member companies and governments. Potential threats to human rights were analyzed at the mining sites listed in section C9 of this report and results were integrated into operating practices of the VPs. At site level, AEM continued to communicate the importance of complying with the VPs to all employees and subcontractors by implementing a new mandatory induction training.

The security departments continue to be actively engaged in communicating the importance of complying with the Voluntary Principles to local private security guards and public security at Mexican sites.

3. Example of promoting and advancing implementation of the *Voluntary Principles* internationally.

AEM is transparent in its commitment to advancing the VPs. The company promotes the principles in the dealings with government, NGOs, financial agencies and within the mining industry. AEM has decided to implement VPs at all its operations, development properties and at its closed sites. AEM publishes its progress on the implementation of VPs by providing an annual plenary report on AEM’s VPs-related activities.

B. Policies, Procedures, and Related Activities

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

As stated in its Sustainable Development Policy ([Sustainability - AEM Investor Relations](#)), AEM commits to upholding fundamental human rights as defined in the United Nations Universal Declaration of Human Rights. This includes providing assurance that its operations will not support, benefit, or contribute to unlawful armed conflict, human rights abuses, or breaches of international humanitarian law.

The VPs are not a stand-alone entity and have been integrated throughout other AEM's business processes. The principles tie together many of the elements within AEM's RMMS. AEM has adapted its RMMS to support its operations to continuously improve performance and ensure they meet compliance requirements and industry standards related to health, safety, environment, and community relations (e.g., Conflict Free Gold Standard, TSM Initiative, International Cyanide Management Code and VPs). AEM is committed to ensuring that its activities in relation to security align with the VPs.

All AEM's 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 context. No significant changes were made to AEM's security and human rights-related policies and procedures in 2021 other than its integration into AEM's RMMS.

In 2017, AEM committed to contribute to global efforts in preventing the use of child and forced labour in the mining supply chain, and to provide the information needed to demonstrate the responsible sourcing of minerals and metals. As such, AEM considered how security may impact the rights of the child by incorporating UNICEF's Child Rights and Security Handbook where a risk of child labour existed. As outlined in its Sustainable Development Policy, AEM does not in any way support or facilitate child labour or forced labour practices. This applies to mining operations, exploration and other development activities in which AEM is directly or indirectly engaged. It also applies to all outsourced or subcontracted activities across the supply chain. AEM committed to take action to terminate any such arrangement should the company become aware that such practices are being supported by any suppliers. AEM is starting to conduct audits of its supply chain and is working on the development of a supplier audit program.

AEM sites reporting within the TSM program were externally verified to ensure no child or forced labour was occurring at its site. In 2018, Agnico Eagle Mexico was recognized with the Mexico Without Child Labour Award, which is presented annually by the Secretaria del Trabajo y Previsión Social Department of the Mexican government.

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

In 2018 and 2019, AEM contracted third party Avanzar LLC to conduct independent assessments against the VPs at its Mexican operations (La India and Pinos Altos mines). Their assessment includes an analysis of the social, political, and human rights risk factors associated with the site's operating environment as well as compliance with the Voluntary

Principles. Avanzar evaluated the site's relationship with the surrounding communities, the potential for violence and conflict, the overall respect for the Rule of Law, and the strength of institutions that enforce the law (i.e., public security and the judicial system) in the mine's host country. The methodology was based on the AA1000 Principles for assurance and included interviews with external stakeholders. An action plan was established and implemented following Avanzar's assessment.

In 2020, AEM retained EEM to conduct integrated audits in 2021 at six of AEM's operational sites, which included an assessment on the level of compliance with the VPs. The assessments were conducted between June and December 2021. The assessments were performed on-site for the Canadian and Finnish sites and remotely for the Mexican sites, due to Covid-related travel restrictions.

An integrated audit tool was developed based on the VPs' official guidance documents to document any potential gaps and opportunities for improvements. In 2019, AEM finalized a set of severity of consequence criteria specific to human rights and security that was presented to the six assessed sites in 2020. Each site completed its risk assessment in 2021 and results of these were conducted in accordance with the RMMS comprehensive risk identification system and analysis methodology. This allows to ensure human rights is a key factor to the decision-making process. Risks identified to VPs are managed through the RMMS to meet AEM's commitments.

6. 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 confidentially report unethical, illegal or irresponsible behaviour." AEM uses a corporate wide reporting process that incorporates incident severity ratings for all community relations-related incidents, including security and human rights incidents. All reported incidents are reviewed to determine the level of risk. A web-based system has been implemented (<http://agnicoeagle.ethicspoint.com>) 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 sites 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 the six sites assessed in 2021.

7. Company procedure to consider the Voluntary Principles when entering into relations with private security providers

AEM utilizes both external (private security contractors) and internal security personnel at its operations. For the operations in Pinos Altos, the security function is in-house. This approach provides AEM with control and flexibility over the hiring, retention and training of security personnel for these mines. Background checks with relevant authorities are conducted as well as internal assessments to assure the quality, attitude and values of individuals hired for the security function.

For La India, AEM has retained the services of an external security contractor to provide high quality personnel under very specific criteria. Even though the security is conducted under contract, AEM does retain a measure of control in terms of the personnel assigned to the mine. For example, the contract states that the contractor must provide the site with a list of candidates one week in advance of assigning them to site so that the site may check their backgrounds and their training to ensure they comply with site requirements.

The contract for private security at La India came up for renewal in mid-2018 and Avanzar noted the ability of the security provider to comply with international security and human rights-related standards was considered in the selection process for a security contractor. Avanzar also reported that the new contract included required compliance with the site's Security and Human Rights Policy and international law enforcement principles, and outlined training requirements related to human rights and the use of Force.

For the Abitibi and Finnish operations, AEM uses external security contractors. For Nunavut operations, AEM uses a mix of internal and external security services. All security personnel, as AEM's subcontractor, undergo a comprehensive training that includes specific topics relating to Human Rights and the VPs.

8. Company procedure or mechanism to investigate and remediate security-related incidents with human rights implications by public/private security forces relating to the company's activities

At the assessed AEM's sites, security and/or human rights-related incidents are reported, assessed, investigated and remedial actions taken in accordance with AEM's RMMS. Incidents are registered through on-site incident reporting processes or through the community feedback mechanism for external incidents.

No allegations of security-related human rights violations were reported at AEM's mine sites since 2018.

C. Country Implementation

9. Overview of country operations selected for reporting year

The following AEM locations were audited in 2021 to review progress on meeting the VPs:

- Goldex Mine (Canada)
- Kittilä Mine (Finland)
- La India Mine (Mexico)
- LaRonde Complex (Canada)
- Meadowbank Complex (Canada)
- Pinos Altos Mine (Mexico)

10. Engagement with stakeholders on country implementation

Agnico Eagle works to promote the Voluntary Principles with other companies and government bodies in the jurisdictions in which the company operates. AEM continues to actively engage with human rights organizations to educate on human rights-related issues. The company is

building on previous assessment of practices conducted by Avanzar which identified 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, Avanzar noted the security benefits of the site's positive relationship with the surrounding communities.

11. VPs considerations in the selection of private security providers and formulation of contractual agreements with private security providers, as well as arrangement with public security forces

Security at the Canadian and Finnish sites is not armed and operates in countries where human rights are embedded in applicable legislation and where the risks to human rights are very low.

As per Mexican law, AEM is not permitted to contract police to provide security to the mine site. The sites maintain open communication with both the state police and the army (Secretariat of National Defense (SEDENA)) who frequently patrol the community roads around the mine site and mine access road.

AEM's Pinos Altos and La India mines have 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.

12. Examples of supporting outreach, education and/or training of relevant personnel, private security, public security, and/or civil society

Over the last three years, AEM in-house and private security contractors conducted an induction training on the use of force with all its guards in Mexico. It includes an overview of human rights, how they are protected in Mexico, how Agnico Eagle promotes human rights and how one can report a human rights violation. The training also includes an overview of the use of force procedure.

As part of its commitment to engage with public security on the VPs, La India and Pinos Altos mines invited members of the police force to attend human rights and use of force training sessions sponsored by the mine in 2018 and 2019.

At the sites in Canada and Finland, all in-house and private security contractors receive an induction training introducing them to the VPs and AEM's commitments.

In early, 2021, site security facilitated a basic introduction on human rights course with ten members of 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 the complaints mechanisms for human rights violations.

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

Between 2018 and 2020, AEM contracted third party Avanzar LLC to conduct an independent assessment against the *VPs* at Pinos Altos and La India mines. In its independent assessment,

Avanzar indicated that all recommended actions were carried out following the assessments with only the risk assessment to be completed following the 2020 annual report. The integrated audit conducted in 2021 had a specific objective to provide an independent assessment on the level of compliance to the VPs at the six identified AEM locations in section C9 above. The integrated audits provided AEM with the level of assurance that there are processes in place that are commensurate to jurisdictional risks to ensure that the VPs are implemented.

D. Lessons and Issues

14. Lessons or issues from this reporting year, as well as plans or opportunities to advance the VPs for the organization

The Covid-19 pandemic required some modifications to AEM's plans for implementation of the VPs initiatives in 2021, including training and assessments against the VPs requirements. Training for guards occurred, although some sessions had to be conducted virtually. The independent assessments were postponed from early 2021 to Q4 due to international travel restrictions and limitations on site visitors due to the continuing Covid-19 pandemic. The Mexican sites were assessed remotely using videoconferencing due to a travel health notice from the Canadian Government to avoid travel outside Canada. The remote audits were conducted in accordance with the International Accreditation Forum (IAF) *Auditing Practices Group Guidance on Remote Audits*.

AEM is committed to strengthen VPs implementation in its operations, development properties and at its closed sites. AEM will review opportunities for improvement and implement corrective actions to continue improving the VPs awareness to its external stakeholders, including those from its supply chain.

The scope of the independent assessment consisted in the review of relevant documents and records to demonstrate conformance to the VPs, as well as interviews with key personnel. The AEM head office and site representatives participated in the assessment. The assessment compared AEM's practices with the requirements identified in the reference documentation available from the *Voluntary Principles* website and other relevant documentation from public organization in Canada and applicable to Canadian companies operating abroad.

AEM retained EEM after a selection process that included making sure the company has policies and procedures in place to ensure that its employees maintain their independence during the execution of the assessment. No members of EEM were involved in the implementation of the VPs at AEM's sites. EEM auditors confirm that they are independent. The integrated audits were carried out by experienced auditors holding recognized professional certifications and experienced in the applicable subject matter.