

# COMMUNICATION ON PROGRESS (COP)

## SOLGOLD PLC

From September 2020 to September 2021

**1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)**

10 September 2021

To our stakeholders:

I am pleased to confirm that SOLGOLD PLC reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Keith Marshall  
Interim CEO

## 2. DESCRIPTION OF ACTIONS & MEASUREMENT OF OUTCOMES

### Human rights

#### **Evaluation, policy and objectives**

Solgold and the subsidiary companies have implemented Business Policies, for the correct performance of their activities on human rights, which are within the reach of their collaborators and guarantee the protection and respect in this matter of their human capital, as well as of its stakeholders and meet the company's objectives, identifying the particularities of its areas of operation.

#### **Implementation:**

- The promotion and protection of human rights is a priority for Solgold and its Subsidiaries, respect for human rights is included in the Community Relations Program and in the Community Relations Guidelines.
- The Company fosters a work environment free from discrimination against gender, age, race, nationality, marital status, sexual orientation, religious beliefs, disability or any other personal characteristic protected by international human rights law.
- Solgold, as a member company of the Child Labour Eradication Project in Ecuador, seeks to comply with its guidelines, promoted by the Ministry of Labour and the UN, and promotes zero tolerance in this matter in its daily activities, as well as in the value chain of its suppliers.
- We support the elimination of all forms of forced and compulsory labour, as well as child labour. Based on our internal assessment, none of our operations are at risk of incidents of child labour, forced or compulsory labour.
- The cultural approach is taken into account by the Community Relations Plan and addresses the ethnic and socioeconomic particularities of the areas of operation for its individualized treatment.
- The Human Talent and Social Responsibility areas have established a mechanism for receiving complaints related to different aspects, which can include issues related to the exercise of human rights within the areas of influence of their activities.

#### **Measurement of Outcomes:**

891 employees were socialized on issues related to the following policies:

- Sexual Harassment Policy,
- Quality Policy (Business self-demand),
- Personnel Policy,
- Alcohol and drug policy,
- Environmental Policy,
- Health and Safety Policy at work,
- Bullying and Discrimination Policy,
- Corporate Social Responsibility Policy
- Community Relations Guides
- Whistleblower Policy;

891 employees have been trained at the time of joining the company in related topics such as: Code of Ethics, Code of conduct, procedures and internal work regulations. These trainings are periodically reinforced and motivational topics, Leadership training and Covid-19 protocols have been added. There have been 12 socializations related to the Eradication of Child Labour to staff and community members.

#### **Grievance Mechanism:**

A mechanism for receiving complaints has been established, and in this period no complaints regarding alleged human rights violations have been received.

## **Labour**

### **Evaluation, policy and objectives**

Solgold promotes the inclusion of local personnel in its daily activities, considers the gender vision in the social management of its productive projects, maintains personnel selection and recruitment processes that protect the worker for their future performance; in whose processes any form of harassment is not tolerated and fosters a work environment free of discrimination, for which policies and regulations have been created in this regard.

On the subject of occupational health, it has generated specific regulations for the management of Covid-19, in order to protect the health of its workers and the communities of the areas of influence and has mechanisms for receiving concerns about labour issues.

### **Implementation**

- As a mechanism of access to decent work for the inhabitants of the areas of influence of our activities, preference is given to the hiring of local labour and services, with a salary remuneration higher than that established by the Labour Authorities and additional benefits for local workers, such as an accident policy and private insurance independent of the compulsory social security required by the Ecuadorian State.
- To promote the inclusion of women heads of families, SolGold, through the Community Relations Program, has identified the need for their inclusion in agro-productive projects, to provide an economic alternative to support families in the areas of influence of our activities.
- A selection process with Human Talent has been implemented that includes pre-occupational and occupational examinations and permanent monitoring of the physical conditions of the worker.
- Given the particular conditions of the location of the exploration projects of SolGold's subsidiaries, the best alternatives are sought to provide workers with dignified, safe and healthy conditions to carry out our activities. We use existing local infrastructure and adapt it to our requirements or implement advanced camps for operational facilities.
- The Social team identifies the properties required for temporary or permanent use and makes their use official; Logistics and Administration carry out the previous inspections of these facilities and with the support of HSE, the requirements for a normal, satisfactory, pleasant and safe stay at the work site are met.
- Derived from the consequences of the global Covid-19 pandemic, Solgold established specific measures for the adoption of preventive and biosafety measures for its workers and suppliers, has isolated its workers prior to entering their work, has taken the corresponding PCR tests to minimize occupational risks and has established a corporate vaccination program in accordance with its procedures.
- Solgold has contributed and collaborated with public health policy to promote the adoption of measures for the management of the pandemic in the communities in its areas of operation and has been summoned to collaborate in the "vaccinate Ecuador" program undertaken by the Ecuadorian Government.
- To resolve concerns in labour matters, there is a mechanism for receiving labour complaints, about working conditions, work stress that are handled confidentially and have a follow-up mechanism.

### **Measurement of Outcomes:**

- Solgold has 655 local workers in all its operations as of July 2021.
- The agro-productive projects have benefited 162 women, mostly Heads of Household and vulnerable people.
- Solgold has 8 Advanced Camps and conducts continuous monitoring of joint comfort and safety by the Logistics and Human Resources Team.
- The salary level for local workers is higher than the basic salary percentage established by the Ecuadorian labour authority.
- Solgold covers a personal accident and life policy, both for its personnel and contractors.
- Solgold has signed 4 private health insurance policies for both technical and administrative personnel.
- Solgold drew up 17 Covid-19 protocols at work during the pandemic.
- Solgold performs routine inspections of its operating facilities according to the risk of its activities.
- Solgold conducts vehicle safety inspections every 2 weeks on company vehicles used by technical staff.
- Solgold has performed 2,804 PCR tests in its regional projects. Sep. 2020 - Jul. 2021
- Solgold performs a preventive isolation of all workers entering the projects.
- 77% of the immunization of its personnel with 2 doses has been fulfilled. Aug. 2021.
- In this period, 5 complaints have been received regarding issues related to labour issues, of which 100% have had the corresponding resolution.

## **Environment**

### **Evaluation, policy and objectives**

- The fundamental pillars of SolGold's social responsibility management are its workers, the communities and the care of the environment; For these purposes, it has developed its environmental policy. Its Health, Safety and Environment standards and procedures have a preventive approach and continuous improvement, which guarantees optimal environmental performance; Participatory social monitoring and the participation of the academy in training guarantee the care of water and biodiversity in its areas of operation.
- According to the regulations of the control authorities, audits of compliance with the Environmental Management Plans are carried out periodically.

### **Implementation:**

- Our environmental department prioritizes the water management of its exploration activities through technologies for water recirculation, recovery of affected areas, reforestation, as well as noise and emissions control.
- We form immediate and timely response brigades for environmental emergencies with the company's workers and contractors. We have the specialized team to control contingencies.
- We provide permanent training to technical, local and contractor personnel on safety, environment and health issues.
- We use environmentally friendly products, avoiding a greater risk than other non-environmentally compatible products can produce. We use biodegradable products to minimize impacts on the environment. In the camps, specific sites are maintained for the storage of products with signs of their associated risk and we maintain records of the safety sheets for handling chemical substances. MSDS.
- The handling, classification, storage and disposal of waste are kept regularized before the environmental authority. We work with qualified environmental managers who guarantee the proper final disposal of hazardous waste. Water recirculation systems have been implemented through equipment called "Solids Remission Units" (SRU), which allow the optimization of the use of the resource and avoid discharges to the environment.
- Structures have been built to capture water, and automatic electronic flow meters have been implemented, with the aim of controlling that the amount of the resource used is in accordance with the permits issued by the environmental quality entity.
- Regarding alliances and collaboration agreements with specialized organizations, we are members of the Ecuadorian Corporation for Social Responsibility CERES, which focuses on environmental aspects and with the UTPL Academy to strengthen knowledge of environmental issues.
- Another agreement is the one reached with the Yachay Tech University, an inter-institutional mutual aid agreement for the generation of scientific knowledge in order to efficiently use the waste resulting from mining exploration processes.
- Permanent opening to requests from the Mining Regulation and Control Agency (ARCOM) for the incorporation of students in the internship modality required by various universities in the country, in support of the training of new professionals in the environmental area.

### **Measurement of Outcomes**

#### **Cascabel Project:**

- Four (4) reports of compliance with the Environmental Management Plan have been made, two (2) for the initial exploration phase and two (2) for the advanced exploration phase.
- The Company performed 1 (one) compliance audit of the Environmental Management Plan for the advanced exploration phase.
- The results of the audit were reported to the project management who are developing action plans to address the findings and recommendations, for follow-up.
- In 2021, Solgold continued to integrate innovative and sustainable technologies into its operations and business strategy, such as the installation of flow sensors at water catchment points authorized by the Ministry of the Environment, which allows adequate control of the permits granted by the government entity.
- There have been processed and recirculated: 109,728 m3 of water
- 300.6 tons of waste have been processed; those were delivered to qualified environmental managers.
- 12 trainings have been carried out for workers on protection and conservation of the environment, environmental prohibitions in the project, waste management, handling of dangerous substances, drills to control spills, use and use of water, protection of flora and fauna, Identification of vestiges archaeological, environmental management plan.

**Regional:**

- 131 Regional Annual Reports have been delivered to the environmental authority (Evaluation 2017-2018, 2018-2019, 2019-2020, 2020-2021)
- 16 semi-annual reports of priority projects with scout drilling activities have been delivered to the environmental authority (from August 2019 to July 2021)
- 85% of the water used in drilling processes has been processed and recirculated.

**Anti-corruption****Evaluation, policy and objectives**

Solgold integrates in its Code of Conduct and Business Ethics, the ethical principles to be followed by employees, executives, agents, directors, suppliers and contractors of its Subsidiary Companies in Ecuador in business relationships with its stakeholders. This code determines zero tolerance for bribery and establishes measures to avoid any act related to corrupt practices on the part of employees, officers, directors, consultants and contractors of the Solgold company.

Through the Whistleblower Policy, it has established communication channels that allow monitoring of alleged acts contrary to ethics and possible violations of business rules and procedures.

**Implementation:**

Solgold has proceeded to publicise the Code of Conduct and Business Ethics as well as the Whistleblower Policy to all its staff and to place this Code and Policy in visible places, in the work areas for permanent reading and has established mechanisms for its implementation.

- Anti-corruption practices are included in the code of ethics.
- Socialization of the policy to the staff.
- They are posted on the billboard at all camps.
- An anonymous complaint mechanism is available. The investigation corresponding to 5 complaints by the Human Talent area has been carried out, which have had the due closure of the process.

SolGold's fight to perform against corruption is guided by the Code of Conduct - including gifts and entertainment; conflicts of interest; political activities and contributions.

**Measurement of Outcomes:**

Solgold has the following information in this regard:

- The number of training records or the number of personnel (910 employees trained as of July 2021)
- No complaints have been registered for corruption issues in the 2020-2021 period.