

TSM Summary Assessment Report

Facility Information

Name of company	Canadian Royalties Inc.
Name of facility	Projet Nunavik Nickel (PNNi)
Address	90 km West of Kangiqsujaq
Country of operation	Canada
Products/metals produced on site	Nickel
Types of operations included in scope:	
Mining	<input checked="" type="checkbox"/>
Milling	<input checked="" type="checkbox"/>
Smelting	<input type="checkbox"/>
Hydrometallurgical	<input type="checkbox"/>
Refining	<input type="checkbox"/>
Other (<i>please explain</i>)	
Types of infrastructure included in scope:	
Roads	<input checked="" type="checkbox"/>
Rails	<input type="checkbox"/>
Ports	<input checked="" type="checkbox"/>
Other (<i>please explain</i>)	<input type="checkbox"/>

Verifier and Verification Information

Verification firm	EEM EHS Management Inc.
All verifiers involved in the verification are accredited TSM verifiers	Yes, the verifier is a verification service provider
Date(s) of verification activities	(27/08/2024 – 22/11/2024)
Verification period	2024
Methodology summary	The external verification was performed in accordance with the principles set out in the following standards and documents:

	<ul style="list-style-type: none"> • ISO 19011:2018 - Guidelines for auditing management systems • Terms of Reference for Verification Service Providers of the Mining Association of Canada (26 March 2024) • TSM Verification Guide (26 March 2024) <p>The tasks and activities undertaken during the verification process are summarized below:</p> <ul style="list-style-type: none"> • Prior to the audit, copies of the facility self-assessments and supporting documentation were made available to EEM • Evidence was collected through interviews, submitted documents and, to a lesser extent, observations • The information collected was assessed against the criteria set out in the performance standards protocols assessed • A closing meeting was held during each interview • This audit report, which contains the audit conclusion and the audit statement, was produced
Summary of the verification activities	<p>The following activities were undertaken during the verification:</p> <ul style="list-style-type: none"> • A startup meeting was held to kick off the verification • A copy of CRI's self-assessment was made available prior to the verification • An opening meeting was held at the beginning of each interview • Evidence was gathered through interviews, the review of documentation and records • Collected information was assessed against the criteria outlined in the protocols for the performance standards assessed • A representative sample of COIs were interviewed, according to the Squeglia c=0 method for 90% acceptable quality • A closing meeting was held at the end of each interview • The present verification report, including verification conclusions and verification statement, was produced
Was a site visit conducted?	Yes

Summary of Findings

Criterion	Rating	Comments / Examples of evidence consulted
Indigenous and Community Relationships		
1. Community of Interest (COI) Identification	A	<p>There is a documented process in place for COI identification at PNNi that can determine a wide range of interests and concerns. The process includes:</p> <ul style="list-style-type: none"> • A mechanism for COI to self-identify.

Criterion	Rating	Comments / Examples of evidence consulted
		<ul style="list-style-type: none"> Descriptions of relevant attributes for identified COI and a process in place to ensure related information is up to date. Provisions to protect confidentiality, where requested by a COI. <p>COIs are reconsidered periodically throughout PNNI's life.</p> <p>PNNi maintains a record of identified COI, which is regularly reviewed and updated.</p>
2. Effective COI Engagement and Dialogue	A	<p>There are documented COI engagement and dialogue processes, which were designed with input from COI, in place. Processes are in place to review results from COI engagement with senior management and affected COI on a regular and pre-defined frequency.</p> <p>Communications are written in the local language for COI and written in language that is clear and understandable to COI.</p> <p>Relevant materials are provided to COI for review in an accessible and timely manner.</p> <p>Processes exist to identify the needs of COI for capacity building to allow them to participate effectively on issues of interest or concern to them.</p> <p>Engagement and dialogue training is provided to designated personnel, including appropriate culturally specific training.</p> <p>Public reporting on COI engagement takes place, including the types of engagement that have taken place in the reporting period and the topics/themes of the engagement.</p> <p>https://uploads.visionw3.com/sitefiles/canadianroyalties.com/documents/2024/Rapport_2023_Collectivites_EN.pdf</p>
3. Effective Indigenous Engagement and Dialogue	A	<p>There is demonstrated senior management commitment to Indigenous engagement, consistent with the intent of the TSM Mining and Indigenous Peoples Framework, and it includes commitments to:</p> <ul style="list-style-type: none"> Meaningful ongoing engagement. Building respectful relationships. Aiming to obtain the FPIC of directly affected Indigenous peoples before proceeding with new projects or expansions where impacts to rights may occur. Ensuring that Indigenous peoples have equitable access to opportunities related to the facility. Aiming to provide long-term sustainable benefits to affected Indigenous communities. <p>Processes are established to engage with directly affected Indigenous communities that:</p> <ul style="list-style-type: none"> Seek to understand what is important to the community, including culturally significant sites, how their rights and interests may be affected and how to mitigate adverse impacts on those rights and interests.

Criterion	Rating	Comments / Examples of evidence consulted
		<ul style="list-style-type: none"> • Are informed by local language(s), traditions, customs, Indigenous governance, and engagement processes where already established by affected Indigenous communities. • Are designed to build meaningful relationships and respectful engagement towards achieving and maintaining broad ongoing support. • Ensure that cultural, spiritual, and/or Indigenous knowledge is sought from local Indigenous communities and organizations and is respectfully applied to inform decisions and practices, where appropriate. <p>PNNi works with directly affected Indigenous communities to identify opportunities for collaboration which could include, but are not limited to, local education, training, employment, business opportunities, revenue opportunities and economic development projects.</p> <p>PNNi aims to reach mutual agreement with directly affected Indigenous communities regarding culturally significant sites impacted by the facility, where they exist.</p> <p>Processes are in place and implemented to ensure the competency of designated employees and/or to provide training in:</p> <ul style="list-style-type: none"> • Delegated consultation requirements. • The history, traditions, and rights of affected Indigenous peoples. • Intercultural awareness and engagement.
4. Community Impact and Benefit Management	A	<p>Processes are in place to engage with COI on the identification, prioritization and avoidance or mitigation of potential and actual adverse impacts related to the facility's activities that directly affect COI. These are described in the Nunavik Nickel Agreement.</p> <p>In prioritizing potential and actual adverse impacts, processes consider the relevancy of the following on COI:</p> <ul style="list-style-type: none"> • Social adverse impacts that may be attributed to the presence of the facility. • Environmental adverse impacts, including those associated with tailings management (as applicable), that may directly affect communities. • Adverse impacts related to community safety and health. <p>Engagement processes include measures to facilitate and encourage the participation of under-represented COI and to determine which COI are most significantly impacted by identified potential and actual adverse impacts.</p> <p>Action plans for prioritized impacts have been informed through engagement with relevant COI and they are being implemented.</p>

Criterion	Rating	Comments / Examples of evidence consulted
		<ul style="list-style-type: none"> Action plans include the identification of relevant objectives or targets, and these are tracked, reviewed, and adaptively managed with affected COI. Action plans include consideration for how actions aimed at mitigating impacts can also result in optimized benefits for COI. <p>Processes are in place to engage with relevant COI on the identification and prioritization of opportunities to optimize benefits for COI, which could include, but is not limited to, consideration of local procurement and employment.</p> <p>Action plans for prioritized opportunities to optimize benefits have been developed through engagement with relevant COI and they are being implemented.</p> <p>Action plans include the identification of relevant objectives or targets, and these are tracked, reviewed, and adaptively managed with affected COI.</p> <p>Processes are in place to engage with relevant COI on contributions made by the facility to community development initiatives.</p> <p>Contributions are communicated publicly.</p> <p>Baseline data is collected for prioritized adverse impacts.</p> <p>Metrics are established to track action plan implementation and effectiveness.</p> <p>Results are reviewed with affected COI on a regular and pre-determined basis.</p>
5. COI Response Mechanism	A	<p>There is a response mechanism in place with a clear process to receive, manage and respond to COI grievances, comments, and requests, which:</p> <ul style="list-style-type: none"> Captures reported incidents, concerns, and feedback. Assesses and determines which grievances require remedy. Responds in a timely manner. Is accessible. <p>https://www.canadianroyalties.com/touch_communities</p> <p>PNNi has a process to track issues and concerns raised by COI, including status, and it communicates status updates.</p> <p>COI are proactively and clearly informed on how to access PNNi's response mechanism.</p>
Safety and Health		
1. Commitments and Accountability	A	<p>Commitments are defined and authorized by CRI's senior management and consistent with the intent of the MAC Safety and Health Framework.</p> <p>There is a process in place to ensure that employees, contractors, and suppliers who work at the facility are aware of the company's safety and health commitments.</p> <p>Accountabilities and responsibilities are understood at all levels.</p>

Criterion	Rating	Comments / Examples of evidence consulted
2. Planning and Implementation	B	<p>Some safety and health management systems elements are established, including a clear incident notification and investigation process.</p> <p>Risk control tools are identified and available, but do not yet include all risks, high consequence hazards, and related critical controls, as required to meet Level A.</p> <p>PNNi has identified the most common tasks.</p> <p>Standard operating procedures and safe work practices are in place for PNNi's most common tasks.</p> <p>PNNi has developed an action plan to meet all Level A requirements.</p>
3. Training, Behaviour and Culture	A	<p>A planned, documented, and functional safety and health training program is in place (Novo and SGRH) that includes:</p> <ul style="list-style-type: none"> • Training needs analysis for employees, including consideration of required skills and competencies, and Orientation for employees, on-site contractors and visitors. • Its implementation and a mechanism for review. • Training records. • Assigned resources to implement and maintain the training program. • Assessment of trainees for competency where tasks have safety and health competency-based requirements. • Qualified trainers to deliver safety and health training program. • Hazard identification and control with a focus on prevention and proactive measures. • A job observation program that supports and reinforces training to ensure routine safety checks and coaching are in place to encourage safe behaviour and work practices. • Mechanisms in place for the participation of workers in hazard identification, risk assessment and determination of controls and considering input from workers in setting OH&S objectives.
4. Monitoring and Reporting	B	<p>Some safety and health metrics are monitored and reported to PNNi management on a regular basis, beyond regulatory requirements.</p> <p>Key performance indicators are reported or posted within the facility.</p> <p>PNNi does not yet assess the adequacy and effectiveness of its safety and health management system annually and make recommendations on how to make continual improvement and its safety and health performance is not communicated to the public at least annually, as required to obtain Level A.</p> <p>PNNi has developed an action plan to meet all Level A requirements.</p>

Criterion	Rating	Comments / Examples of evidence consulted
5. Performance	A	<p>Performance targets include on-site contractors.</p> <p>PNNi's management is involved in setting, reviewing, and improving performance relative to targets.</p> <p>Performance results are communicated to employees and on-site contractors.</p> <p>The facility is fatality-free in the reporting year.</p>
Crisis Management and Communications Planning CORPORATE (YES or NO)		
1. Crisis Management and Communications Preparedness	No	<p>The CEO has not endorsed and demonstrated support for crisis management and communications planning.</p> <p>Not all credible threats and risks have been identified for the company and protocols established to address them. The results of these evaluations have not been shared between corporate and operations levels.</p> <p>A Corporate Crisis Management Team has not been established, with defined roles and responsibilities.</p> <p>A notification mechanism is not in place to activate the Corporate Crisis Management Team in the event of a crisis.</p> <p>A media spokesperson has not been assigned and trained.</p> <p>The Crisis Management and Communications Plan is not a controlled document.</p> <p>Not all Corporate Crisis Management Team members have been provided the plan and key contact list.</p> <p>A crisis control centre has not been established and equipped.</p> <p>Key media contact and telephone log sheets have not been prepared.</p> <p>Mechanisms to alert employees to a crisis and its developments have been established.</p> <p>Contact information for key stakeholders relevant to the credible threats and risks has not been prepared.</p>
2. Review	No	<p>The Corporate Crisis Management and Communications Plan is not regularly reviewed and updated.</p> <p>The mechanism to notify the crisis management team is not tested at least twice per year.</p> <p>Mechanisms to alert employees to a crisis and its developments are not tested at least once per year.</p> <p>Processes do not exist to ensure that new crisis team members are familiarized with the plan within two months of joining the team.</p>
3. Training	No	<p>"Tabletop" crisis simulation exercises are not conducted annually.</p>
Crisis Management and Communications Planning FACILITY (YES or NO)		
1. Crisis Management and	No	<p>Credible threats and risks have not yet been identified and protocols established to address them.</p>

Criterion	Rating	Comments / Examples of evidence consulted
Communications Preparedness		<p>A Local Crisis Management Team has been established, with defined roles and responsibilities.</p> <p>A notification mechanism is in place to activate the Local Crisis Management Team in the event of a crisis.</p> <p>A media spokesperson has not yet been formally assigned and trained.</p> <p>The Local Crisis Management and Communications Plan is a controlled document.</p> <p>All Local Crisis Management Team members have been provided the plan and key contact list.</p> <p>A crisis control centre has been established and equipped.</p> <p>Key media contact and telephone log sheets have not been prepared.</p> <p>Mechanisms to alert employees to a crisis and its developments have not been formalized.</p> <p>Contact information for key local stakeholders relevant to the credible threats and risks have not been prepared.</p> <p>The facility meets annually with their counterparts at Raglan as part of their agreement.</p>
2. Review	No	<p>Local crisis management and communications plans are regularly reviewed and updated:</p> <ul style="list-style-type: none"> • When there is a change of personnel of those associated with implementation of the crisis management and communications plan and/or • Every 18-24 months. <p>The mechanism to notify the crisis management team is not tested at least twice per year.</p> <p>Mechanisms to alert employees to a crisis and its developments are tested at least once per year.</p> <p>The facility's plan is not shared with the corporate office.</p> <p>Processes are not yet in place to ensure that new crisis team members are familiarized with the plan within two months of joining the team.</p>
3. Training	Yes	<p>"Tabletop" crisis simulation exercises are conducted annually.</p> <p>A full crisis simulation is conducted every three years.</p>
Preventing of Child and Forced Labour (YES or NO)		
1. Preventing Forced Labour	Yes	<p>There are processes in place that are commensurate to jurisdictional risks to ensure forced labour, including bonded or indentured or involuntary prison labour is not used.</p> <p>The site does not have a high risk of forced labour.</p>
2. Preventing Child Labour	Yes	<p>There are processes in place to ensure that no child under the age of 18 engages in work for CRI. A verification is done at hiring.</p>

Criterion	Rating	Comments / Examples of evidence consulted
Climate Change		
1. Corporate climate change management	B	<p>The RASCI matrix has not yet been integrated into the management system. Material climate-related risks and opportunities and their impact on the company's businesses, strategy and financial planning have recently been identified and assessed. The implementation of the plan will be started in 2025. A corporate action plan has been developed to meet all requirements for a Level A.</p> <p>Data on Scope 1 and 2 GHG emissions are maintained.</p>
2. Facility climate change management	B	<p>A basic energy use and GHG emissions management system has been established that includes:</p> <ul style="list-style-type: none"> • A demonstrated senior management commitment to manage energy use and GHG emissions, with assigned responsibility to a department or individual at the facility level. • Identification and disaggregation of significant sources of energy consumption and GHG emissions. • Identification and estimation of significant sources of non-energy GHG emissions. <p>The following elements are in the process of being implemented:</p> <ul style="list-style-type: none"> • Operator awareness and understanding of parameters influencing energy performance and operator actions to optimize system energy performance. • Consideration of energy and GHG emissions in business planning. • An annual management review. <p>PNNi has recently conducted analyses related to physical climate impacts and adaptation. The implementation of the plan is scheduled to begin in 2025.</p> <p>The introductory awareness session will be updated to promote awareness of climate change mitigation and adaptation, including relevant corporate commitments and facility-level targets.</p> <p>PNNi has developed an action plan to meet the requirements for a Level A.</p>
3. Facility performance targets and reporting	B	<p>Energy and/or GHG emissions performance targets have been set, but these are not focused on Scope 1 and 2 GHG emissions.</p> <p>Some public reporting takes place on energy and/or GHG emissions. This report does not include metrics and targets used to assess performance focused on Scope 1 and 2 GHG emissions or a calculation of offsets as a percentage of total emissions generated at the facility and the source and the nature of the accreditation of the offsets.</p> <p>Standard quantification and estimation methodologies are used to convert energy and GHG emissions data into comparable units, including process emissions data.</p>

Criterion	Rating	Comments / Examples of evidence consulted
		<p>PNNi has developed an action plan to meet all requirements for a Level A.</p> <p>https://www.canadianroyalties.com/subsections/1198/approche-environnementale.html</p>
Biodiversity Conservation Management		
1. Corporate biodiversity conservation commitment, accountability, and communications	B	<p>A senior management biodiversity commitment is in place. This commitment has not been communicated to all employees, contractors and communities of interest, as required to obtain Level A.</p> <p>Plans are in place to achieve Level A performance.</p>
2. Biodiversity conservation planning and implementation	A	<p>The facility-level biodiversity management plan includes:</p> <ul style="list-style-type: none"> • An assessment of potential impacts/risks to biodiversity. • Specific objectives for significant biodiversity aspects. • Action plans to specifically address biodiversity objectives. <ul style="list-style-type: none"> ◦ These action plans are being implemented. • Responsibility is assigned to facility-level personnel for biodiversity conservation management. • Biodiversity conservation awareness is included in facility training programs for relevant personnel. <p>PNNi has consulted with and/or engaged key COI regarding biodiversity conservation management.</p> <p>Implementation of the facility-level biodiversity conservation plan and progress towards biodiversity objectives is regularly tracked and reported to PNNi senior management.</p>
3. Biodiversity conservation reporting	A	<p>Reporting on biodiversity conservation occurs and includes:</p> <ul style="list-style-type: none"> • Internal reporting on biodiversity conservation which supports management decision-making processes at the facility. • Routine public reporting on biodiversity conservation performance. <p>https://www.canadianroyalties.com/subsections/1198/approche-environnementale.html</p>
Tailings Management		
1. Tailings management policy and commitment	B	<p>PNNi has developed a policy that specifically addresses tailings management, but no internal audit has been performed to meet the requirements for Level A.</p> <p>PNNi has developed an action plan to meet all requirements for Level A.</p>
2. Tailings management system and emergency preparedness	B	<p>PNNi has developed and implemented a tailings management system that is not in conformance with the Tailings Guide.</p> <p>PNNi has conducted a gap analysis comparing existing tailings management practices against the Tailings Guide and determined that existing practices are not in conformance with the Guide.</p>

Criterion	Rating	Comments / Examples of evidence consulted
		PNNi has developed an ERP and an EPP for the tailings facility but both plans are not in conformance with the Tailings Guide. PNNi has developed an action plan to meet all requirements for a Level A.
3. Assigned accountability and responsibility for tailings management	B	PNNi has defined and documented accountability and responsibility for tailings management, but no internal audit has been performed to meet the requirements for Level A. PNNi has developed an action plan to meet all requirements for a Level A.
4. Annual tailings management review	B	PNNi has conducted periodic, documented reviews of tailings management for the tailings facility, but no internal audit has been performed to meet the requirements for Level A. PNNi developed an action plan to meet all requirements for a Level A.
5. Operation, maintenance, and surveillance	B	PNNi has developed an OMS manual for the tailings facility, but that OMS manual is not in conformance with the OMS Guide. A project is underway to update the manual. PNNi has developed an action plan to meet all requirements for a Level A.
Water Stewardship		
1. Water Governance	A	There is a demonstrated CRI senior management commitment to water stewardship that is consistent with the intent of the TSM Water Stewardship Framework. The commitment to water stewardship has been communicated to relevant employees, contractors and water related, facility-level COI. Roles, responsibilities and accountabilities are defined.
2. Operational Water Management	A	A systematic approach to operational water management has been established and implemented. A site-wide water balance has been prepared for PNNi. Water balances are updated on a pre-defined frequency and incorporate monitoring data. A water monitoring program addresses surface water (there is no groundwater in the area), including both water quality and quantity parameters for the monitoring program has been informed by identified risks. Controls have been established based on identified risks and are those controls being implemented. Response and contingency plans have been established for water-related risks and incidents. Relevant employees and contractors have been provided with training that is in accordance with their roles and responsibilities.

Criterion	Rating	Comments / Examples of evidence consulted
3. Watershed-scale Planning	A	<p>Engagement has taken place in the watershed to better understand how relevant water-related COI use water resources by seeking information on factors including water-related local practices, beliefs, customs, and traditional knowledge. This was documented in the environmental impact study.</p> <p>The engagement sought information on factors including water-related local practices, beliefs, customs and traditional knowledge.</p> <p>PNNi participates in watershed governance groups during NNC meetings and for the updating of their environmental impact study.</p> <p>An assessment of how operational water management practices contribute to cumulative effects in its watershed has been undertaken.</p>
4. Water Reporting and Performance	A	<p>Progress on actions to achieve objective(s) or target(s) are regularly tracked and reported to PNNi senior management.</p> <p>Public reporting on water includes performance relative to established objectives and targets.</p> <p>https://www.canadianroyalties.com/subsections/1198/approche-environnementale.html</p>

Statement of Verification

Statement of Verification	
The external verification was conducted in accordance with the TSM Verifier Terms of Reference and, accordingly, consisted primarily of interviews, data analysis, and examination (on a sample basis) of other evidence relevant to management's assertion of conformance to the requirements of the TSM performance indicators.	<input checked="" type="checkbox"/> The external verification was conducted in accordance with the TSM Verifier Terms of Reference
The scores indicated in this report are verified as being accurate based on the evidence reviewed during the external verification of this facility.	<input checked="" type="checkbox"/> The scores in this report are considered accurate based on this verification
Limitations	None
Additional comments	-
Has an additional assurance statement been provided by the verifier?	No other assurance statement has been provided by the verifier
Name of verifier	Mélanie Rousseau
Date of statement of verification	November 27, 2024
Signature of verifier	