

Message from the Chair of the TSM Governance Team and MAC's President and CEO

Welcome to the 2018 *TSM Progress Report*. We are pleased to present a detailed look at our members' environmental and social performance for 2017.

HIGHLIGHTS OF 2017 RESULTS

This report includes the 2017 *TSM* performance results for 67 mining facilities belonging to 23 of our member companies. This year, 24 mining facilities had their results externally verified as part of *TSM's* three-year external verification cycle. Six facilities reported *TSM* performance for the first time and are included in aggregate graphs for each of the Protocols.

Once again, we saw strong performance in many of the *TSM* Protocols:

- 96% report publicly on their engagement and dialogue activities.
- 81% conduct crisis simulation exercises.
- 99% have formal safety and health management systems.
- 75% have senior management commitments to biodiversity conservation in place.
- 92% have implemented a tailings management system that is in conformance with MAC's tailings management guides.
- 96% have implemented energy use and GHG emissions management reporting systems.

On an aggregate basis, we did see a drop in performance in both *Tailings Management* and *Crisis Management and Communications Planning*. These drops are in part due to the addition of new MAC member facilities that are still working to align their systems with *TSM* requirements. In the area of Tailings Management, seven facilities (including six closed facilities) that previously reported Level As for Indicators 3 and 4 were downgraded to Level Cs and Bs during external verification this year. Additionally, five facilities that previously met all criteria of the *Crisis Management and Communications Planning Protocol* reported "No" for Indicator 2.

These results confirm the value and integrity of *TSM's* internal and external verification requirements. MAC has engaged with the companies that have experienced a drop in performance and, consistent with *TSM's* intent to drive performance and encourage continuous improvement, these companies have identified corrective actions which are now being implemented.

NEW ELEMENTS OF THE REPORT

In 2017, MAC added a new Protocol, *Preventing Child and Forced Labour*, in light of *TSM's* growing global presence and the need to contribute to efforts to address these issues. Adherence to this commitment is assessed every three years as part of each facility's external verification and we are pleased to include the first results in the *Communities and People* section of this year's report. We are also pleased to acknowledge that 100% of the facilities undergoing verification this year were able to demonstrate adherence to this Protocol.

In 2017, MAC also adopted a new membership commitment to implement the *Voluntary Principles on Security and Human Rights* (VPs). To demonstrate adherence to this new commitment, this year's report includes statements from each MAC member with international operations describing their approach to risk assessment, how their security-related management systems align with the VPs (when appropriate), the nature of their assurance processes and a link to any additional corporate public reporting related to the VPs. Company statements can be found in the *International Application of TSM* section of the report.

INCREASED UPTAKE OF TSM

MAC continues to help build capacity within the global mining industry by sharing its expertise in sustainable mining practices. One of the most effective ways MAC and its members have been doing this is by freely sharing the *TSM* initiative with mining associations in other countries that are seeking tools to improve the environmental and social performance of their mining industries.



MAC is pleased to welcome Spain as the newest *TSM* partner country. Confederación nacional de empresarios de la minería y de la metalurgia (CONFEDEM) became the fifth national mining association to adopt *TSM* outside of Canada, joining Finland, Argentina, Botswana and the Philippines.

As part of MAC's efforts to continue advancing *TSM*, we are committed to working with our partner countries to ensure that it is successfully implemented. As part of this effort, MAC staff were joined by Dr. Phil Oxhorn, one of MAC's Community of Interest Advisory Panel members, to put on a training workshop in Buenos Aires for the Argentinean Chamber of Mining Entrepreneurs' (CAEM) newly formed advisory panel. The objective of this workshop was to ensure that CAEM's panel is well positioned to provide relevant advice to the Argentinian mining industry and effective oversight of *TSM* implementation.

International interest in *TSM* continues to grow, and MAC is currently being engaged by governments and associations across the globe.

TSM PROTOCOL DEVELOPMENTS

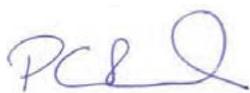
Throughout 2017, MAC continued to work towards completing the implementation of the recommendations of the Independent *TSM* Tailings Management Review Task Force, with a focus on strengthening the guide to *Developing an Operation, Maintenance and Surveillance Manual*. With the review of the tailings management component of *TSM* now complete, including the implementation of all of the recommendations from MAC's Independent Tailings Management Review Task Force, MAC members are now turning their attention to aligning their systems with the updated *TSM Tailings Management Protocol* and guides.

Over the course of 2017 and 2018, water experts from across the industry have worked diligently to develop a set of performance indicators to measure water governance, operational water management, watershed-level planning and water performance and reporting at the mine-site level. The new *Water Stewardship Protocol* will be phased-in over the next few years, with public reporting scheduled to begin in 2021.

In 2018, MAC initiated a review of the *Aboriginal and Community Outreach Protocol*. Work to update the Protocol to ensure it reflects current best practices with respect to community engagement and Indigenous relations will continue through 2019.

The COI Panel provided input into the review of the *Tailings Management Protocol* and guides, the development of the new *Water Stewardship Protocol* and continues to be involved in the review of the *Aboriginal and Community Outreach Protocol*.

We hope you enjoy the 2018 *TSM* Progress Report.



Peter Read
Syncrude Canada
Chair of the *TSM* Governance Team



Pierre Gratton
President and CEO
The Mining Association of Canada