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"Mining company executives recognize that ESG issues will drive significant business-model change. 84% agree or strongly agree that long-term success is increasingly dependent on a holistic approach to stakeholder returns, including governments, communities and employees."

—KPMG Global Mining Outlook



The inuksuk or "inunnguaq" sculpture in this photo is located near the Agnico Eagle Meadowbank Complex near Baker Lake, Nunavut. Inunnguaq sculptures are shaped to resemble human bodies and often have spiritual meaning for the Nunavut Inuit cultures. Among their many practical functions, they are used as hunting and navigation aids throughout the Arctic landscape for the Inuit.

Gold Mining: Community Relations are the Foundation for ESG

Community relations represent a mining company's relationship with the local community. They provide a foundation for true sustainability and ESG-oriented operations. In its best practice, community relations are a mechanism for strong relationship building and benefit sharing with local inhabitants.

In tackling environmental, social and governance (ESG) concerns, the "social" stakes are high for mining companies. Standards for corporate behavior have become more stringent over time and local communities where mines exist expect significant benefits from mining operators. Gold miners must earn their "social license" to maintain positive partnerships with host-country governments and local communities.¹ Meeting the myriad social challenges is critical for miners, who may face higher costs and shuttered operations should conflict arise with their host community. To address these social challenges, the mining industry has increasingly prioritized community relations since the 1990s.

Community relations span a large scope of activities. We believe these five key areas are crucial to harmonious mining operations and benefit sharing and represent "best practices" for miners.



1. Health and Safety

Health and safety are the cornerstone of sustainability for miners. Accident and fatality rates are the foremost markers to watch for mines. Industry leaders aim for specific health and safety targets and publish yearly operational outcomes. Agnico Eagle, one of our direct suppliers of physical gold to the [Sprott ESG Gold ETF \(NYSE Arca: SESG\)](#), reports that it targets an accident rate below 1.0 per 200,000 person-hours worked for 2022, as outlined in the [Agnico Eagle Sustainability Report 2021](#).

Leading companies will also go beyond workplace safety to invest in the overall well-being of their workforce. At Agnico Eagle, this included sending workers home with pay when the pandemic threatened communities that had limited health infrastructure to respond to COVID-19, and offering unpaid leave with benefits to employees who were home due to caregiving or other COVID-related issues. In non-pandemic times, mining companies following best practices will focus on overall wellness, including fitness and nutrition programs for employees.

Issues of Health and Safety

- > What are the accident and fatality records of operating mines?
- > How does the company support the broader picture of health for employees and the local community?

¹ Scotiabank (2021). Environmental, Social, and Governance: Going for ESG Gold: Introducing ESG Tearsheets for the Precious Metals Sector.

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2. Employment and Training

Employment and training are among the most impactful benefits a mining company can offer a local community. Mining companies that hire the local workforce are feeding income into the region, potentially for decades. In addition, skills training and education are powerful tools that engage and help the local community.

Best-practice training has three beneficial components for local workers. First, training develops skilled miners, who retain those skills even when the mining operation is completed. Second, training and apprenticeship programs can develop skilled trades related to mining — electricians, construction, security, etc. Third, quality training vastly improves the safety and well-being of mining workers.

In its 2021 sustainability report, Agnico Eagle said it conducted nearly 300,000 hours of training across its different operating and project sites.

How to Consider Employment and Training

- > How many employees are local? How many are indigenous employees?
- > What type of training programs and career development are conducted?
- > What is the level of employee turnover?



3. Development/Investment in the Community

Community investment or development is another way mining companies can share the gains of mining with the local region. This kind of spending can include charitable donations to causes like healthcare, education, arts, cultural and sports groups. It can also take the form of infrastructure investment, such as developing roads or building internet connectivity.

Agnico Eagle, for example, built a 5G wireless private network for one of its Canadian mines so that the mine could use new technologies aimed to improve safety and working conditions, and it extended the project to include 180 kilometers of a new public 5G network along the highway from the nearest town to the mine.

How to Assess Development

- > How much of revenue flows through to local suppliers via procurement and local employees via wages/benefits?
- > Other community investments?
- > Local philanthropy?



2021 Community Investments

In 2021, Agnico Eagle's community investment and contribution programs targeted initiatives that enabled each of the communities where it operates to benefit from economic development in their region, even after mining ceases. In 2021 alone, Legacy Agnico Eagle contributed \$6 million to various local organizations and events and Legacy Kirkland Lake Gold \$4 million. Most funds went to health (31%), community engagement (21%), and education funding (14%). Source: AgnicoEagle.com.

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4. Interactions with Indigenous Communities

Because mines can greatly impact the land and health of indigenous communities, mining company sustainability leaders prioritize these relationships to mitigate harm and share benefits with indigenous groups. For example, the potential health issues related to dust and tailings are one key issue. Land use, stewardship and restoration are also major considerations.

Mining industry leaders are approaching these topics proactively and collaboratively. Agnico Eagle discloses extensive efforts to gather input and collaborate with indigenous peoples across its mining sites. The progress has also been boosted by Canada's adoption in 2021 of the United Nations Declaration on the Rights of Indigenous Peoples Act (UNDRIP). The Act codified some of the developments arising from longstanding working relationships between governments and mining companies, including that indigenous communities have the right to FPIC – free, prior and informed consent – on anything that infringes on their lands or rights.

At Agnico Eagle, for example, protecting the quality of water it shares with local communities is a key aspect of its water stewardship efforts. According to Nancy Duquet-Harvey, Environmental Superintendent – Nunavut, "Water stewardship for Agnico Eagle focuses on reducing the ecological effects from our effluent discharges into any receiving waterbodies. For example, the saline water management plan at our Meliadine operation helps us meet our stewardship obligations and was developed in collaboration with community stakeholders following extensive consultation sessions."²

Considerations Related to Indigenous Communities

- > How are indigenous communities involved as employees? Decision makers?
- > What is the policy about involuntary resettlement?
- > Are there other land-use issues? How are they resolved?
- > How are indigenous communities involved in mine decommissioning/reclamation?



5. Other Community Issues

Any other issues that arise between the community and the mining operations must be heard and addressed proactively, including complaints related to operations or second-order effects like noise, traffic, pollution, or anything else that might arise.

Yamana Gold addresses these issues through a program called the Social License to Operate (SLO) Index. This formal program includes detailed annual in-person surveys and quarterly mobile-based shorter surveys. The data is analyzed and reported in an index to give mining management teams quantified, useful input to guide decision-making.

Considerations Related to Communication and Complaint Management

- > How does the company solicit communication, including complaints, from the community?
- > What is the process for addressing complaints and what were the outcomes?
- > How has the company trended over time in its capacity and effectiveness?

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² Source: Agnico Eagle, Meeting our Stewardship Obligations for Shared Water Resources.

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Taking a Long View of Community Goodwill

These five issues represent the core concerns of mining operators as they seek to develop strong community relationships. Earning the trust and partnership of local communities is a critical ingredient for sustainability more broadly. The local issues will differ for each mine, but the mining company must have a codified process for assessing and addressing community priorities.

These issues are also deeply connected to the company culture of the mining company. When the management of a mining company views community relations as a top priority, they start from a position of fostering goodwill with the communities around them. This is a long-term view about doing the right thing but also maximizing the operational value of mining assets. In the case of Agnico Eagle, they view themselves as guests in the local communities where the mine sites are located.

SESG's Gold Suppliers are ESG Mining Leaders

For [Sprott ESG Gold ETF \(NYSE Arca: SESG\)](#), we source gold directly from ESG mining leaders³ so that we can provide full transparency on the provenance of the ETF's gold. Our supplying miners include Agnico Eagle, winner of the 2021 Mining Association, Canada Towards Sustainable Mining, Community Engagement Excellence, as well as the 2020 Environmental Excellence Awards. You can learn more about [Agnico's award-winning practices here](#) or by replaying our September webcast, [SESG is Gold that Aligns with Your Values](#).



Local Mine Dispatcher at Meadowbank

This dispatcher at the Meadowbank gold mine located in the Kivalliq District of Nunavut is from the local community. The Meadowbank gold mine was Agnico Eagle's first Low Arctic mine; it achieved commercial production in March 2010 and produced its three millionth ounce of gold in 2018.



Celebrating Indigenous Heritage & Culture through Art

In October 2021, Agnico Eagle celebrated the artwork of six indigenous artists based in Québec and Ontario as part of its indigenous arts display and exhibition project to honor and promote the cultural heritage of Algonquin communities.

³ Based on Morningstar's universe of listed commodity funds. Data as of 11/30/2022.

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