Communities
Employees
Health & Safety
Environment
Economic Value
Other

Aspect: AEM Specific Organizational Indicators

AEM1 – Production by metals
LaRonde Goldex Lapa Kittila Pinos Altos La India Meadowbank

<table>
<thead>
<tr>
<th>Total Gold (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>305,788</td>
</tr>
<tr>
<td>120,704</td>
</tr>
<tr>
<td>73,930</td>
</tr>
<tr>
<td>202,508</td>
</tr>
<tr>
<td>240,068</td>
</tr>
<tr>
<td>115,162</td>
</tr>
<tr>
<td>312,214</td>
</tr>
<tr>
<td>1,370,373</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Silver (oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>987,918</td>
</tr>
<tr>
<td>1,499</td>
</tr>
<tr>
<td>5,433</td>
</tr>
<tr>
<td>11,580</td>
</tr>
<tr>
<td>2,706,405</td>
</tr>
<tr>
<td>485,960</td>
</tr>
<tr>
<td>221,227</td>
</tr>
<tr>
<td>4,420,021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mill Zinc (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,687</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>4,687</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mill Copper (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,416</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>–</td>
</tr>
<tr>
<td>4,416</td>
</tr>
</tbody>
</table>

AEM3 – Number of persons that received the HSE Induction Training in 2016
LaRonde Goldex Lapa Kittila Pinos Altos La India Meadowbank Meliadine Exploration

<table>
<thead>
<tr>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,099</td>
</tr>
<tr>
<td>795</td>
</tr>
<tr>
<td>75</td>
</tr>
<tr>
<td>1,788</td>
</tr>
<tr>
<td>1,406</td>
</tr>
<tr>
<td>70</td>
</tr>
<tr>
<td>803</td>
</tr>
<tr>
<td>703</td>
</tr>
<tr>
<td>349</td>
</tr>
<tr>
<td>7,088</td>
</tr>
</tbody>
</table>

AEM4 – Number of formal safety meetings with employees carried out in 2016
LaRonde Goldex Lapa Kittila Pinos Altos La India Meadowbank Meliadine Exploration

<table>
<thead>
<tr>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>770</td>
</tr>
<tr>
<td>191</td>
</tr>
<tr>
<td>136</td>
</tr>
<tr>
<td>197</td>
</tr>
<tr>
<td>288</td>
</tr>
<tr>
<td>165</td>
</tr>
<tr>
<td>659</td>
</tr>
<tr>
<td>412</td>
</tr>
<tr>
<td>175</td>
</tr>
<tr>
<td>2,993</td>
</tr>
</tbody>
</table>

AEM5 – Number of accident/incident analyses carried out in 2016 involving employees
LaRonde Goldex Lapa Kittila Pinos Altos La India Meadowbank Meliadine Exploration

<table>
<thead>
<tr>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
</tr>
<tr>
<td>98</td>
</tr>
<tr>
<td>15</td>
</tr>
<tr>
<td>98</td>
</tr>
<tr>
<td>100</td>
</tr>
<tr>
<td>61</td>
</tr>
<tr>
<td>693</td>
</tr>
<tr>
<td>236</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>1,375</td>
</tr>
</tbody>
</table>
About this Report

The 2016 Sustainable Development Report marks the eighth year that Agnico Eagle Mines Limited (“Agnico Eagle” or the “Company”) has produced a detailed account of our economic, health, safety, environmental and social performance. This report covers the period from January 1 to December 31, 2016. It is intended to give stakeholders a better understanding of how the Company manages the challenges associated with our health, safety, environmental and social risks.

This report has been prepared in accordance with the Sustainability Reporting Guidelines (G4) developed by the Global Reporting Initiative (GRI), including mining industry specific indicators incorporated into the Mining and Metals Sector Supplement. It also describes performance under the Mining Association of Canada’s (MAC) Towards Sustainable Mining (TSM) Initiative.

The Canadian Malartic mine (50% Agnico Eagle) sustainable development performance is reviewed in a separate report that can be found on the website canadianmalartic.com.

Unless otherwise specified all funds are reported in USD and all information in this report is as of December 31, 2016.

On the cover:
Celebrating 60 Years of Excellence
Over the past 60 years, Agnico Eagle has undergone a remarkable transformation – from our earliest days as a small silver producer into one of the largest gold companies in the world operating on two continents. To learn more about our mining roots, please visit agnicoeagle.com/English/60th-anniversary.

Pictured on the cover:
Proud of Our Past – Employees of Agnico Mines Limited pour silver doré at the refinery in Cobalt, Ontario.
Engaged in Our Future – Employees at Agnico Eagle’s Pinos Altos mine in Chihuahua State, Mexico tend young pine seedlings for reforestation projects.

Pictured on the back cover:
Ruth Ann Scott, Geologist, Meliadine Project.
As I reflect on the highs and lows of those pioneering days, I can say with certainty that the spirit of friendship and family that Paul instilled in our organization remains front and centre today. Throughout this report, you will read about the collaborative culture that has sustained our company and led to 60 years of business success. That legacy and spirit live on at Agnico Eagle – in the employees, communities and stakeholder relationships we celebrate – and they will continue to enhance our company performance in the future.

Agnico Eagle’s Board of Directors recently approved the development of the Meliadine and Amaruq projects – which will bring our total number of mines to 10 by the year 2020. With this level of global expansion, it is important that we continue to enhance the policies and programs that have governed the ethical and responsible growth of our business.

In 2016, the Board approved an update to Agnico Eagle’s Sustainable Development policy. Our updated policy reflects an increased emphasis on the health and wellness of our employees; it more explicitly reaffirms and upholds our commitment to the protection of human rights as defined in the United Nations Universal Declaration of Human Rights; and, it more specifically commits to minimizing any risks associated with the management of tailings and water. The Board also expanded our commitment to Indigenous Peoples, approving the company’s global Indigenous Peoples Engagement policy, which complements our Canadian Aboriginal Engagement policy. Both policies guide our consultation with Indigenous Peoples in all regions of the world, wherever we maintain a presence, and throughout the lifecycle of our projects. We believe being responsive to the aspirations of Indigenous Peoples not only contributes to the success of our sustainability practices, but also builds community support and enhances our reputation as a responsible miner.

The Board applauds the formal adoption of the Voluntary Principles on Security and Human Rights (VP). The VPs are standards to help extractive sector companies balance the obligation to respect human rights while protecting the assets and people at their operations. The Government of Canada has identified the VPs as one of six leading standards in Canada’s CSR Strategy for the Extractive Sector. These commitments and standards are signposts of how we at Agnico Eagle conduct ourselves in business – whether it’s the year 1957, 1986, 2016 or beyond to 2020. Congratulations to all management, employees and retirees who have contributed to our 60 years of business excellence.
A Message from Our CEO

I am very fortunate to have worked at Agnico Eagle for over 30 years and been part of a team that has transformed our business from a regional gold mining company with 350 employees to eight mines in Mexico, Canada and Finland, with over 8,300 employees.

While our global growth has been exciting, what we truly cherish at Agnico Eagle is what we’ve achieved over the years for our shareholders, employees and communities. The fact that we have consistently generated superior returns for our shareholders, while enhancing the employee experience and making significant contributions to our communities is the legacy we celebrate today.

The key to Agnico Eagle’s continued success is most certainly our people. Throughout our 60 years of existence, Agnico Eagle’s employees have engaged in our business, always going the extra mile to ensure our success – both on the job and in our communities.

As we enter one of the most exciting growth periods in our history – expanding our production platform in Nunavut – we will continue to build trust with our host communities by setting, and delivering on, high standards of community and sustainability performance. We are committed to being a great neighbour and to receiving social acceptance from our stakeholder communities in order to advance our development projects.

And as our business expands and evolves, so too does our commitment to the responsible growth of our company. Our top-quality sustainability team is now more strategically focused on developing leading and best practice in all areas of the discipline. As a result, we continue to set safety records and win international recognition for our CSR initiatives for going above and beyond what is required. We will continue to focus on being a great neighbour and strengthening our relationship with our community stakeholders.

Our goal has been to build a great long-term business – not just a great gold business – one that generates superior returns while remaining committed to our core values of trust, respect, equality, family and responsibility. Our success in delivering sustainable and profitable growth was noted in the 2016 Harvard Business Review’s list of the world’s 100 best-performing companies – which ranked Agnico Eagle 55th based on results over time using both financial and ESG (environmental, social, governance) rankings – the highest of the four Canadian companies ranked and one of only four mining companies included on the list.

As we celebrate 60 years of success in business, I want to thank our employees, retirees and Board of Directors for their guidance, commitment and support. Together, we are proud of our past and engaged in our future.

SEAN BOYD
Vice-Chairman and Chief Executive Officer
March 21, 2017
A Message from Our Senior Vice-President

In 2017, Agnico Eagle is celebrating a remarkable milestone in its corporate history – operating for 60 years as a precious metals company. We are proud of our accomplishments – from our humble beginnings in Cobalt, Ontario to the multi-mine, multi-country entity we have become.

Over the years, we have forged a strong company culture where everybody contributes to our success in good times and helps shoulder the burden during down times. This culture will be an important ingredient to the future success and growth of our company – there are exciting times ahead for Agnico Eagle.

Defining a company culture is challenging because it ultimately lies in the hearts of the thousands of men and women who come to work every day and respond to the opportunities and challenges we face. In 2016, however, we did just that. We put into words the “Agnico way”, refining them into the ABCs of Agnico Eagle’s management style – anchored in our corporate values (respect, family, responsibility, equality and trust) and based on a collaborative management style and straightforward approach to business.

The “Agnico way” has a strong influence on our sustainable development performance. With a culture of respect and trust, stakeholders become partners with whom you want to develop long-term relationships. Our aspirational goal is to be the partner of choice, not only to be accepted but desired.

With a culture of responsibility, we must assess and control our health and safety, environmental and community risks. Here, our aspirational goal is zero harm to our employees and to the environment around our sites. With 60 years of experience, and guidance from internal and external audits, we are making progress towards that goal.

The value of family speaks to our high level of employee engagement and to our commitment to help our employees reach their full potential by providing long-term employment and development opportunities.

As we embark on our next growth phase, I believe that sustainable development will play a key role in Agnico Eagle’s success. It puts people first, providing them with a healthy and safe work environment. It supports permitting and sustainable environmental design of projects in our pipeline. It evaluates and manages health and safety, environmental and social acceptability risks to ensure continuity of operation that deliver results. It ensures clarity with transparent and impactful communication.

Let’s see what the next 60 years will bring. We are ready.

LOUISE GRONDIN
Senior Vice-President,
Environment, Sustainable Development and People
March 21, 2017
Agnico Eagle is a senior Canadian gold mining company that has produced precious metals since 1957. Our eight mines are located in Canada, Finland and Mexico, with exploration and development activities in each of these regions, as well as in the United States and Sweden.

Operating Mines

1. Kittila
   - Location: Lapland, Finland
   - Type of mine: Underground mine, northern Finland
   - 2016 payable production: 202,508 ounces of gold
   - Employees and contractors: 819

   Kittila, located in northern Finland, is extracting ore from one of the largest known gold deposits in Europe. Its proven and probable mineral reserves* contain 4.48 million ounces of gold (30 million tonnes at 4.64 g/t).

2. Lapa
   - Location: Quebec, Canada
   - Type of mine: Underground mine in Abitibi region, Quebec
   - 2016 payable production: 73,930 ounces of gold
   - Employees and contractors: 247

   Lapa, a small underground operation near LaRonde, has entered its last year of operation based on the current life-of-mine plan. Proven mineral reserves* are 38,000 ounces of gold (0.3 million tonnes at 4.58 g/t).

3. LaRonde
   - Location: Quebec, Canada
   - Type of mine: Underground mine in Abitibi region, Quebec (gold, silver, zinc, copper)
   - 2016 payable production: 305,788 ounces of gold
   - Employees and contractors: 1,203

   LaRonde has proven and probable mineral reserves* of 3.1 million ounces of gold (18 million tonnes at 5.40 g/t gold, 19.14 g/t silver, 0.87% zinc and 0.24% copper).

4. Goldex
   - Location: Quebec, Canada
   - Type of mine: Underground mine in Abitibi region, Quebec
   - 2016 payable production: 120,704 ounces of gold
   - Employees and contractors: 463

   Goldex has proven and probable mineral reserves* of 0.9 million ounces of gold (17 million tonnes at 1.64 g/t).
5 Meadowbank
Location: Nunavut, Canada
Type of mine: Open pit mine in Nunavut Territory, northern Canada
2016 payable production: 1,214,214 ounces of gold
Employees and contractors: 1,201
Meadowbank open pit mine is Agnico Eagle’s largest gold producer with reserves of 0.7 million ounces of gold (8 million tonnes at 2.69 g/t).

6 Canadian Malartic
Location: Quebec, Canada
Type of mine: Open pit mine in Abitibi region, Quebec
2016 payable production: 292,514 ounces of gold
(on a 50% basis)
Employees and contractors: 1,128
Canadian Malartic – in which Agnico Eagle has 50% ownership – is currently Canada’s largest operating gold mine. It has 3.5 million ounces of gold in proven and probable mineral reserves* (102 million tonnes at 1.08 g/t) on a 50% basis.

7 Pinos Altos
Location: Chihuahua State, Mexico
Type of mine: Open pit mine with heap leach operation in Muratst Gold Belt
2016 payable production: 115,162 ounces of gold
Employees and contractors: 446
Pinos Altos has proven and probable mineral reserves* containing 1.4 million ounces of gold and 38.1 million ounces of silver (17 million tonnes at 2.55 g/t gold and 68.15 g/t silver). The Creston Mascota satellite deposit has proven and probable mineral reserves* containing 102,000 ounces of gold and 909,000 ounces of silver (2.5 million tonnes at 1.28 g/t gold and 11.35 g/t silver).

8 La India
Location: Sonora State, Mexico
Type of mine: Open pit mine with heap leach operation in Mulatos Gold Belt
2016 payable production: 115,162 ounces of gold
Employees and contractors: 446
La India has proven and probable mineral reserves* of 1.0 million ounces of gold and 3.7 million ounces of silver (44 million tonnes at 0.72 g/t gold and 2.63 g/t silver).

ADVANCED EXPLORATION PROJECTS

9 Akasaba West
Location: Chihuahua and Hermosillo, Mexico
Type of mine: Open pit and underground mine with milling and heap leach operation in northwestern Mexico (gold, silver by-product)
2016 payable production: 446,014 ounces of gold
Employees and contractors: 1,437
As of December 31, 2016, the project hosts an estimated probable mineral resource* of 142,000 ounces of gold and 24,851 tonnes of copper at 0.89 g/t gold and 0.50% copper plus an indicated mineral resource* of 53,000 ounces of gold and 9,941 tonnes of copper (2.5 million tonnes at 0.66 g/t gold and 0.40% copper). Permitting and technical studies are underway with the goal of moving the project towards a production decision.

10 El Barqueño
Early-stage gold/silver project located in Jalisco State, Mexico.

11 Amaruq
Gold mine project in Nunavut Territory, northern Canada.

12 Meliadine
Gold mine construction project in Nunavut Territory, northern Canada.
Employees and contractors: 466
The project has 3.4 million ounces of gold in proven and probable mineral reserves* (14.5 million tonnes at 7.32 g/t) and a large mineral resource*. Meliadine has been approved for development and is forecast to begin operations in the third quarter of 2019.

CLOSED SITES

13 Cobalt-Coleman Properties
Cobalt, Ontario, Canada.
Mining activities ceased in 1989; post-closure monitoring and maintenance are carried out. The Company is now working with local stakeholders and government authorities to develop rehabilitation plans in this area of historic mining activity.

14 Eagle and Telbel
Jouliet, Quebec, Canada.
Mining activities ceased in 1993. Infrastructure areas have been rehabilitated and revegetated. Post-closure monitoring and maintenance activities are still being carried out. The Company is also currently testing some rehabilitation techniques to allow for more permanent solutions to close the tailings storage facility.

*For a detailed description of the Company’s mineral reserves and mineral resources please see the Company’s news release dated February 15, 2017.
2016 Performance Highlights and Summary

In 2016, we continued to improve Agnico Eagle’s health and safety performance, and made modest progress in reducing our overall use of water, diesel fuel and our production of greenhouse gases. We also adopted an Indigenous Peoples Engagement policy, completed permitting for the Meliadine project and began the permitting process for Amaruq. We continued to implement the Meliadine Inuit Impact and Benefits Agreement (IIBA), with initiatives to increase Inuit participation in the workforce. The following highlights describe our other achievements:

- For the first time in Agnico Eagle’s history, our combined lost time and light duty accident frequency was below 1 (0.97). Unfortunately, in December 2016, a fatality occurred at our Kittila mine, a sad reminder that we still had a lot of work ahead of us to reach our aspirational goal of zero harm.

Our best performances came from Mexico as the La India mine achieved a perfect score, with a combined accident frequency of 0.0, and our Pinos Altos/Mascota mine had a combined frequency of 0.23.

- The Lapa mine received the F.J. O’Connell award for exceptional results in health and safety. A remarkable achievement, given that Lapa was winding down toward closure, with many transfers of employees to the other divisions and an increased reliance on contractors.

- At the Mine Rescue Competition in Yellowknife, the Meadowbank Mine team won first place in first aid and second place in firefighting, rope rescue and surface obstacles and at the CAMIMEX Northern Mexico regional competition the Pinos Altos and Creston Mascota teams placed first in underground rescue, second in benchman and third in first aid.

- Our Meadowbank mine was recognized during the year as one of Canada’s Safest Employers at the annual Canadian Occupational Safety Awards.

- Goldex became the first ever Agnico Eagle Mine Rescue team to compete at the International Mine Rescue Competition.

- Quebec Mining Association recognized 28 supervisors from Agnico Eagle’s LaRonde, Lapa and Goldex mines for achieving 50,000 hours and more without any accidents on their work teams.

- Our LaRonde and Canadian Malartic mines were recognized by the Province of Quebec’s Committee on Standards for Equity, Health and Safety at work (CNESST) for their implementation of proactive measures and tangible projects aimed at preventing workplace accidents and saving lives.

- Camp and kitchen crews at Pinos Altos obtained the “Distintivo H” (quality control assurance) recertification that includes kitchen, lunch rooms and entertainment facilities.
2016 Performance Highlights and Summary

Environment

- The Nunavut Water Board approved the Meliadine Project Type A Water Licence in April, the final permit required to begin construction activities at Meliadine.
- The Nunavut Water Board approved a modification to the Amaruq exploration licence for the excavation of an exploration ramp.
- The Kittila mine received the renewal of its environmental permit.
- One notice of infraction was received at the LaRonde mine for declaring an incident past the 24-hours prescribed delay.
- The Kittila water treatment plant was constructed to remove sulphate and placed in service at the end of 2016.
- The public hearings for the Canadian Malartic pit extension took place in June and July 2016.
- At Pinos Altos, the installation for the overland tailings conveyor was completed at the beginning of 2016 and the dry tailings deposition was relocated to the Oberon Weber depleted pit. This will reduce the overall footprint of the mine by using already impacted land (the open pit) instead of constructing a new tailings area.
- A Corporate Environmental Council (CEC) was created that consists of our internal experts and senior environmental leaders from across the Company to promote and exchange best practices and provide a forum to discuss emerging issues.

Employees

- The 2016 Paul Penna Award – which celebrates the legacy of our founder, who believed in supporting the well-being of employees and the communities in which we operate – was given to Norman Ladouceur for an initiative he led in Haiti, including the construction of a school and the implementation of a food program that feeds 1,500 children twice a week.
- The 2016 Michel Létourneau Award was given to the LaRonde paste backfill team for developing a new approach for managing the paste backfill process and the creation of a new role and department to oversee the coordination of activities based on collaboration and teamwork.
- For the fourth year in a row, Agnico Eagle Mexico was recognized in the “Great Place to Work” program for northwest Mexico region – the only mining company included in the top rankings – where we ranked sixth overall for employers with more than 1,000 employees. We also placed highly in the Millennial and Most Trusted Director categories.
- In 2016, we developed a clear, well-defined set of Management Guiding Principles to ensure we reinforce our management approach and cultural identity across the Company – a set of principles which have contributed to Agnico Eagle’s success for 60 years.
- Agnico Eagle’s Dominique Girard, Vice-President, Nunavut, was presented with the 2016 CIM-Bedford Canadian Young Mining Leaders Award on May 2nd during the Canadian Institute of Mining, Metallurgy and Petroleum’s (CIM) annual conference in Vancouver, British Columbia. The awards were created to encourage and accelerate the growth and development of young leaders in the mining industry as well as recognizing their achievements.
- In 2016, the career achievements of two of Agnico Eagle women executives were recognized by the Women in Mining organization. Louise Grondin, VP of Environment, Sustainable Development and people received the 2016 Trail Blazer Award and Carol Plummer was recognized as part of the 100 most inspirational women in mining for 2016.
- A public survey carried out on the Abitibi-Témiscamingue Radio-Canada website recognized Agnico Eagle as the best employer in the region in 2016.
- Two of our supervisors in the Engineering Department at Meadowbank, Pierre-Yves Baril and Gabriel Lefebvre, were honoured by the Ecole Polytechnique (part of University of Montreal) as Gold Star Supervisors.
- In September, Agnico Eagle entered a Corporate Team into the One Walk to Conquer Cancer fundraiser in Toronto, winning top spot in the Mining Category for raising $140,000.
2016 Performance Highlights and Summary

- Agnico Eagle Mexico was recognized as a “Socially Responsible Company” for the ninth consecutive year and La India was recognized for the first time.

- Agnico Eagle Mexico was recognized with the distinctive Mexico Without Child Labour Award, an honour that is presented annually by the Mexican government to recognize workplaces that design and implement employment practices aimed at preventing and eliminating child labour and protecting its employees and young workers in Mexico by ensuring that no child labour, or any form of forced or compulsory labour, is permitted in the workplace.

- In April, Agnico Eagle received the NorTerra Corporate Award from the Nunavut Mining Symposium, for making a significant contribution to the economic and social development of the Nunavut region.

- In December, the Pinos Altos mine organized four seminars at the Paul Penca camp, presented by Mexico’s National Commission of Human Rights (CNDH), on drug and alcohol addictions. Over 500 students attended from the surrounding communities.

- Canadian Malartic worked collaboratively with the community of Malartic, Quebec and its citizens to develop a “Good Neighbour Guide” to address nuisances caused by activities at the Canadian Malartic mine. Implementation of the Good Neighbour Guide began in September and as of November 30, 2016 – which was the end of the claim period for citizens of Malartic to request compensation for the period from June 2013 through June 2016 – approximately 94% of Malartic citizens had registered for the program.

- Agnico Eagle was named one of the Best 50 Corporate Citizens in Canada for the third time. This honour, given out annually by Corporate Knights Inc., places our Company among the top sustainability performers in the country. We achieved our highest ranking to date, as the 27th best corporate citizen in Canada, an improvement on our initial 2012 ranking of 39th and our 2013 ranking of 33rd.

- In 2016, Agnico Eagle formally adopted the Voluntary Principles on Security and Human Rights (VP), one of a series of standards created to help extractive sector companies balance the obligation to respect human rights while protecting the assets and people at their operations.

- In February, at the Investor Relations (IR) Magazine Awards – Canada, Agnico Eagle took home top awards for best IR by a CEO in the mid-cap category, as well as for Best in Sector – Materials. The awards annually honour excellence in investor relations.
Our Average Greenhouse Gas (GHG) Emission Intensity (tonnes of CO₂ equivalent per tonne of ore processed) for all our operating mines in 2016 was 0.0189, a 6% reduction from 0.020 in 2015.

Our Average Water Use Intensity (m³ of water per tonne of ore processed) for all our operating mines in 2016 was 0.29, a 14% reduction from 0.33 in 2015.

Read more about the Environment on page 37 of this report.
Our Combined Lost-time Accident and Restricted Work Frequency was 0.97, a 21% reduction from the previous year’s performance and substantially below our target rate of 1.40.

$6.6M+
Contributed to various organizations and events in 2016

$404M
Paid in global employee compensation

64%
Of local procurement spending from total procurement spending

7,080*
Total number of employees and contractors

Read more about Health and Safety on page 30 of this report.

Read more about Our Communities on page 64 of this report.

Read more about Economic Value on page 73 of this report.

*Excluding Canadian Malartic

Read more about Our Employees on page 53 of this report.
In This Section

Our Approach to Sustainable Development 14
- Our Policy 15
- Our Code of Conduct 16
- Our Management Guiding Principles 17
- Informed Consent 17
- Public Policy Participation 17
- Human Rights 17
- Child and Forced Labour 17

Crisis Management and Emergency Preparedness 18

Materiality and Stakeholder Engagement 19

Governance and Accountability 20

Stakeholder Advisory Committee 21

Progress Against Prior Year’s Recommendations 22

Standards 24

Towards Sustainable Mining 26

Disclosure of Payments and Conflict-Free Gold Standard 27
At Agnico Eagle, we are proud of our past and engaged in our future. Throughout our 60 years in business we have consistently created value for our shareholders, while enhancing the employee experience and making a significant contribution to our communities. We have built a strong culture of responsible behaviour, achieving high standards of sustainability performance with a long-term goal of distinguishing ourselves as responsible miners.

In 2016, we continued to integrate sustainable development considerations into our business strategy and in the way we plan and manage our activities. During the year, we updated our Sustainable Development policy in order to reflect an increased emphasis on health and wellness, to more explicitly reaffirm our commitment to the protection of Human Rights, and to more specifically commit to minimizing risks associated with the management of tailings and water.
Under our new policy, we reaffirm our commitment to:

- Promote leadership, personal commitment and accountability to these principles from all employees and contractors, both on and off the job;
- Assess potential impacts and risks associated with our activities throughout the life cycle of our projects or operations, including impacts of purchasing or acquisition decisions on the basis of our sustainability values;
- Ensure sufficient resources are allocated to implement and manage these commitments;
- Design and operate our facilities to ensure that effective controls and technologies are in place to minimize and mitigate the identified risks;
- Evaluate, control, eliminate or minimize risks through the implementation of a Responsible Mining Management System;
- Measure and verify our performance regularly;
- Strive for continuous improvement by setting targets, measuring results against those targets and recognizing and rewarding performance;
- Comply in full with our internal policies, Code of Business Conduct and Ethics, with the laws and regulations in each country in which we operate, as well as other industry standards to which the company subscribes;
- Uphold fundamental human rights as defined in the United Nations Universal Declaration of Human Rights;
- Implement emergency and crisis response plans to eliminate or minimize and mitigate the impacts of unforeseen events;
- Build a relationship with our stakeholders based on trust through open and transparent communication and full disclosure of payments to all levels of government;
- Provide appropriate planning and supervision to ensure that our policies, procedures and Responsible Mining Management System are implemented by all.

We continue to improve the way we identify and manage our risks by taking advantage of the accumulated operating knowledge of our employees and management teams through systematic risk assessment exercises, starting at the project development phase. This allows us to be better prepared and to mitigate any identified risks.

In 2016, for example, we implemented action plans from the third-party review of all our tailings management facilities undertaken during 2015. Specifically, tailings generated at our Pinos Altos mine are now deposited in a pit, as recommended by experts during the external review. We also regularly hold conferences to promote the collaboration and exchange of best practices between the health, safety, environment, community relations, and communications personnel across Agnico Eagle sites.

We benefit from engaging with our communities so that we remain partners of choice in the mining regions where we have operations, development projects and exploration activities. This will help ensure that our project pipeline continues to maintain and attract high-calibre employees, provide local businesses with economic opportunities and, ultimately, create value and deliver better returns to our shareholders.

With data collected from our sites since 2009, we are able to track and assess our performance over time. Along with input from Agnico Eagle’s key stakeholders, we are developing a comprehensive road map to advance our sustainable development performance, responsibly grow our gold business, and adapt to the changing needs and expectations of society.

Our strategy and reporting program targets five areas: health and safety of employees and contractors; employee and stakeholder engagement; direct economic value to key stakeholders; governance matters; and environmental issues related to waste and water management, tailings and mine closure.
Our Codes of Conduct

Agnico Eagle’s Code of Business Conduct and Ethics outlines the standards of ethical behaviour we expect from people working on our behalf around the world. The Code applies to all directors, officers, employees, agents and contractors and commits them to conducting their business in accordance with all applicable laws, rules and regulations and to the highest ethical standards.

In particular, we have zero tolerance for corrupt transactions and strongly adhere to anti-corruption rules and principles as outlined in the Code. The Code also covers our standard of conduct based on respect for personal dignity and the individual worth of every person working for or with Agnico Eagle and stipulates a no-tolerance level of discrimination.

In addition to our Code of Business Conduct and Ethics, we have adopted a Supplier Code of Conduct which explicitly demands that suppliers (of goods or services) must not discriminate on the basis of race, colour, religion, nationality, gender, ethnicity, age, marital status, creed, sexual orientation or other basis prohibited by law.

Further, Agnico Eagle’s Code of Business Conduct and Ethics is part of a key control under the Sarbanes-Oxley Act that defines how the Company conducts business and details the principles and standards of behaviour and conduct expected, and all employees (regardless of level or geographical location) are required to review and acknowledge their compliance to the Code.

The Audit Committee is responsible for monitoring compliance with the adopted codes. In conjunction with the application of the adopted codes, we have established a toll-free “whistleblower” hotline to allow for anonymous reporting of suspected violations, including concerns regarding accounting, internal accounting controls or other auditing matters, Code of Conduct violations, ethical conflicts, environmental issues and health and safety issues.

The ABCs of Our Guiding Principles

Anchored in our Values, including open and transparent communications; safe production; the highest standards of honesty, responsibility and performance; the highest levels of employee engagement; sharing and developing employees’ skills and expertise; and, maintaining our entrepreneurial skills and innovative spirit.

Based on Collaboration, encouraging respectful open debates and healthy discussions; and, recognizing success resulting from both exceptional contributions and teamwork.

Clear and Simple, valuing practices that remain simple and are based on common sense; being as clear as possible on people’s roles and contributions; and, ensuring employees and management alike understand and are aligned with our business priorities.

Our Board of Directors has also adopted an Anti-Corruption and Anti-Bribery Policy. For more information on Agnico Eagle’s Code of Business Conduct and Ethics, click here.
Our Approach to Sustainable Development

Our Management Guiding Principles
Agnico Eagle has developed a clear, well-defined set of Management Guiding Principles to ensure we reinforce our management approach and cultural identity across the company – a set of principles which have contributed to Agnico Eagle’s success for nearly 60 years.

Informed Consent
Agnico Eagle subscribes to the principle of informed consent when working on private land, including aboriginal land. We seek the consent of the land owner; this consent usually takes the form of a formal agreement acknowledging that Agnico Eagle will conduct work in a certain area and under certain conditions.

Public Policy Participation
Agnico Eagle encourages the development of sound public policy through open dialogue and debate.

We are a member of The Mining Association of Canada (MAC), the Mexican Chamber of Mines (CAMIMEX), the Canadian Chamber of Commerce in Mexico, A.C. (Cámara de Comercio del Canadá en México, A.C. - CANCHAM), the Association of the Finnish Extractive Resources Industry (Kavostoeliliitto ry – FinnMin) and the European Association of Mining Industries, Metal Ores & Industrial Minerals (Euromines) through our Finnish subsidiary Agnico Eagle Finland Oy, as well as the Quebec Mining Association (l’Association minière du Québec – AMQ), the Quebec Mineral Exploration Association (Association De L’Exploration Minière Du Québec - AEMQ), the Ontario Mining Association (OMA), the Prospectors and Developers Association of Canada (PDAC) and the NWT & Nunavut Chamber of Mines. We typically participate in discussions on public policy issues as a member of these industry organizations.

Human Rights
Agnico Eagle has incorporated respect for human rights into our management and governance practices and programs.

Our Board of Directors has made it clear that we will only do business in regions where human rights laws are respected and promoted. As a Canadian company, we maintain our commitment to the Canadian Charter of Rights and Freedoms while operating internationally, ensuring that all of our employees and communities are treated with respect and dignity. Our Code of Business Conduct and Ethics demands that concern for the personal dignity and individual worth of every person be an indispensable element in the standard of conduct of employees and directors. Agnico Eagle’s Code of Conduct for suppliers, whether they are suppliers of services or goods, demands that suppliers uphold the highest standards of human rights and treat their workers and contractors with dignity and respect.

During 2015, Agnico Eagle adopted an Aboriginal Engagement Policy as a statement of our commitment to engage with First Nations throughout the life-cycle of our projects in Canada. In 2016, we expanded this commitment to include a global Indigenous Peoples Engagement Policy – which complements our Canadian policy – to guide our consultation with Indigenous Peoples in all regions of the world, wherever Agnico Eagle maintains a presence. We believe being responsive to the aspirations of Indigenous Peoples not only contributes to the success of our sustainability practices, but also builds community support and enhances our reputation as a responsible miner.

In 2016, Agnico Eagle formally adopted the Voluntary Principles on Security and Human Rights (VP). Created in 2000, the VP’s are standards to help extractive sector companies balance the obligation to respect human rights while protecting the assets and people at their operations. The Government of Canada has identified the VP’s as one of six leading standards in Canada’s CSR Strategy for the Extractive Sector. As a member of MAC, Agnico Eagle has committed to implementing a human rights and security approach consistent with the VP’s and based on a determination of risk at mining facilities we control. We will report on this implementation through MAC’s Towards Sustainable Mining annual progress report.

Child and Forced Labour
Agnico Eagle 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 we are directly or indirectly engaged. It also applies to all outsourced or subcontracted activities across the entire supply chain. We do our best to ensure that none of our activities result in direct or indirect support of such practices. We will take action to terminate any such arrangement should we become aware of such practices being supported by one of our outsourced suppliers.

Our Supplier Code of Conduct explicitly demands that suppliers not employ children below the minimum legal age where the work is performed and in any event, that no worker shall be employed who is under the age of 15. It also states explicitly that any form of forced labour is prohibited.
Crisis Management and Emergency Preparedness

Due to the remote nature of our operating and exploration sites, Agnico Eagle has developed an emergency response capacity at all of our sites.

Training personnel to respond to all forms of emergencies remains a key element of our health and safety programs. Our mine rescue teams are considered amongst the best in the industry. They regularly participate in industry competitions to further develop their skills and share best practices.

These individuals contribute to safety in the workplace by being prepared to respond in the event of an emergency situation at any of our mine sites. Each of our mining operations has its own Emergency Response Plan and has personnel trained to respond to safety, fire or environmental emergencies. Each site also maintains appropriate response equipment.

Security in Mexico
We routinely audit internal security protocols and review security measures at our Pinos Altos and La India mines in northern Mexico – as well as at our other Mexican properties – with expert consultants on a continuous basis. In July 2016, a security incident occurred at our La India mine in Sonora State Mexico when a group of armed intruders forcibly gained access to the mine facilities and left the site with some gold doré bars. During the incident, a security guard sustained a minor injury. An investigation involving local, state and military authorities was conducted. The Company has also undertaken a complete review of the security procedures and enhancements were implemented.
Materiality and Stakeholder Engagement

Our core values provide a strong foundation on which to achieve our long-term goals to responsibly grow our gold business, continuously improve our sustainable development performance and deliver on our commitments to Agnico Eagle’s shareholders and stakeholders.

In all aspects of our business we aim to:
- operate a safe and healthy workplace, and treat the environment, our employees and communities with respect.

Our business strategy focuses on delivering stable, reliable performance at our mines while building a successful, promising pipeline of projects and, by providing growth and development opportunities for our people.

Our business strategy is centred on three pillars:
- **performance**: delivering on high quality growth expectations;
- **pipeline**: ensuring industry best, high quality project pipeline; and,
- **people**: employing and developing the best people.

Agnico Eagle is committed to achieving these pillars of our business strategy while maintaining a safe and healthy workplace, with minimum environmental impacts, and within accepting communities.

As a global mining company, we have a unique responsibility to ensure we are addressing the evolving needs and priorities of our business and key stakeholders – including shareholders, employees, contractors, business partners, communities, governments and others. A material issue is defined as an issue:
- that has significant current or potential impact on the Company over the next three to five years;
- that is of significant concern to our key stakeholders; and,
- over which we have a reasonable amount of control.

Based on the feedback we have received from external experts, including our Stakeholder Advisory Committee (SAC) and other key stakeholders, we have made our report more succinct by separating the narrative regarding our 2016 initiatives and performance from the Global Reporting Initiative (GRI) performance indicator tables. As our business and the challenges we face continue to evolve, we look forward to working with our stakeholders and industry experts on ways to further improve our sustainable development performance and reporting programs.

In 2017, we will review and update our materiality matrix to reflect the changes that have occurred within the Company and in the communities with which we interact.
Governance and Accountability

Our governance practices guide our behaviour and performance, helping to ensure we act in an ethically responsible manner and uphold our core values. In addition to Agnico Eagle’s Code of Business Conduct and Ethics, we have established clear lines of management accountability that are aligned with our sustainable development and business priorities.

Management Accountability

Our sustainable development program and values are integrated at the operational, executive and Board levels. Corporate oversight and implementation of the program are the direct responsibility of one executive officer – the Senior Vice-President of Environment, Sustainable Development and People who is assisted by the Vice-President Environment for environmental oversight and by the Vice-President of Health and Safety and Community Relations for health, safety and community engagement oversight.

Processes are in place to ensure that sustainable development matters, along with risk assessment and mitigation measures, are integrated into the day-to-day management of our business at the operational level.

Finally, sustainable development matters are presented to the Health, Safety, Environment and Sustainable Development (HSESD) Committee of the Board of Directors at each Board meeting.

Management Diversity

Our Board consists of 12 directors, of which all but one director are independent. The Board of Directors recognizes that diversity is important to ensuring that the Board as a whole possesses the qualities, attributes, experience and skills to effectively oversee the strategic direction and management of Agnico Eagle. It recognizes and embraces the benefits of having a diverse Board of Directors, and has identified diversity within the Board as an essential element in attracting high calibre directors and maintaining a high-functioning Board. It considers diversity to include different genders, ages, cultural backgrounds, races/ethnicities, geographic areas and other characteristics of its stakeholders and the communities in which Agnico Eagle is present and conducts its business.

The Board of Directors does not set any fixed percentages for any specific selection criteria as it believes all factors should be considered when assessing and determining the merits of an individual director and the composition of a high-functioning Board. The proportion of women is currently 27% of the non-executive directors and the proportion of non-resident Canadians is currently 27% of the non-executive directors.

For more information on our corporate governance, business practices and policies, click here.

Stakeholder Advisory Committee

We have established a Stakeholder Advisory Committee (SAC) to provide us with feedback on our corporate social responsibility efforts and to complement, and help us make strategic links to our existing local stakeholder engagement activities. This approach also supports our global efforts to engage with our stakeholders on a regular basis and in a meaningful way. The Committee was established in 2011 and meets in Toronto annually each fall.

The SAC provides us with constructive feedback from a diverse group of priority stakeholders. It provides advice on building a focused sustainability strategy and a business case for our investments in sustainability. The SAC also reviews our sustainability initiatives – including our environmental and social policies, programs, operational performance, communications and engagement. Committee members are independent stakeholders with expertise in sustainability, community development, mining, disclosure and governance matters. They provide their input and expertise as individuals rather than as representatives of their organizations.

Getting Feedback

We have established a Stakeholder Advisory Committee (SAC) to provide us with feedback on our corporate social responsibility efforts and to complement, and help us make strategic links to our existing local stakeholder engagement activities. This approach also supports our global efforts to engage with our stakeholders on a regular basis and in a meaningful way. The Committee was established in 2011 and meets in Toronto annually each fall.

The SAC provides us with constructive feedback from a diverse group of priority stakeholders. It provides advice on building a focused sustainability strategy and a business case for our investments in sustainability. The SAC also reviews our sustainability initiatives – including our environmental and social policies, programs, operational performance, communications and engagement. Committee members are independent stakeholders with expertise in sustainability, community development, mining, disclosure and governance matters. They provide their input and expertise as individuals rather than as representatives of their organizations.
**Progress Against Prior Year’s Recommendations**

In response to ongoing feedback from the Committee, we have been working on key priorities:

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>STATUS</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhance Agnico Eagle’s approach to assessing Human Rights-related risks.</td>
<td>Voluntary Principles on Security and Human Rights were adopted by the Company</td>
<td>In 2016, Agnico Eagle submitted its application for membership to the Voluntary Principles on Security and Human Rights. The application is currently under review by the Voluntary Principles Steering Committee.</td>
</tr>
<tr>
<td>Enhance Indigenous Engagement Policy by including references to international instruments and best practices.</td>
<td>A global Indigenous Peoples Engagement Policy was adopted by the Company</td>
<td>A global Indigenous Peoples Engagement Policy and implementation guide was developed including references to international instruments and best practices to complement the already existing Canadian Aboriginal Engagement Policy and implementation guide.</td>
</tr>
<tr>
<td>Include peer and industry comparisons for Agnico Eagle’s performance in the SD report.</td>
<td>Ongoing</td>
<td>In 2016, work was done to improve the Agnico Eagle GRI database. This is the first step in being able to benchmark performance in future SD reports.</td>
</tr>
<tr>
<td>Develop a framework to monitor the effectiveness of community engagement.</td>
<td>Ongoing</td>
<td>The development and implementation of new indicators of performance in Community Relations Engagement is part of the 2017 SD department objectives.</td>
</tr>
<tr>
<td>Increase transparency in government advocacy.</td>
<td>Ongoing</td>
<td>An explicit government relations function with a clear mandate is being created in 2017.</td>
</tr>
<tr>
<td>Use corporate values and our Code of Conduct to support communities needs.</td>
<td>Ongoing</td>
<td>In 2016, we defined Agnico Eagle’s management principles. In 2017, we will launch these principles in the divisions to guide their decisions. We will make sure that these are not only used internally but also in our interactions with our communities.</td>
</tr>
<tr>
<td>Increase SD reporting on grievances received. Separate GRI tables from the SD report</td>
<td>Ongoing</td>
<td>These recommendations are being implemented in the current report.</td>
</tr>
</tbody>
</table>
### OUR APPROACH / Progress Against Prior Year’s Recommendations

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
<th>STATUS</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure HSEC policies are applied locally, while identifying examples where incidents have occurred.</td>
<td>Ongoing</td>
<td>Our Sustainable Development Policy integrates Health, Safety, Environment and Community commitments, making its application easier and more consistent. Implementation of the RMMS complements and supports our Sustainable Development Policy.</td>
</tr>
<tr>
<td>Shift to aspirational (Zero Harm) safety targets, and develop “leading” performance indicators.</td>
<td>Ongoing</td>
<td>The long-term goal is to reduce the occurrence of accidents to none. Zero Harm safety targets are widely stated in all health and safety communications.</td>
</tr>
<tr>
<td>Shift to positive indicators for Health and Safety.</td>
<td>Ongoing</td>
<td>Leading performance indicators have been selected and are being followed at each division. Targets have been established to improve performance for these indicators. Development of leading indicators continues.</td>
</tr>
<tr>
<td>Identify and evaluate social aspects on mine closure.</td>
<td>Ongoing</td>
<td>Include social aspects in the critical procedures for mine closure.</td>
</tr>
<tr>
<td>Ensure that our presentations to the public are jargon-free and can be understood by as wide a range of community members as possible, and that they cover the technical issues across the whole life cycle of the mining project.</td>
<td>Ongoing</td>
<td>Each region, with the support of communication and community relations personnel, is developing a process to review and adapt presentations so that information can be understood by non-experts in the field.</td>
</tr>
<tr>
<td>Establish Community Liaison Groups to provide information to the community on challenging and technical issues.</td>
<td>Ongoing</td>
<td>A guide to establishing Community Liaison Committees has been prepared and a critical procedures guide is under development. Community Liaison Committees were created at Meadowbank, Kittila and LaRonde.</td>
</tr>
</tbody>
</table>
Responsible Mining Management System (RMMS)

The Responsible Mining Management System (RMMS) is the foundation upon which we are building our capacity to manage the commitments made in our Sustainable Development Policy. Our goal is to further promote a culture of excellence that encourages our employees to continuously improve their skills and performance and to not only meet, but exceed, regulatory requirements for health, safety and the environment.

Our RMMS is coherent with the ISO 14001 Environmental Management System and the OHSAS 18001 Health and Safety Management System.

As a participant in industry initiatives to improve transparency and overall performance, we have designed our RMMS to ensure that the following compliance requirements and industry standards are met:
- Carbon Disclosure Project (CDP)
- Global Reporting Initiative (GRI)
- International Cyanide Management Code
- Towards Sustainable Mining (TSM) Initiative
- Disclosure of payments to governments
- Conflict-Free Gold Standard

The first internal audit of our in-house RMMS began at the end of 2016 and will be completed during the first quarter of 2017. The purpose of the audit is to verify the implementation of the system at the divisional level and to confirm whether the RMMS Standard requires clarification or improvement to achieve its intended goal of continuous improvement. The audit’s findings will be collected under five categories: major non-compliance to RMMS application, minor non-compliance to RMMS application, opportunities for improvement in RMMS application, best practices, and innovations. Findings will lead to action plans locally with a fixed timetable of three months for major non-compliance, six months for minor non-compliance and 12 months for improvement opportunities. Best practices and innovations will be shared between divisions.
Carbon Disclosure Project

The Carbon Disclosure Project’s (CDP’s) goal is to encourage a rational response to climate change by facilitating a dialogue between stakeholders and businesses supported by harmonized, quality data. Agnico Eagle began reporting to the CDP in 2007 and continues to report on an annual basis.

Global Reporting Initiative

The Global Reporting Initiative (GRI) sets out specific criteria and indicators that organizations can use to measure and report on their economic, environmental and social performance. We measure our performance using the G4 Sustainability Reporting Guidelines, including mining industry specific indicators incorporated in the GRI’s Mining and Metals Sector Supplement (MMSS). Agnico Eagle self-declares that we are reporting at a Level A based on the GRI G4 and MMSS guidelines.

International Cyanide Management Code

The Cyanide Code is a voluntary industry program for companies that use cyanide to recover gold. It focuses on the responsible and safe management of cyanide and cyanide solutions used in gold mining – as well as on the protection of human health and the reduction of environmental impacts – through every stage of the mining process. Agnico Eagle signed the Cyanide Code in 2011, and our Kittila, Meadowbank and Pinos Altos sites were certified in 2015, while our Mascota heap leach operation will continue under the Mexican certification of Industria Limpia. Our La India and Canadian Malartic mines have also started the certification process.
Towards Sustainable Mining

Agnico Eagle endorses the MAC’s TSM Initiative. TSM helps the mining industry sustain its position as a leading economic contributor, while protecting the environment and remaining responsive to Canadians. It helps the industry maintain its social license to operate by providing a framework for companies to become proactive and socially responsible operators.

TSM was developed to help mining companies evaluate the quality, comprehensiveness and robustness of their management systems under six performance elements: crisis management, energy and GHG emissions management, tailings management, biodiversity conservation management, health and safety, and aboriginal relations and community outreach. These TSM indicators have been incorporated into the framework of our RMMS.

Tailings Management Standard

Tailings management is one of the highest risk areas of any mining operation. We have adopted a tailings management standard to ensure a framework is in place to fulfil our commitments to responsible tailings management. This standard includes the provision for an annual review of tailings performance at the executive level.

Click here to read Agnico Eagle’s Tailing Management Standard. Additionally, we participated in MAC’s review of its TSM Tailings Management Protocol and guides, which involved a critical review by member company experts as well as an independent Task Force. The recommendations will be published in an enhanced Tailings Management Protocol and Guide to the Management of Tailings Facilities in 2017.

In 2016, we conducted a self-assessment of our adherence to MAC’s TSM protocols. We achieved level A or better for all indicators except five: at Kittila, for health and safety performance due to the fatality of a contractor employee; at Meadowbank, for response mechanism and reporting under the Community Outreach protocol; and at La India, for planning under the Biodiversity protocol and for performance targets under the Energy and GHG protocol.

<table>
<thead>
<tr>
<th>PROTOCOLS</th>
<th>INDICATORS</th>
<th>Goldex</th>
<th>Kittila</th>
<th>La India*</th>
<th>Lapa</th>
<th>LaRonde</th>
<th>Meadowbank</th>
<th>Pinos Altos</th>
<th>AEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>1 – Identification</td>
<td>AA</td>
<td>AAA</td>
<td>AAA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>2 – Engagement</td>
<td>AA</td>
<td>AAA</td>
<td>AA</td>
<td>A</td>
<td>AA</td>
<td>AAA</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>3 – Response mechanism</td>
<td>AAA</td>
<td>AA</td>
<td>AAA</td>
<td>AA</td>
<td>AAA</td>
<td>B</td>
<td>AA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>4 – Reporting</td>
<td>AA</td>
<td>A</td>
<td>AA</td>
<td>A</td>
<td>A</td>
<td>B</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>1 – Communication</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA</td>
<td>A</td>
<td>AAA</td>
<td>AAA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>2 – Planning</td>
<td>A</td>
<td>A</td>
<td>B</td>
<td>A</td>
<td>AA</td>
<td>AAA</td>
<td>AAA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>3 – Reporting</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA</td>
<td>AAA</td>
<td>AA</td>
<td>n/a</td>
</tr>
<tr>
<td>Crisis Management</td>
<td>1 – Preparedness</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>2 – Review</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>3 – Training</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Energy &amp; GHG</td>
<td>1 – Management System</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>AAA</td>
<td>A</td>
<td>AAA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>2 – Reporting</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>3 – Performance targets</td>
<td>n/a</td>
<td>A</td>
<td>B</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>1 – Policy</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>2 – Planning</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>AA</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>3 – Training</td>
<td>AAA</td>
<td>AA</td>
<td>A</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>AAA</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>4 – Reporting</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>5 – Performance</td>
<td>AA</td>
<td>B</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>AA</td>
<td>n/a</td>
</tr>
<tr>
<td>Tailings Management</td>
<td>1 – Policy</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>2 – Management system</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>3 – Responsibility</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>4 – Annual management review</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>5 – OMS manual</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
<td>n/a</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*It was La India’s first self-assessment.

More detailed information on TSM can be found at mining.ca
Disclosure of Payments and Conflict-Free Gold Standard

Agnico Eagle is committed to the principles of transparency and to increasing our level of disclosure on the payment of all taxes and royalties to governments. For 2016, we have reported all payments in accordance with the “Publish What You Pay” initiative, and the Canadian Extractive Sector Transparency Measures Act.

Agnico Eagle understands that operating responsibly and maintaining the trust of our stakeholders requires us to demonstrate that the gold we produce has been extracted in a manner that does not fuel unlawful armed conflict or contribute to serious human rights abuses or breaches of international law. As such, we have adopted and implemented the World Gold Council’s (WGC) Conflict-Free Gold Standard (CFGS).

Conformance with the CFGS demonstrates that gold has been extracted in a manner that does not cause, support or benefit unlawful armed conflict or contribute to serious human rights abuses or breaches of international humanitarian law. Agnico Eagle implemented the CFGS, beginning with the 2013 calendar year. This is our fourth year of adherence and reporting under the CFGS.

Under the CFGS, companies are required to issue a Certification Report which outlines their adherence. The Report is updated annually and is issued within 120 days of the year-end, or as required by the CFGS. Our 2016 Certification Report covers all gold or gold-bearing materials dispatched by Agnico Eagle for the calendar year ended December 31, 2016.

Our Certification Report has been verified by Ernst & Young, an independent assurance provider. Ernst & Young conducted its assessment under the CFGS for the period from January 1 to December 31, 2016. It confirmed that the mines identified under Section A – the Pinos Altos, Creston Mascota and La India operations in Mexico – are in conformance with the CFGS.

Ernst & Young’s statement is available here. Both the Certification Report, which describes Agnico Eagle’s conformance to the requirements of the CFGS, and the Limited Assurance Report, which provides the independent assurance on adherence to the CFGS, are posted on agniceagle.com under the Sustainability section.
Forward-looking Statements

The information in this Annual Sustainable Development Report has been prepared as at March 21, 2017. Certain statements in this Sustainable Development Report, referred to herein as “forward-looking statements”, constitute “forward-looking information” under the provisions of Canadian provincial securities laws and constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, the Company’s plans, objectives, expectations, estimates, beliefs, strategies and intentions and can generally be identified by the use of words such as “anticipate”, “believe”, “budget”, “could”, “estimate”, “expect”, “forecast”, “intend”, “likely”, “may”, “plan”, “project”, “schedule”, “should”, “target”, “will”, “would” or other variations of these terms or similar words. Forward-looking statements in this Sustainable Development Report include, but are not limited to, the following: the Company’s outlook for 2017 and future periods; statements regarding future earnings and the sensitivity of earnings to gold and other metal prices; anticipated levels or trends for prices of gold and by-product metals mined by the Company or for exchange rates between currencies in which capital is raised; revenue is generated or expenses are incurred by the Company; estimates of future mineral production and sales; estimates of future costs, including mining costs, total cash costs per ounce, all in sustaining costs per ounce and other cash needs, and expectations as to the funding thereof; statements regarding the projected exploration, development and exploitation of certain ore deposits, including estimates of exploration, development and production and other capital costs and estimates of the timing of such exploration, development and production or decisions with respect thereto; estimates of mineral reserves, mineral resources, ore grades and mineral recoveries and statements regarding anticipated future exploration results; estimates of cash flow; estimates of mine life; anticipated timing of events with respect to the Company’s minesites, mine development projects and exploration projects; estimates of future costs and other liabilities for environmental remediation; statements regarding anticipated legislation and regulations, including with respect to climate change, and estimates of the impact on the Company; and other anticipated trends with respect to the Company’s capital resources and results of operations.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by Agnico Eagle as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The factors and assumptions of Agnico Eagle upon which the forward-looking statements in Sustainable Development Report are based, and which may prove to be incorrect, include, but are not limited to, the assumptions set out elsewhere in Sustainable Development Report and in management’s discussion and analysis (“MD&A”) and the Company’s Annual Information Form (“AIF”) for the year ended December 31, 2016 filed with Canadian securities regulators and that are included in its Annual Report on Form 40-F for the year ended December 31, 2016 ("Form 40-F") filed with the SEC, as well as: that there are no significant disruptions affecting Agnico Eagle’s operations, whether due to labour disruptions, supply disruptions, damage to equipment, natural or man-made occurrences, mining or milling issues, political changes, title issues or otherwise; that permitting, development and expansion at each of Agnico Eagle’s mines and mine development projects proceed on a basis consistent with expectations, and that Agnico Eagle does not change its exploration or development plans relating to such projects; that the exchange rates between the Canadian dollar, Euro, Mexican peso and the U.S. dollar will be approximately consistent with current levels or as set out in this Sustainable Development Report; that prices for gold, silver, zinc and copper will be consistent with Agnico Eagle’s expectations; that prices for key mining and construction supplies, including labour costs, remain consistent with Agnico Eagle’s expectations; that production meets expectations; that Agnico Eagle’s current estimates of mineral reserves, mineral resources, mineral grades and mineral recoveries are accurate; that there are no material delays in the timing for completion of development projects; and that there are no material variations in the current tax and regulatory environment that affect Agnico Eagle.

The forward-looking statements in Sustainable Development Report reflect the Company’s views as at the date hereof and involve known and unknown risks, uncertainties and other factors which could cause the actual results, performance or achievements of the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For a more detailed discussion of such risks and other factors that may affect the Company’s ability to achieve the expectations set forth in the forward-looking statements contained in Sustainable Development Report, see the AIF and MD&A filed on SEDAR at www.sedar.com and included in the Form 40-F filed on EDGAR at www.sec.gov, as well as the Company’s other filings with the Canadian securities regulators and the SEC. Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. Except as otherwise required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based. This Sustainable Development Report contains information regarding estimated total cash costs per ounce and all in sustaining costs per ounce in respect of the Company or at certain of the Company’s mines and mine development projects. The Company believes that these generally accepted industry measures are realistic indicators of operating performance and are useful in allowing year over year comparisons. Investors are cautioned that this information may not be suitable for other purposes.
In This Section

2016 Performance Review
- Health and Safety  |  30
- Environment       |  37
- Our Employees     |  53
- Our Communities   |  64
- Economic Value    |  73
We are committed to maintaining the highest health and safety standards possible and to achieving our ultimate goal of a workplace with zero accidents.

### In This Section

- 2016 Performance: 31
- 2017 Priorities: 32
- Embracing Next-generation Technology: 33
- Recognizing Leadership, Teamwork and Responsibility: 34
- Promoting a Healthy Workplace: 35
- Advancing Underground Pedestrian Safety: 36
- Improving Safety on the Ice: 36

---

**OVERVIEW**

**OUR APPROACH**

**PERFORMANCE**

**DATA TABLES AND APPENDIX**

---

**Agnico Eagle Mines Limited**

2016 Sustainable Development Report

---

Performance / Health and Safety
2016 Performance

We are committed to maintaining the highest health and safety standards possible. Our long-term goal is to strengthen our health and safety culture with more individual accountability and leadership. This will be accompanied by a shift to aspirational zero harm safety targets and leading performance indicators.

In 2016, we were saddened during the year by the fatality of an employee of a local contractor at our Kittila mine. Despite this tragedy, our operations posted record safety performance, with the fewest lost-time accidents (LTA) since we began compiling global statistics 10 years ago.

Our combined lost-time accident and restricted work frequency rate was 0.97 (excluding Canadian Malartic), a 21% reduction from our 2015 rate of 1.23 and substantially below our target rate of 1.40. Three of our operations – Creston Mascota, La India and Lapa – contributed strongly to this improved performance. La India and Creston Mascota both achieved perfect years with 52 weeks worked at triple zero performance, no lost-time accidents, no light-duty assignments and no fatalities and our Lapa mine registered only a single light-duty assignment with no lost time during the year.

These results were achieved with almost 400 additional employees (this number includes Canadian Malartic whose reporting indicators do not include this particular measure), when compared to our 2015 workforce levels. In 2016, as we continue toward our goal of zero harm, we achieved 15 weeks in which no lost-time accident or restricted work cases were reported at any of our operations. This compares to 16 weeks in 2015, when the size of our workforce was substantially smaller.

In July, La India experienced an armed robbery. During the incident, a security guard sustained a minor injury. An investigation involving local, state and military authorities was conducted. Agnico Eagle also undertook a complete review of site security procedures and implemented a number of enhancements.

At year-end 2016, we began an audit of our RMMS system, which will be completed during the first quarter of 2017. The audit will verify the implementation of the system and confirm whether the RMMS Standard requires clarification or improvement. In addition to reviewing the application of a select number of elements – such as risk management, modification management, training and awareness, and operational control – the audit will specifically review the application of the system at each site on two high health and safety risk activities and the application of two health and safety critical procedures.
2017 Priorities

While continuing our effort to improve the safety of our operations, in 2017, we plan to emphasize safety prevention through every phase of our exploration activities. We will work closely with our contractors to ensure they share our rigorous approach to safety prevention with their teams. Each site will also develop specific objectives to improve overall employee awareness of health issues, including stress awareness and management. Additionally, we will advance our industrial hygiene program by continuing to collect and organize data so that we better understand our exposure profiles.

Performance / Health and Safety

Agnico Eagle Mines Limited 2016 Sustainable Development Report
Embracing Next-generation Technology

Technology has revolutionized every stage of the mining process. From satellite imaging to robotics, the industry continues to invest in innovative solutions to improve safety and working conditions, increase efficiency and enhance environmental protection at our sites.

In 2016, we continued to focus on utilizing technology to improve productivity and underground safety at our mines.

Following an extensive period of testing at our Goldex and Kittila sites, we made a decision to fully implement the Mineprox™ system, which is designed to improve underground pedestrian safety in hard rock mines. Mineprox is a proximity warning and collision avoidance system that uses radio frequencies to detect individuals, vehicles and hazards underground.

According to Guillaume Lachapelle, Agnico Eagle’s Corporate Director of Health, Safety and Security, “We decided to test this system after we experienced several near miss situations between mobile equipment and pedestrians, an industry-wide safety issue. We wanted to ensure the equipment worked properly in all types of underground situations. After gathering feedback from 15 Agnico employees and feeding over 570 points of data back to the supplier, we have decided to fully implement it across all of our sites, starting in 2017 at LaRonde.”

The LaRonde mine remains our most active site in terms of seismicity, averaging over 600 “events” per day. The team is using technology there to better monitor, track and predict such events, 24 hours a day, seven days a week. This allows the mine to actively prevent access to any areas that are experiencing increased seismic activity.

Pascal Larouche, General Superintendent, Technical Services says, “Previously, any time we blasted a stope, we didn’t have the tools or software to predict with accuracy what would happen. So we automatically closed the impacted area for 12 hours, typically over two or three levels of the mine. Now we can use software to predict with increased accuracy where seismic activity will occur and then introduce appropriate safety protocols for each blast.”

As the team mines deeper into the LaRonde orebody, it is also employing automated equipment to improve overall safety and productivity at the mine. For example, mechanized bolting machines allow employees to work from the safety of their machine’s cab instead of right at the rock face. LaRonde has also introduced automated technology that allows an employee to operate a scoop from surface – 3 kilometres above the workplace.

In 2016, we continued to focus on utilizing technology to improve productivity and underground safety at our mines.
Recognizing Leadership, Teamwork and Responsibility

Year after year, Agnico Eagle posts record safety performance. For the sixth year in a row, we reduced the number of accidents, the number of lost days at work due to accidents, and our global accident frequency rate. Such consistent results don’t happen by chance, they require a safety culture that focuses on leadership, teamwork and responsibility.

That was especially true in 2016, when our Lapa mine received the F.J. O’Connell award for exceptional results in health and safety. This was a remarkable achievement, given that Lapa was winding down toward closure, with many employees transferred to other divisions and an increased reliance on contractors. The leadership of the Lapa team and their increased presence in the field helped ensure employees remained focused on working safely on the job at hand.

Echoing this impressive teamwork, our Goldex mine rescue team won the Quebec Mine Rescue Provincial Championships and went on to compete for the first time at the global level at the International Mine Rescue Awards.

Agnico Eagle’s Meadowbank mine was recognized as one of Canada’s Safest Employers at the annual Canadian Occupational Safety Awards this year, and our Abitibi operations were named as finalists in the prestigious Quebec Chamber of Commerce’s “Mercuriades” Provincial Awards for Health and Safety. At the Mine Rescue Competition in Yellowknife, the Meadowbank mine team won first place in first aid and second place in firefighting, rope rescue and surface obstacles. At the CAMIMEX Northern Mexico regional competition the Pinos Altos and Creston Mascota teams placed first in underground rescue, second in benchman and third in first aid.
At Goldex, as part of our Healthy Workplace initiative, we offer voluntary physical testing to help employees evaluate their overall physical condition. Medical staff test an employee’s blood sugar levels, cholesterol, blood pressure, back health, fat level and muscle tone. Employees are then provided with a custom-made training plan designed to help them achieve personal health goals.

The number of people taking advantage of this program has increased year-over-year, helping to achieve our long-term goal of preventing and promoting workplace practices that will improve the global health of our employees. In 2017, the health team at Goldex plans to pursue provincial certification for its Healthy Workplace program, as well as expand its gym due to high employee demand.
Advancing Underground Pedestrian Safety

Goldex began a full review of the Mineprox™ system in 2016, testing all the system components of the technology under a variety of scenarios. Over 15 employees were directly involved in the field test to ensure we received direct operator feedback on the technology’s capacity.

These scenarios included: a worker in standing position, immobile in a traffic lane; a “victim” vehicle parked in a gallery without rotating lights in the path of a scoop-tram or 45-tonne truck; pedestrians working in the curve of a ramp; a hazard in a hauling way with no communication; two workers in a drilling site and another one near the ramp; and, a work area under construction with many trades and several ore transportation vehicles continuously moving back and forth.

The test helped evaluate four parameters: the detection ranges of MineProx devices in various configurations; impact of the transponder position (in relation to ID chips) on receptivity; signal penetration through various obstacles such as rock, sprayed concrete, refuge chambers, ventilation doors and curtains; and, the speed at which operators are processing the information.

Additionally, employees at our Kittila mine conducted a field test of the technology, comparing Mineprox with other competitor technology.

The various tests found the benefits of Mineprox include low energy consumption, chips that can be installed inside our preferred lamps, low installation costs, and ease of installation, maintenance and use. The tests confirmed that the Mineprox technology allows for the detection of workers and vehicles in an underground mining environment. Furthermore, with this system, workers who feel endangered can signal their presence to operators by simply pushing two buttons on their lamp, which represents a significant advantage for pedestrians. The team recommended that Mineprox system be implemented at all Agnico Eagle mines over the next few years.

Improving Safety On the Ice

In Nunavut, ice thickness can measure well over four feet, often requiring powerful augers – which are drilling devices with rotating blades – to penetrate the ice.

Our Amaruq team brainstormed with our drilling contractor to develop new procedures to improve overall safety on the ice. Instead of holding the auger by hand and lifting it up frequently to clean ice off the drill bit, the contractor built a frame to hold the auger, which removes the possibility of the machine torquing and causing sudden injury.

Additionally, instead of using large-sized augers to drill major holes and test for ice thickness, we are now using smaller, less powerful and more portable augers for thickness testing. The larger augers (with the holder device) are now used mainly to drill water supply pump suction holes. The change in procedures has reduced our use of large augers by 95+%, improving overall safety and reducing risk onsite.
We consider tailings and water management as a core business activity, using a mix of best available practices and technologies, integrating them from the start of our activities and adapting them to each site's local conditions.
The following sections present the performance on key environmental indicators for all our operations. It should be noted that information related to any assets of the Canadian Malartic General Partnership (CMGP) or Canadian Malartic Corporation – in which we have 50% ownership, such as the Canadian Malartic mine – is not included here, since the sustainable development performance of CMGP is covered in its own distinct report.

2016 Performance

We focus on limiting our environmental impacts by using natural resources efficiently, by preventing or limiting emissions and by reducing waste. Each of our operations is required to identify, analyze and manage its environmental risks and to work in a transparent manner with local stakeholders, building a foundation of trust and cooperation.

To support our progress in achieving these commitments, we are firmly engaged in the Towards Sustainable Mining (TSM) initiative developed by the Mining Association of Canada (MAC) and we support continuous improvement of performance with our in-house Responsible Mining Management System (RMMS) which integrates environmental management with management of health, safety and social acceptability.

We aim to eliminate, minimize and mitigate the impacts of our operations on the environment and maintain its viability and its diversity. To achieve this, we:

- minimize the generation of waste and ensure its proper disposal;
- minimize all risks associated with managing tailings and water;
- manage waste rock and overburden to ensure environmental protection;
- implement measures to conserve natural resources such as energy and water;
- implement measures to reduce emissions to air, water and land, and to minimize our footprint;
- implement measures to reduce our greenhouse gas emissions and consider the effects of climate change;
- integrate biodiversity conservation and land use planning considerations through all stages of business and production activities; and
- rehabilitate sites to ensure long-term physical and chemical stability and in consultation with nearby communities in a timely manner.

The following sections present the performance on key environmental indicators for all our operations.
Energy and Greenhouse Gases

Energy management is part of the TSM initiative. The Energy and Greenhouse Gases Management Protocol is used as a guide to improve energy consumption control at our sites, with the resulting benefit of a reduction in GHG emissions. Optimization committees have been created at most of our sites and energy reduction initiatives are now part of their scope. These initiatives are often led by our employees, who regularly identify small incremental steps that result in an overall improvement in our energy performance.

**ELECTRICITY USE**

Our LaRonde, Goldex, Lapa, Kittila, and Pinos Altos/Creston Mascota operations are all connected to a regional electrical grid. However, we produce our own electricity at our operation and projects in Nunavut (Meadowbank, Amaruq and Meliadine), and at our La India mine in Mexico. It should be noted that all Agnico Eagle sites connected to a grid also have emergency backup generators to supply electricity to essential services during any periods when the local electrical grid is down. In 2016, this was the case at Pinos Altos where the site had to generate its own electricity during work done by the CFE (Mexico electric company) to connect a new power substation, leading to a 16% increase in power generated on site in 2016 compared to 2015.

**Electricity Consumption from Regional Grids**

Our annual electricity consumption from the grid increased by 4% to 942 gigawatt hours (GWh) in 2016 from 901 GWh in 2015. This increase was mostly due to increased production at Kittila.

**Electricity Produced On-site**

Our annual electricity production in 2016 remained stable with 2015 levels at 149 GWh. The construction of a transmission power line to Creston Mascota in 2014 has limited the need for electricity production onsite to periods when the regional electrical grid is down.

**Total Electricity Consumption**

Overall, the total amount of electricity used both from external grids and generated on-site increased by approximately 4%, from 1,049 GWh in 2015 to 1,091 GWh in 2016. This overall increase can be attributed to increased production and development at our various mines.

### ELECTRICITY USE

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Electricity Consumed from the Grid (GWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>942</td>
</tr>
<tr>
<td>2015</td>
<td>901</td>
</tr>
<tr>
<td>2014</td>
<td>819</td>
</tr>
<tr>
<td>2013</td>
<td>705</td>
</tr>
<tr>
<td>2012</td>
<td>681</td>
</tr>
</tbody>
</table>

4% increase from 2015 to 942 GWh in 2016.
Diesel fuel is used at our mines for powering mining equipment, generating electricity for the mines that are not connected to a regional grid, and for other uses such as blasting and heating mine air.

Total diesel fuel consumption decreased from 109.7 million litres (ML) in 2015 to 104.8 ML in 2016. Of that quantity, 66.4 ML (63%) were used for mining equipment, 38 ML (36%) were used for power generation, and 0.4 ML (<1%) were for other uses.

Goldex increased its diesel consumption by 19% due to the Deep Zone development. This was counterbalanced by a decrease at La India and Lapa. La India, having completed two construction projects in 2015 that demanded an increase in diesel for heavy equipment use, stabilized its diesel use at 6.6 ML in 2016. Lapa also decreased its overall diesel use in 2016 as development continued to slow and less equipment was being used in the lead-up to closure.

Diesel fuel usage per tonne of ore processed fell by 9% overall to 4.95 litres from 5.39 litres in 2015, demonstrating an improvement in efficiency that can be linked to a more energy efficient use of our equipment, as well as the transfer of Kittila mine heating to recycled heat recovered from the autoclave. The reduced stripping ratio (less waste to extract) with our more mature open pits at Meadowbank and Pinos Altos also reduced the diesel consumption per tonne of ore processed.

**NATURAL GAS USE**

Natural gas is used at our mines in Abitibi for heating the air that is sent underground during winter months, for heating of buildings, and to supply air compressors. During the year, natural gas usage decreased by 13% from 2015 levels, to 10.45 million cubic metres (Mm³). The intensity of usage decreased by 18% from 0.58 to 0.49 thousand m³ per tonne of ore processed in 2016. This decrease is the result of reducing the requirement for mine air heating at LaRonde with more operation in the deeper (warmer) part of the mine and the installation of more efficient heat exchangers at the Final Water Treatment Plant (FWTP). In addition, the ammonia water treatment plant was closed for the winter at Lapa also reducing the requirement for natural gas.

**TOTAL DIESEL CONSUMPTION**

<table>
<thead>
<tr>
<th>Year</th>
<th>Power generation</th>
<th>Mining equipment</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>38</td>
<td>66</td>
<td>0.4</td>
</tr>
<tr>
<td>2015</td>
<td>41</td>
<td>69</td>
<td>2.2</td>
</tr>
<tr>
<td>2014</td>
<td>42</td>
<td>62</td>
<td>2.7</td>
</tr>
<tr>
<td>2013</td>
<td>38</td>
<td>61</td>
<td>0.9</td>
</tr>
<tr>
<td>2012</td>
<td>37</td>
<td>63</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Total diesel fuel consumption decreased from 112.2 million litres (ML) in 2015 to 104.8 ML in 2016.

Of that quantity, 66.4 ML (63%) were used for mining equipment, 38 ML (36%) were used for power generation, and 0.4 ML (<1%) were for other uses.
We calculate direct and indirect greenhouse gas (GHG) emissions on a monthly basis and report them annually to the Carbon Disclosure Project (CDP) both in tonnes of GHG (CO$_2$ equivalent) and in intensity, which is the amount of tonnes of GHG (CO$_2$ equivalent) per tonne of ore processed. Direct GHG emissions are from sources owned or controlled by the Company and indirect GHG emissions are emissions from sources owned or controlled by an external organization. For example, the emissions resulting from the generation of purchased electricity would be considered indirect GHG emissions. These results are calculated for our producing operations.

**Total GHG Emissions**

Total direct and indirect GHG emissions were 400,410 tonnes of CO$_2$ equivalent in 2016, a 2% decrease from 407,471 tonnes in 2015. The reduced emissions are linked to the reduction in diesel consumption mentioned above, namely, reduction in diesel consumption as construction and operating activities wound down at La India and Lapa, respectively, which counterbalanced increased diesel consumption at Goldex due to development of the Deep Zone.

**Total Direct GHG Emissions**

In 2016, total direct GHG emissions decreased slightly compared to 2015. Total direct GHG emissions were estimated at 325,922 tonnes of CO$_2$ equivalent from all sources – including fuel used to generate power, fuel for mining vehicles, natural gas for heating, and explosives used in blasting at our operating mines. This compares to 337,190 t of CO$_2$ equivalent in 2015, which represents a decrease of approximately 3%.

**Total Indirect GHG Emissions**

Total indirect GHG emissions were approximately 74,488 t of CO$_2$ equivalent in 2016, as compared to 70,281 t in 2015, which represents a 6% increase. This increase is mostly related to an increased tonnage of ore processed at both Kittila and Pinos Altos.

**GHG Emissions Intensity**

Our average GHG emission intensity (tonnes of CO$_2$ equivalent per tonne of ore processed) for all of our operating mines decreased by 6% from 0.0200 in 2015 to 0.0189 in 2016. This is due to a slight decrease in emissions but mostly to increased tonnage of ore processed.

<table>
<thead>
<tr>
<th>Year</th>
<th>LaRonde</th>
<th>Goldex</th>
<th>Lapa</th>
<th>Kittila</th>
<th>Pinos Altos</th>
<th>La India</th>
<th>Meadowbank</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.013</td>
<td>NA</td>
<td>0.011</td>
<td>0.016</td>
<td>0.024</td>
<td>–</td>
<td>0.053</td>
</tr>
<tr>
<td>2013</td>
<td>0.013</td>
<td>0.006</td>
<td>0.013</td>
<td>0.016</td>
<td>0.026</td>
<td>–</td>
<td>0.047</td>
</tr>
<tr>
<td>2014</td>
<td>0.015</td>
<td>0.004744</td>
<td>0.013</td>
<td>0.0150</td>
<td>0.0243</td>
<td>0.007</td>
<td>0.044</td>
</tr>
<tr>
<td>2015</td>
<td>0.014</td>
<td>0.005189</td>
<td>0.014</td>
<td>0.0136</td>
<td>0.0254</td>
<td>0.007</td>
<td>0.046</td>
</tr>
<tr>
<td>2016</td>
<td>0.016</td>
<td>0.006</td>
<td>0.013</td>
<td>0.012</td>
<td>0.024</td>
<td>0.005</td>
<td>0.048</td>
</tr>
</tbody>
</table>
Properly managing the water we use and the effluents we release to the environment is a significant part of the environmental management programs at all our mining operations. Our water management strategy begins with our commitment to reducing our fresh water usage intensity by maximizing water reuse in our processes. These different fresh water sources include surface water from bodies of water, groundwater and water from town systems.

**Total Water Withdrawal**

In 2016, the total fresh water withdrawn by Agnico Eagle from all sources was 6.059 million m$^3$ (Mm$^3$), an 11% decrease from 6.752 Mm$^3$ in 2015. Most of the water withdrawal savings can be attributed to our Meadowbank mine where the mill was able to use more reclaimed water in 2016, with an estimated 83% of its total water use coming from recycled water.

Our total water use was 0.29 m$^3$ per tonne of ore processed, down from 0.33 m$^3$ per tonne in 2015, which represents a 14% decrease. This reflects our continuous improvement efforts, with all of our sites undertaking initiatives to reduce their total water consumption.

As part of our water management strategy, our sites strive to minimize the amount of contact water – external water that comes into contact with our activities. To achieve this, wherever possible, we locate our facilities in the most advantageous locations with respect to the watershed and divert as much as possible, “clean” or precipitation runoff – snowmelt and rainwater – away from our work areas wherever practical.

For water that requires treatment – typically mine water and process water – we manage the different sources of water separately. We collect precipitation runoff from impacted lands, monitor its quality and release or treat it as necessary to ensure protection of the surrounding aquatic environment.

### Water Use Intensity (m$^3$ of water per tonne of ore processed)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>4,886,050</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>5,538,143</td>
<td>6,541,751</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6,563,229</td>
<td>6,541,751</td>
<td>6,563,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>0.38</td>
<td>0.43</td>
<td>0.35</td>
<td>0.33</td>
<td>0.29</td>
</tr>
<tr>
<td>2016</td>
<td>0.29</td>
<td>0.38</td>
<td>0.35</td>
<td>0.33</td>
<td>0.29</td>
</tr>
</tbody>
</table>

### Total Volume of Water Used (litres)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,886,050</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>5,538,143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6,541,751</td>
<td></td>
<td>6,563,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6,563,229</td>
<td>6,541,751</td>
<td>6,563,229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>6,058,866</td>
<td>6,541,751</td>
<td>6,563,229</td>
<td>6,058,866</td>
<td></td>
</tr>
</tbody>
</table>
Despite the reduction in fresh water intake, effluent discharge to the environment has increased. In general, such an increase can generally be attributed to three main sources: a reduction in the amount of water trapped in our tailings, an increase in groundwater inflow or an increase in precipitation. In 2016, the main contributors were an increase in the groundwater inflow at Kittila and dewatering of the LaRonde Zone 5.

In 2016, the total volume of effluent released to the environment from all of our mining operations increased over 2015 levels – from 9.8 Mm³ to approximately 11.9 Mm³ in 2016, representing a 17% increase. This increase is attributed to the dewatering of the old mine for the development of the LaRonde Zone 5, discharging more water from the Parc Sud at Goldex, more water use at Lapa mine and a higher discharge rate at Kittila, due to more water infiltration in the underground.

Water discharge intensity therefore increased by 17% in 2016 as compared to 2015 – from 0.48 m³ per tonne of ore processed in 2015 to 0.56 m³ in 2016.

The LaRonde, Goldex and Pinos Altos mines discharge into small drainage watercourses, none of which are classified as environmentally sensitive; they are not listed as protected waterbodies and do not contain protected (i.e., endangered or threatened) species. The Lapa and Kittila mines discharge into wetland areas, none of which are considered environmentally sensitive or listed as protected wetland. The Meadowbank mine discharges into a relatively large lake, which is not considered environmentally sensitive or protected waterbody and does not contain protected species.

All of our operations have stringent regulatory requirements that must be met at the point of effluent discharge. The requirements were established by taking into account the capacity of the receiving waters to receive these effluents without resulting in unacceptable impact. Our operations also conduct regular environmental effects monitoring programs in these receiving waterbodies, as well as downstream, to check for ecological effects from our effluent discharges. Based on all of these measures, we are confident that our effluents are not significantly affecting these receiving waters.

At all operations, grey water and domestic sewage are collected and treated at sewage treatment facilities located on-site. The type of sewage treatment processes used at our operations are summarized below:

- Biological treatment and aerated lagoon treatment (LaRonde)
- Septic field + ultraviolet treatment (Goldex)
- Septic tank followed by biological treatment + UV treatment (Lapa)
- Biological treatment (Kittila, Meadowbank)
- Activated sludge + filtration and chlorination (Pinos Altos, La India)
Fishout at Phaser Lake

In mid-August, the Meadowbank mine conducted a five-week fishout at Phaser Lake, capturing and transferring fish over to the adjacent Wally Lake to allow mining of an extension of the Vault pit to proceed. Such fishouts are conducted following protocols developed in consultation with Fisheries and Oceans Canada, fisheries consultants, and with members of the local communities. The goal is to transfer the fish out of the area that will be mined and while doing so, to gather as much information as possible on the fish population – mostly lake trout and round whitefish – and fish health for the Department of Fisheries and Oceans. The fish that do not survive the transfer are donated to the local community. The 2016 fishout had the highest fish transfer rate success ever – a total of 1,357 fish were captured, weighing a combined 335 kg. Of these, 975 fish, or 72%, were successfully transferred to Wally Lake.

Effluent Discharge Intensity

(m³ per tonne of ore processed)

2016 Reported Environmental Incidents by Category

- Level 1 – Insignificant: 415
- Level 2 – Minor: 411
- Level 3 – Moderate: 2
- Level 4 – Major: 0
- Level 5 – Catastrophic: 0

Increase from 2015

17%

2016

<table>
<thead>
<tr>
<th>Year</th>
<th>Effluent Discharge Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.56</td>
</tr>
<tr>
<td>2015</td>
<td>0.48</td>
</tr>
<tr>
<td>2014</td>
<td>0.42</td>
</tr>
<tr>
<td>2013</td>
<td>0.74</td>
</tr>
<tr>
<td>2012</td>
<td>0.58</td>
</tr>
</tbody>
</table>
Mining by its nature generates large volumes of waste rock and tailings – this is especially true for gold mining where ore grade is expressed in grams per tonne.

Tailings are what remain of the ore after the gold and other valuable metals have been extracted. These tailings are typically silt-sized particles mixed with process water. Not all tailings and waste rock are problematic environmentally. In some cases, they may have interesting geochemical characteristics that can make them useful for environmental protection purposes like the Goldex tailings that are being sent to reclaim the Manitou site near Val-d’Or.

Waste rock – rock of no economic value extracted during mining operations – tends to be coarser by nature. Like tailings, waste rock can exhibit a wide range of behaviour with respect to long-term geochemistry. In some cases, waste rock can be totally benign and useful for other applications. Such is the case at both Goldex and Pinos Altos, where these materials have no acid generating potential and no, or low, metal-leaching potential and are used as construction materials.

In 2016, the total ore tonnage processed both through our milling and heap leach facilities was approximately 21.2 Mt, as compared to 20.4 Mt in 2015. The tonnage of ore stored on heap leach facilities was approximately 8.2 Mt, as compared to 7.8 Mt in 2015. The total amount of tailings produced by the milling operations was approximately 12.9 Mt, as compared to 12.6 Mt in 2015.

From the 12.9 Mt of tailings produced in 2016, approximately 2.5 Mt or 20% were returned underground as backfill. The remaining tonnage of 10.4 Mt was deposited on surface at our different tailings storage facilities. This compares with 10.1 Mt in 2015.

In 2016, Agnico Eagle’s mining operations generated 50.9 Mt of waste rock compared to 56.7 Mt in 2015. This decrease is counterintuitive given the expansion and development at most of our sites but was a result of a lower strip ratio at La India and Pinos Altos that reduced the amount of waste rock extracted; and because the Meadowbank mine has reached a certain maturity and is experiencing decreased volumes of waste rock.
Environmental Incidents and Compliance

We believe there are lessons to be learned from each environmental incident, irrespective of its gravity. For that purpose, all environmental incidents are recorded in our Intelex database and, depending on their potential consequences, they are also investigated and action plans put in place to avoid re-occurrence.

In 2016, 828 environmental incidents were reported as compared to 422 in 2015 and 203 in 2014. This increase can be mainly attributed to placing a larger emphasis on the importance of reporting incidents. The major reporting increase came from Meadowbank where, as part of the optimization effort, the environmental, mechanical and procurement departments joined forces to review the root causes of incidents in order to resolve them and prevent them from happening again.

In order to do that, increased emphasis was placed on reporting even the smallest drip of fuel or oil. The mechanical department used these reports to anticipate and prevent future incidents, while the procurement department questioned if the material supplied was part of the problem. This joint effort is expected to lead not only to improved environmental performance, but also to cost reductions and time savings.

In 2016, 808 out of the 828 reported incidents were spills. The remaining incidents were nuisances from noise (1) and dust (1), impacts on wildlife (17) and environmental-related material damages (1).

Two category 3 events occurred during the year, both of them involving contractors and neither resulting in residual impacts:

1. Approximately 1,190 litres of fuel spilled at the Meliadine project site in Nunavut when a contractor operator was filling up a fuel truck holding tank. Because of the bitter wind, the employee went briefly inside the truck cabin to warm up leaving the filling operation unattended, leading to the overflow. Immediate action was taken to stop the fuel pump and contain the spill. All contaminated material and soil was collected and transferred to Meliadine’s licensed land farm. The incident was reported to the authorities and a refresher on the procedure was given to the employee.

2. A contractor’s truck hauling shipping containers to the Meadowbank site slid off the road while trying to climb a hill due to traffic ahead. The tractor rolled on its side causing about 300 litres of diesel fuel to spill from the truck and some containers with ammonium nitrate bags to open and spill a small amount on the frozen ground. Immediate action was taken to contain the fuel and excavate all contaminated material, which was sent to the Meadowbank site for proper management and disposal. An investigation was conducted and the root cause identified as a problem in the preventive maintenance of the tractor trailer, which was revised as a result. The incident was reported to the regulatory authorities.

In 2017, an audit of the quality of the environmental incident reporting and analysis will be done to review incident classification and root cause analysis processes. This will ensure that information from incident reporting is used to drive performance.

2016 Reported Environmental Incidents

In 2016, the LaRonde mine received an infraction for reporting an incident more than 24 hours after its occurrence, as prescribed. The event occurred on the Saturday evening of the Labour Day long weekend and was only reported on the Tuesday morning.
Permitting

In 2016, our operations continued to work in a transparent and cooperative manner with authorities regarding environmental matters. This approach has allowed us to build credibility and trust with regulators as we seek to obtain new permits or permit renewals. We recognize, however, that this trust is built on the application of a rigorous approach to environmental management at our existing sites. We will continue to actively engage with authorities to ensure that we understand their requirements and expectations, as we seek to advance any future permitting processes.

Nunavut Operations – Meadowbank mine: In 2016, an amendment to the project certificate under the Nunavut Impact Review Board (NIRB) was approved to extend the Vault Pit into Phaser Lake. An application for a new satellite pit (the Whale Tail Pit) was submitted and is currently working its way through the environmental assessment process under the NIRB and through a Type A Water Licence process with the Nunavut Water Board (NWB). In December 2016, an amendment to the Amaruq exploration Type B Water Licence was received to allow the excavation of an exploration ramp.

Kittila mine: The updated Kittila mine environmental permit was received in May 2016. The updated permit had been issued in April 2015 but had been appealed. The new permit included a new limit for sulfate at the final effluent. To respond to this new criteria, a sulphate treatment plant was constructed and placed in service at the end of 2016. In addition, an improved water management strategy was put in place to reduce the quantity of water sent to the tailings pond.

Goldex mine: Goldex continued to collaborate with the Quebec Ministry of Energy and Natural Resources on the management of the Manitou site. The ramping up of production at Goldex, and the development of new zones, have been instrumental in improving our ability to deliver tailings to Manitou to be used for the rehabilitation of this site.

Akasaba: An application for a new satellite open pit mine located 30 km from the Goldex mine is currently working its way through an environmental assessment process under the Quebec Bureau des Audiences Public en environnement (BAPE) a provincial requirement, and also with the Canadian Environmental Assessment Agency (CEAA) under the federal agency.
In 2017, we will continue to focus on limiting our environmental impacts by using natural resources efficiently, by preventing or limiting emissions, and by reducing waste. We will continue to advance our water management and tailings management strategies; implement our action plan to improve our mine waste and water management at Kittila; and work with authorities in Canada and Finland to advance the various environmental assessments, applications, approvals, permitting and baseline studies currently underway. In addition, we will implement a formal quarterly review of water management at all our operations. Follow-up action plans will be implemented based on the recommendations of the 2016 tailings management facilities external reviews.
A Step Change in Improving Our Water and Tailings Management

With the goal of being an industry leader in sustainability, we strive to be at the forefront of change, constantly evolving and seeking new ways to maintain our social license to operate.

While typically means applying innovative technologies and strategies to the front end of the mining and processing cycle, the team at Agnico Eagle believes that improving the way we manage mine waste is really the next step in advancing our sustainability leadership within the mining industry.

“Agnico Eagle considers tailings and water management as a core business activity. We use a mix of best available practices and technologies in mine waste management, integrating them from the start of our activities and adapting them to each site’s local conditions,” says Michel Julien, Vice President Environment.

“As an industry, we must aim at continuously self-regulating and adapting our practices, rather than waiting for government standards or regulations to be imposed. We can never take for granted our social license to operate or the reputation we’ve garnered over the years. As an important company in the gold space, and an environmental leader in the industry, we need to continuously strive for better practices and performances.”

“In 2016, at a practical level, we continued to reinforce our in-house capabilities and we worked with external consultants to conduct ongoing and independent reviews of our tailings and water management practices. We also embarked on a project aiming to enhance our data management so that information is accessible, transferable and easily shared across the environmental team. We also established a Corporate Environmental Council – a cross-section of our internal experts and our environmental leaders in the company – which is helping us step up to this challenge.”

As part of our continuous improvement efforts all of our sites undertake initiatives to reduce their fresh water consumption and minimize environmental impact. In 2016, we reduced our water use intensity by 14%.
The total amount of tailings produced by the milling operations in 2016 was approximately 12.9 Mt compared to 12.6 Mt in 2015.

From the 12.9 Mt of tailings produced, approximately 2.5 Mt or 20% were returned underground as backfill.

Agnico Eagle generated 50.9 Mt of waste rock in 2016 compared to 56.7 Mt in 2015.
Responding to Community Concerns

Most minesites generate road dust that must be regularly monitored, controlled and suppressed in response to community and environmental impact concerns. In 2016, the Meadowbank mine conducted a dust suppression pilot study along the All Weather Access Road (AWAR), in addition to its regular dustfall monitoring program. The goal of the study was to compare the effectiveness of three dust suppression techniques (application of two different types of dust suppressant and, speed limit reductions) in several test locations – including areas near Whitehills Lake and water crossings. The study concluded that generally, one of the two dust suppressants tested provided the greatest reduction in dustfall rates – as its application was more straightforward and less time-consuming than the other options, likely resulting in more efficient dust control. In 2017, this dust suppressant will be tested and applied in various locations along the AWAR, as well as in locations treated annually in the hamlet of Baker Lake and near the Meadowbank site. The results will then be reviewed for further application.

Best Practice in Tailings Management

In 2016, Agnico Eagle helped champion a review of the Mining Association of Canada’s (MAC) Tailings Guide to ensure the industry is implementing best practices and standards for tailings and water management. This followed two recent tailings dam failures in Brazil and British Columbia, which dealt a serious blow to how the industry is perceived by our community and government stakeholders. These events underscore the need for mining companies to align their standards regarding the fundamentals of tailings and water management, which:

- are among the most significant impacts on the environment, as well as a corporate risk mining companies face, and any performance failures have a significant, direct and lasting impact on how companies and the industry are perceived;
- are a core business activity and must be treated as such with strong in-house resources, knowledgeable external consultants and thorough independent review processes, and the establishment of proper change management and information protection protocols; and,
- require greater consistency on how these standards are implemented and managed across the industry and within each individual company.

In response, Agnico Eagle’s Corporate Environmental Council (CEC) is reviewing how to implement best available/applicable practices and key concepts consistently across our sites while also ensuring that each mine is able to address their individual tailings and water management needs.
Agnico Eagle considers water management a core activity and integral to our business. How we manage our water also has a direct impact on our key stakeholders – particularly those communities that surround our mine sites – and is therefore absolutely essential to maintaining our social license to operate.

In 2016, Kittila mine completed the construction of a sulfate removal treatment plant. The plant will play a key role in Kittila’s ability to achieve its environmental obligations in the coming years.

Those obligations – as per the mine’s new operating permit – require Kittila to comply with new criteria that define the effluent quality being discharged into the environment, as well as the capacity of the environment to accept the effluent. This new approach is becoming progressively more common for most jurisdictions, forcing many mining companies to adapt their water management strategy.

Using the Kittila experience as best practice, each Agnico Eagle mine is currently reviewing its water management strategy to ensure they can proactively address any evolving environmental standards in their local jurisdictions.

Reducing Our Energy Consumption

In 2016, Agnico took a number of steps to reduce our energy consumption. We increased the amount of energy we recycle, changed equipment to improve our efficiency, installed renewable energy devices and improved our overall energy management systems.

At LaRonde, we treat our process water using bacteria. Unfortunately, these bacteria cannot survive in cold water. During the winter, therefore, we pump water over to the treatment plant and heat it to a minimum of 13°C using natural gas. In 2016, we replaced the single large heat exchanger – used to pre-heat the incoming water with heat extracted from the water leaving the plant – with three smaller and more efficient heat exchangers. This change resulted in 1 million m³ of natural gas savings.

During the year we also started the construction of an all-electric ore transportation device underground at Goldex, known as a Rail-Veyor. Taking the place of 12 45-tonne diesel trucks, the Rail-Veyor will transport ore from the Deep Zone and is expected to save up to 8,000 tonnes annually of CO₂ equivalent in greenhouse gas emissions. Electricity in Abitibi comes from hydro-electricity, a renewable source of energy.

At Meadowbank, the team is planning to use summer fuel (during the summer, instead of using arctic fuel all-year-round). This change has the potential to improve the global efficiency of all our equipment, from generators to mobile fleet. We expect to increase overall efficiency by 1.5%, which is substantial, given the large quantity of diesel used by both mobile and stationary equipment at the site.
Throughout our 60 years of existence as a company, Agnico Eagle’s employees have engaged in our business, always going the extra mile to ensure our success.
Agnico Eagle’s people and culture have always been our competitive strength and advantage. It is critical to our current and future success that we maintain our corporate culture where every person is treated with dignity and respect, and people interact on the basis of collaboration, commitment and dedication to excellence.

DEVELOPING OUR PEOPLE

We want to ensure our employees have the tools and skills they need to perform their jobs efficiently and safely and to achieve their full potential. We continue to provide training that enhances employees’ personal and career development opportunities. We place a particular emphasis on health and safety training, to ensure that our employees are achieving Agnico Eagle’s workplace health and safety standards.

Our award winning “e-learning” program has helped to address the training challenges we face at our Fly-In-Fly-Out Meadowbank operation. Following the program’s successful launch in 2013, lesson plans have been created and updated in order to improve the quality and consistency of the training. With many of our Inuit employees working at the mill, two new modules – which were launched in the fall of 2015 – have resulted in a considerable increase in the number of e-learning hours. This will continue with the preparation and implementation of new modules.

ENGAGING OUR PEOPLE

We actively measure employee engagement levels in each of our operating regions, and we take specific actions to support and improve our engagement scores. In Mexico, for example, we are implementing a program to recognize the team’s safe work and attendance, and we have seen a progressive increase in their engagement scores over the past five years. In 2017, at our operations in Canada and Finland, we will undertake our third Employee Engagement survey since 2011, to measure engagement and to direct actions in 2018 and beyond to strengthen employee engagement.

Wherever possible, we minimize the use of contractors and consultants by filling vacant and newly created positions with our own team of skilled and talented people. At the Lapa mine, for example, where we are preparing for closure in 2017, we managed our workforce by implementing a plan to successfully relocate employees to other Agnico Eagle mines, which enables us to sustain work for our people. This relocation process began in 2015 and will continue through 2017 as the operation winds down.

At Goldex, we have now started the implementation of the program “Entreprise en santé”, and we are offering a seminar on stress management. We believe the best way to maintain an engaged workforce is to ensure that our employees have the opportunity to grow with us as we reach our 60th year in business.
For the fourth year in a row, Agnico Eagle Mexico was recognized in the “Great Place to Work” program for northwest Mexico region – the only mining company included in the top rankings – where we ranked sixth overall for employers with more than 1,000 employees. The program recognizes companies that facilitate the sharing of employee knowledge and experience to improve both their business and the quality of their workplace. Agnico Eagle Mexico has implemented a number of programs that support quality education for local youth including:

- Constructing, rehabilitating and modernizing school buildings and updating classrooms with new technology in order to draw in more students and keep them intellectually stimulated and engaged;
- Developing health and sports infrastructure, such as soccer pitches and playgrounds, and organizing events so children can stay physically active outside of school hours; and,
- Educating teachers and parents to help them understand the broader importance of the Mexico Without Child Labour campaign and how they can help support it even further.

As the recipient of the 2016 Paul Penna Award, Agnico Eagle donated C$10,000 to the community initiative on Norman’s behalf and we similarly donated C$2,500 to organizations supported by the other award nominees in each of our operating regions.

The 2016 Michel Létourneau Award, which recognizes innovation and teamwork, was given to the LaRonde paste backfill team for developing a new approach for managing the paste backfill process and the creation of a new role and department to oversee the coordination of activities based on collaboration and teamwork.
Maximizing Local Employment

Our goal is to hire 100% of our workforce, including our management teams, directly from the local region in which each of our operations is located.

At Pinos Altos, for example, 100% of the workforce is from Mexico. The vast majority of people are hired from northern Mexico, with 75% of the workforce at Pinos Altos and 45% at La India coming from the northern states of Chihuahua, Sonora and Sinaloa – most of whom are drawn directly from local communities within a 10-kilometre radius of the mine. The small decline in local workforce hiring at La India was due to expansion of the overall workforce to meet growth demands, which could not be solely addressed through local hiring activities.

In northern Canada, we remain focused on creating sustainable jobs and careers in mining for the Inuit population with an overall objective of obtaining 50% Inuit employees for all of our Nunavut operations. We have developed Work and Site Readiness programs that are designed to prepare candidates from the Kivalliq region for work with Agnico Eagle. In 2016, approximately 36% of our Meadowbank mine workforce and 32% of our Meliadine project workforce were drawn from the Kivalliq region of Nunavut.

In order to help demonstrate to young people that there are interesting jobs, careers and a future for them in the North, and that the mining industry can be a key source of those opportunities, we are now reaching out to students at various academic levels to promote the many employment opportunities available for tomorrow’s graduates.

Average Hours of Training per Employee

<table>
<thead>
<tr>
<th>Location</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>LaRonde</td>
<td>36</td>
</tr>
<tr>
<td>Goldex</td>
<td>42</td>
</tr>
<tr>
<td>Lapa</td>
<td>53</td>
</tr>
<tr>
<td>Kittila</td>
<td>24</td>
</tr>
<tr>
<td>Pinos Altos</td>
<td>63</td>
</tr>
<tr>
<td>La India</td>
<td>48</td>
</tr>
<tr>
<td>Meadowbank</td>
<td>54</td>
</tr>
</tbody>
</table>

2016 average hours per AEM employee: 45

Total Workforce by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>LaRonde</td>
<td>1,203</td>
</tr>
<tr>
<td>Goldex</td>
<td>463</td>
</tr>
<tr>
<td>Lapa</td>
<td>247</td>
</tr>
<tr>
<td>Kittila</td>
<td>819</td>
</tr>
<tr>
<td>Pinos Altos</td>
<td>1,437</td>
</tr>
<tr>
<td>La India</td>
<td>446</td>
</tr>
<tr>
<td>Meadowbank</td>
<td>1,206</td>
</tr>
<tr>
<td>Meliadine</td>
<td>466</td>
</tr>
<tr>
<td>Canada &amp; USA*</td>
<td>64</td>
</tr>
<tr>
<td>Europe**</td>
<td>30</td>
</tr>
<tr>
<td>Mexico**</td>
<td>425</td>
</tr>
<tr>
<td>Administration</td>
<td>274</td>
</tr>
</tbody>
</table>

*Excluding Canadian Malartic
**Exploration

2016 total workforce: 7,080
Maximizing Local Employment

2016 Workforce Hired from the Local Community (%)

Our goal is to hire 100% of our workforce, including our management teams, directly from the local region in which each of our operations is located.

75% of the employees are Pinos Altos are within a 10km radius of the mine, and 100% of the Pinos Altos employees are from Mexico.

36% In northern Canada, we remain focused on creating sustainable jobs and careers in mining for the Inuit population with our work readiness program. Approximately 36% of our local mine workforce at Meadowbank is drawn from Inuit of the Kivalliq region of Nunavut.
2017 Priorities

To ensure our organization is prepared for further growth, in 2016 we extended our supervisor leadership development program, providing clear people development tools for our supervisors and leaders. We also implemented job posting processes in Canada to promote the range of opportunities available for our people and to give them more feedback on how they could develop to take advantage of these opportunities.

Our goal is to further develop our leadership team and prepare them to take on increasing responsibility as the size and challenges of our business increase. In 2017, we will continue our senior leadership transition plans which focus on succession planning and on identifying and preparing future leadership candidates. We will provide them with exposure to our executives and shareholders and broaden their capabilities and experience by giving them roles with increasing and diverse responsibility.

We will continue to advance our People strategy, including efforts to provide structured development and training opportunities throughout the organization, to ensure we maximize opportunities for people internally as we continue to build the business. We will develop and implement a business acumen program, and develop training to reinforce one of Agnico’s core capabilities: collaboration.

Finally, we will reinforce Agnico’s longstanding culture by communicating a simple set of guiding principles. These guiding principles represent the ‘Agnico way’ of doing things. They were summarized as the ABC of Agnico Eagle’s management, under the following headings: Anchored in our values, Based on collaboration and Clear and simple. These will help leaders understand Agnico’s values, culture, and approach to business. As a result, this will be another tool for people to keep Agnico’s unique approach as the business grows and the senior leadership transitions over time.
Our People and Culture – the Roots of Agnico’s Success

Agnico Eagle employees consistently go the extra mile to ensure our business success. Our employee engagement levels are high and our turnover levels remain low.

How have we achieved these results?

Our workplace culture is one that fosters collaboration, supports individual development and seeks to include all employees in the business. This ultimately provides us with a competitive edge that translates into sustainable bottom line results. As we prepare for the next phase of growth we are committed to nurturing our culture and helping employees grow alongside Agnico Eagle.

Collaboration Committees

For over 25 years, we have developed a unique “business partner” approach to our employee relations that continues to enhance our workplace culture and engagement. Through our Collaboration Committees, employees and management work closely to directly address workplace issues. The success of these Committees has also enhanced our employer reputation, providing us with a competitive advantage and resulting in a relationship that contributes to our shared success.

While most of our sites have Collaboration Committees, this innovative approach began in the Abitibi region as a way to ensure employees could contribute to Agnico Eagle’s success and share in the benefits.

According to Nicolas Bolduc, Corporate General Superintendent Human Resources, “Employees are routinely consulted in the business decisions we make, knowing that if Agnico Eagle is successful, employees will share in the benefits and in our future growth. The key is establishing and maintaining good relationships so we never take our success or each other for granted.”

Great Place to Work

Agnico Eagle Mexico has been consistently recognized as one of the top employers in Mexico, and the only mining company to be recognized for four consecutive years in the “Great Place to Work” rankings for northwest Mexico. Internally, its employee engagement scores have improved year-over-year reflecting Agnico Eagle Mexico’s employee recognition and reward program, employee counselling support, weekly employee social get-togethers, and ongoing efforts to address workplace issues through its Collaboration Committee.

Employee satisfaction is also making a difference in our operating performance. According to Carlos Alegre, Regional Manager Human Resources and Administration Mexico, “Our vendors tell us that we consistently achieve better operating performance with our equipment – 20% to 50% more life – than other mining companies. Why? Because our employees treat the equipment better, they stay on top of maintenance issues and they alert their supervisors if a machine isn’t working properly. That translates into savings that go directly to our bottom line.”

Agnico Eagle Mexico was recognized once again as a top employer in Mexico and became the only mining company to be recognized for four consecutive years in the “Great Place to Work” rankings for northwest Mexico.
Our goal for all Nunavut operations is to achieve 50% Inuit employment levels. Kim Twyee is a Kitchen Helper at the Meliadine project, near Rankin Inlet.

During 2016, a total of 38,194 hours of training were provided to Meadowbank employees. Of these hours, 18,174 hours were received by Inuit employees.

In 2016, 326 Inuit employees enrolled in a training program. Of the employees who were trained this past year, 97% graduated from their training program.

36% of our Meadowbank mine workforce were drawn from the Kivalliq region of Nunavut.
Work-readiness in the North

Agnico Eagle has set a target of 50% Inuit employment across all of our Nunavut operations. Our vision is to one day have 100% of our Nunavut workforce, including our management teams, directly from our northern communities. To achieve this goal, we have introduced a number of development and employment-readiness programs for our Inuit workforce.

Our Career Paths program, for example, helps employees advance in their chosen career of interest, outlining the steps and training required to progress within their chosen occupation. In 2016, a major program milestone was achieved when Remano Papik Scottie – our first permanent Inuit employee – reached the position of Crusher Operator at the Meadowbank mine.

We have also established an Apprenticeship Program – which combines on-the-job learning and in-school technical instruction to provide Inuit employees the opportunity to be educated and trained in the trade of their choice. By the end of 2016, the Apprenticeship Program had one pre-apprentice, 12 active apprentices and four graduates. All of the graduates have tested for their Certificate of Qualification, thus certifying them as Journeypersons in their respective trades and three of those have received their Red Seal Interprovincial certification.

The Company has now implemented a Nunavut Labour Pool, which offers pre-employment preparation opportunities to Inuit from all Kivalliq communities. The goal of the program is to pre-qualify candidates from Kivalliq communities. After visiting the communities to provide Employment Information Sessions, all interested individuals have access to the process. They are then required to complete mandatory training by e-learning as well as participate in the five day Work Readiness and Site Readiness training programs. During 2016, the Work Readiness program was delivered to 151 participants with 87 (58%) graduating from the program. During the same period the secondary Site Readiness program was delivered to a total of 128 participants and generated 113 (88%) graduates who have now become part of the Nunavut Labour Pool.

We are also introducing students to the trades with The Trades Awareness Skills and Knowledge Week (TASK week). The 2016 TASK Week was held in Baker Lake in April and was attended by almost 70 students from the Jonah Amitnaaq Secondary School.
Giving Education a Boost in the South

We support various adult education programs for employees and members of our local communities, seeking to help them acquire the skills and education they need to reach their full potential.

Through a program we run in coordination with the Instituto Chihuahuense de Educacion para los Adultos, 87 employees from our Pinos Altos and Creston Mascota sites have gone back to school to achieve basic levels for both elementary and secondary education. A total of 126 people have now graduated from the program from the Yepachi, Basaseachi and La Bateria communities and due to the high interest, the program will continue to be offered.

Similarly, hourly employees from our La India mine are able to take adult education courses from the Instituto Sonorense de Educacion para los Adultos to complete their elementary and secondary school studies. Offered for the first time in 2016, 11 people participated at the elementary school level, with five receiving a certificate. Another 70 people have expressed interest in the secondary school program and enrolment will begin in early 2017.
Supporting Continuing Education

18,174
During 2016, a total of 38,194 hours of training were provided to Agnico Eagle’s Meadowbank employees. Of these hours, 18,174 hours were provided to Inuit employees.

87
Employees from our Pinos Altos and Creston Mascota sites have gone back to school to achieve elementary and secondary education.

97%
In 2016, 97% of the 326 Inuit employees who enrolled in a training program graduated.

100%
of the workforce at our Pinos Altos mine is from Mexico.

36%
of our Meadowbank mine workforce were drawn from the Kivalliq region of Nunavut.

126
Total graduates from a program we run in coordination with the Instituto Chihuahuense de Eduacion para los Adultos.
A Finnish pre-school class visits Agnico Eagle’s Kittila mine located in Lapland, Finland.
We act in a socially responsible manner and contribute to the communities in which we operate in order to make a difference in their everyday lives. We are committed to working with our employees and other stakeholders to create growth and prosperity, which allows all stakeholders to benefit from our mining experience.

We want our stakeholders to understand our activities and priorities, but we also want to know their concerns so that we can work together toward a common goal of social acceptability.

**COMMUNITY ENGAGEMENT**

In 2016, each of our operations updated their stakeholder mapping exercise, which is used to develop site-specific community engagement plans. The main objective of these plans is to engage in a respectful dialogue with key stakeholders. Additionally, our RMMS standards were audited at specific sites and several best practices have been identified which will be shared between sites.

Social acceptability is key for all our projects. As early as possible in the project development phase, we want to engage with stakeholders to assess the impacts of the project on social acceptability and use, in order of preference, an approach of avoiding, reducing or mitigating these impacts. Our exploration teams always assign a person with responsibility for community relations, irrespective of the size of the project.

Specific emphasis is placed on engaging systematically with Indigenous people at all our projects and operations.

To that end, in 2016 we implemented an Indigenous Peoples Engagement Policy. The goal of this new Policy is to define the consultation practices and mitigation strategies we will use while engaging with Indigenous groups impacted by our presence.

During the year, our sites also managed community response mechanisms and participated in Community Liaison Committees. Such mechanisms and committees are now part of our RMMS standard, and we have developed guidelines to help new operations implement these best practices.

In order to enhance our community engagement efforts, we have developed four community-based regional websites. These include websites for our Akasaba West project, Agnico Eagle Mexico operations, Agnico Eagle Finland, as well as for our Nunavut projects.

The Nunavut website (aemnunavut.ca) not only provides regular updates on our activities, it also serves as the primary “point-of-entry” for hiring new Inuit employees and to provide maximum opportunities to Inuit-owned businesses to pre-qualify for contract opportunities with Agnico.
We are committed to improving our social acceptability performance. Our community relations efforts focus on eliciting community feedback on current or proposed activities and on identifying and resolving issues. These issues are often identified through phone calls, individual meetings, public or community liaison meetings, our whistleblower hotline, or through our social media channels and websites and then logged in our Intelex database. These various feedback channels allow stakeholders to communicate with us via their preferred method. In order to improve our ability to track and analyze issues raised by community stakeholders, we plan to implement a new social measurement database and system in 2017.

From 2008 to 2016, our northern divisions received 75 complaints from citizens, with the three most frequent issues raised being dust, vibration and noise. Additionally, we received two complaints in 2016 through our whistleblower hotline, which has been in operation since 2010, related to living and employment conditions in Nunavut.

At our southern divisions, Agnico Eagle personnel typically log more in-person feedback from community members. In 2016, Pinos Altos logged 1,610 communications – 32 in writing/email, 549 via telephone and 1,029 in person. Major themes ranged from employment, contracts and supplies, to requests for financial support, and scholarships, with the majority of inquiries coming from the areas of Basaseachi, Gasachi and Jesus del Monte. At La India, which is more remote and without community phone service, in-person communication is most prevalent in logging grievances. In 2016, six grievances were received related to contract, road conditions, requests for help and employment.

### Geographic Distribution of Community Communications at Pinos Altos

- Baquiriachi: 0%
- Basaseachi: 50%
- Cahuisori: 4%
- Cajurichi: 0%
- Chihuahua: 1%
- Gasachi: 13%
- Huajumar: 3%
- Jesus del Monte: 18%
- Las Estrellas: 1%
- Ocampo: 7%
- Perico: 0%
- Temosachi: 0%
- Toro: 0%
- University of Chihuahua: 0%
- Yepachi: 2%
- Unknown: 0%

### Issues Raised from Communications Logged in Intelex 2008–2016

- Dust: 11%
- Noise: 19%
- Vibration: 51%
- Other: 20%

### Number of Complaints Logged in Intelex

<table>
<thead>
<tr>
<th>Year</th>
<th>Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11 complaints</td>
</tr>
<tr>
<td>2015</td>
<td>35 complaints</td>
</tr>
<tr>
<td>2014</td>
<td>19 complaints</td>
</tr>
<tr>
<td>2013</td>
<td>4 complaints</td>
</tr>
<tr>
<td>2012</td>
<td>0 complaints</td>
</tr>
<tr>
<td>2011</td>
<td>0 complaints</td>
</tr>
<tr>
<td>2010</td>
<td>1 complaints</td>
</tr>
<tr>
<td>2008</td>
<td>3 complaints</td>
</tr>
<tr>
<td>2009</td>
<td>2 complaints</td>
</tr>
</tbody>
</table>

1,610 Inquiries logged in 2016

75 Complaints from citizens
2017 Priorities

In 2017, we will develop and implement a global matrix of performance indicators in community engagement in order to be able to measure our performance in all our sites and to continuously improve our level of social acceptance in all the regions that we have a presence. In the same spirit, we plan to implement a specific social measurement system (Borealis) to complement the systems that we are currently using to track our social acceptability.

Amelia Netser is a local Inuit employee and electrical apprentice with our Energy and Infrastructure team.
Cooking Up Capacity

Our team in Nunavut has been working closely with the Nunavut Literacy Council to help deliver "outside the box" training experiences for Nunavut youth, with a goal of encouraging them to consider a career in the mining industry.

In 2016, the Niqitsiariuniq Program helped 11 youth to gain new literacy, food preparation and workplace skills – as well as traditional and cultural skills that will serve them well in the future.

The participants supported the Program’s weekly community soup kitchen, where 160-170 lunches were served every Thursday, and helped host a community feast for 500 people. At the end of the five-month Program, participants were invited to work with the chefs at our Meadowbank mine. For two days, they worked in a commercial kitchen, helping to prepare meals and serving Agnico Eagle employees. Our executive chef, Richard Jackson, called them the “Dream Team” and invited them all to consider working at our kitchens at Meadowbank and Meliadine in the future. Of the 11 graduates, three have gone on to take pre-apprenticeship programs at Nunavut Arctic College.
Our community investment programs target initiatives that enable each of the communities where we operate to benefit.

We provided hearing aids to 18 people suffering from hearing impairment.

Students of the Niqitsialurniq Program were invited to work with chefs at Meadowbank.

We implemented the Indigenous Peoples Engagement Policy.
Protecting Society’s Most Vulnerable

In order to help those who have the least and need the most, Agnico Eagle Mexico’s community investment program partners with organizations to improve the health and socio-economic well-being of its local communities, targeting the most vulnerable people in society.

In 2016, the team worked closely with the Tamaulipas Cd. Madero Lions Club and the Municipality of Ocampo to provide hearing aids to 18 people suffering from hearing impairment and deafness.

This is the second year for this “hearing assistance” campaign, which has a long-term goal of including people with this disability into society and improving their quality of life.

The team also worked with Wheels for Humanity, and other local health and rehabilitation services, to adapt wheelchairs to the needs and conditions of people with specific motor disabilities. A special event was held in October in Chihuahua, offering specialized adaptation and counselling services by professional therapists. The campaign promotes the rights and social inclusion of persons with motor disabilities in the region, providing them with the means, opportunity and education to live a dignified life.

Gaining Social Acceptance Early in the Project Life Cycle

Through initial interactions with the communities that surround our Barsele project in northern Sweden, we learned of some negative perceptions toward the mining industry in the region. In order to counteract these perceptions, the Agnico Eagle Sweden exploration team adopted a rigorous engagement process with all project stakeholders, with the goal of building a transparent and productive relationship from the outset of the project.

Wherever we explore and operate in the world, we want Agnico Eagle to be viewed as a desired community partner and a responsible developer of our natural resources -- establishing that an Agnico Eagle mining operation would be a positive development for the local community. In northern Sweden, to underscore this point, we brought members of the Municipality Board to our Kittila mine in northern Finland to observe our operations and our proactive approach to community engagement. Through these engagements the team has been able to establish a high-level of trust and has built positive stakeholder relationships.

Similarly at our El Barqueño project in central Mexico, the community relations team has been active since day one of our exploration activities. Throughout 2016, the team consulted with the local community to analyze their needs and to identify a set of priorities to support the development of the community that surrounds the project, seeking to gain and maintain social acceptance from the outset of our exploration work.

“"We aim to be the one mining company that local communities want to do business with”, notes Louise Grondin, Senior Vice-President, Environment, Sustainable Development and People. “It’s an approach that guides not only our strategic decisions and interactions with local stakeholders but is also at the very heart of all of our community engagement activities.””
Being Responsive to the Aspirations of Indigenous Peoples

In 2016, Agnico Eagle’s exploration team put our words and policies into action, working closely with Indigenous People to establish mutually beneficial, cooperative and productive relationships. Those words are echoed in our new global Indigenous Peoples Engagement Policy, which outlines our commitment to engage with Indigenous Peoples throughout the life-cycle of our projects by engaging in effective dialogue, consultation and partnerships.

Our goal is to meaningfully engage with these communities so that we are not only accepted in the regions where we are actively exploring, but desired by the community as a partner they actively want to do business with now and in the future.

At our Barsele project, for example, the exploration team at Agnico Sweden focused on establishing a level of trust with community stakeholders, including the Sami Indigenous People of Northern Sweden. The Sami were concerned that our exploration activities could impact the migration of the reindeer population in the region, which are key to many of their livelihoods.

We conducted extensive consultations with the Ubmje Tjälldde (UT) Village and agreed on a path forward that would respect the migration of the reindeer herds during our exploration activities. The parties eventually agreed to regular twice a year meetings to review and approve work plans. We have also agreed to take into consideration any concerns or wishes of the UT regarding the time of year and/or location to carry out work as we plan our exploration work.

Agnico Eagle is one of a few companies in Sweden that has managed to establish good relationships with a reindeer herding cooperative and has been able to carry out exploration and field work without delays or stoppages. The reputation of our Kittila mine in Finland for developing strong local relationships was a key factor in successfully facilitating and concluding these discussions.
Global Community Investment

Investing in Our Communities

Our community investment program continued to target initiatives that enable each of the communities where we operate to benefit from economic development in their region, even after mining ceases. Our goal is to provide both Agnico Eagle and our host communities with optimum returns on our investments in strategic health, education and capacity-building initiatives. In 2016, we invested more than $6.6 million in our local communities, an increase of over $3.0 million compared to 2015. Since 2009, Agnico Eagle’s community investments have totalled close to $28 million.

In 2016, Agnico Eagle contributed over $6.6 million to various organizations and events.

- Education Funding: $393K
- Health: $4.2M
- Sports: $268K
- Culture: $165K
- Economic Funding: $895K
- Promotion and Sponsorship: $517K
- Professional Sponsorship: $200K

Agnico Eagle Mines Limited
2016 Sustainable Development Report
71
Throughout 2016, activities at Meliadine were focused on advancing underground development at the site, along with detailed engineering and procurement, construction of essential surface infrastructure, and the acquisition of a used camp facility.
2016 Performance

We believe the biggest contribution we can make to the well-being of the communities in which we operate is through the creation of long-term employment opportunities and the provision of economic development opportunities. Through the wages and benefits we provide to employees, the taxes we pay to all levels of government, our procurement of local goods and services, and our support to indigenous suppliers of goods and services, Agnico Eagle’s gold mining activities are building a social and economic legacy for present and future generations.

ECONOMIC VALUE

In 2016, Agnico Eagle provided over $404 million in wages and benefits to our global workforce and paid $297 million in taxes, royalties and fees to all levels of government (including Indigenous groups). We spent just over $661 million on the procurement of local goods and services, representing an average of 64% of our total procurement spending in 2016. We recorded net income of $158.8 million and produced 1,662,888 million ounces of gold.

GENERATING EMPLOYMENT AND ECONOMIC BENEFIT

In 2016, through the payment of wages and benefits, Agnico Eagle contributed approximately $336 million to the economy of Canada, $29 million to the economy of Finland, and approximately $38 million to the economy of the Chihuahua and Sonora States in Mexico.

Although we do not measure the direct and indirect economic impact of employee wage spending on local goods and services, it is an important factor in Agnico Eagle’s overall economic contributions to our host communities.

TAXES AND ROYALTY PAYMENTS

In 2016, Agnico Eagle made payments in taxes, royalties and fees to governments at all levels (including Indigenous groups) totalling $297 million.

We contributed approximately $83 million in taxes and royalties to Quebec, Canada (since 2010, we have paid a total of $155 million in royalties to Quebec); $38 million in taxes, royalties, fees and compensation payments in Nunavut, Canada (both to government and to Inuit organizations representing Inuit beneficiaries under the Nunavut Land Claim Agreement); $14 million in taxes and royalties to Finland; approximately $106 million in taxes and royalties to Mexico; and, $56 million in taxes to Ontario. These payments to governments comprised 13.9% of our gross revenue in 2016.
Agnico Eagle strives, where feasible, to buy from locally based suppliers as a way of supporting the economic vitality of our communities, stimulating the local economy and at the same time minimizing the environmental impact of transporting materials from distant locations to our sites. Local suppliers must still meet the same criteria that all potential suppliers must meet in order to do business with our Company.

In 2016, our mines spent $661 million on the procurement of local goods and services. This represents 64% of all procurement spending in 2016.

### Buying Locally

- **$404M** in wages and benefits to global workforce
- **$661M** spent in 2016 on the procurement of local goods and services
- **$297M** in taxes and royalties paid to governments at all levels

### 2016 Payments to Governments

<table>
<thead>
<tr>
<th>Country</th>
<th>Payment Amount ($000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>$14,336</td>
</tr>
<tr>
<td>Mexico</td>
<td>$106,216</td>
</tr>
<tr>
<td>Quebec</td>
<td>$82,871</td>
</tr>
<tr>
<td>Nunavut</td>
<td>$37,377</td>
</tr>
<tr>
<td>Ontario</td>
<td>$56,066</td>
</tr>
</tbody>
</table>

### Proportion of Spending on Locally Based Suppliers

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>64%</td>
</tr>
<tr>
<td>2015</td>
<td>64%</td>
</tr>
<tr>
<td>2014</td>
<td>64%</td>
</tr>
<tr>
<td>2013</td>
<td>60%</td>
</tr>
<tr>
<td>2012</td>
<td>51%</td>
</tr>
<tr>
<td>2011</td>
<td>64%</td>
</tr>
<tr>
<td>2010</td>
<td>64%</td>
</tr>
</tbody>
</table>

### Performance / Economic Value

- **$297M** in taxes and royalties paid to governments at all levels
- **$404M** in wages and benefits to global workforce
- **$661M** spent in 2016 on the procurement of local goods and services
Quebec Royalties Paid on a Mine-by-Mine Basis Since 2010
(USD $000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>LaRonde Total</th>
<th>Lapa Total</th>
<th>Goldex Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$9,668</td>
<td>$3,065</td>
<td>$4,014</td>
</tr>
<tr>
<td>2016</td>
<td>$74,802</td>
<td>$41,014</td>
<td>$39,256</td>
</tr>
</tbody>
</table>

Buying Locally

$155M
Quebec Royalties paid since 2010
2017 Priorities

2017 will see the start of the construction of the Meliadine project and the full application of the Meliadine IIBA. The terms of the IIBA were negotiated to contribute to the economic prosperity of the Inuit population by providing training, employment and business opportunities. Implementation of this IIBA will be a priority in 2017.

The Amaruq satellite deposit, which will extend the Meadowbank mine life to about 2024, has now been approved for development and will become a main contributor to the next phase of growth for our company.
Setting Inuit and Nunavut Businesses Up for Success

Over the next two years Agnico Eagle will complete the construction of our new Meliadine mine, which is located in the Kivalliq region of Nunavut, about 25 km north of Rankin Inlet in Canada’s Low Arctic. Building a mine in such a remote location takes extensive planning and preparation. In 2017 alone, over $350 million will be spent to complete the underground development, surface infrastructure and the construction of a camp complex.

The Meliadine IIBA with the Kivalliq Inuit Association (KIA) outlines our joint commitment to ensure that business, employment and training opportunities for Meliadine will benefit Inuit in the region.

For Peter Prawak, Director, Corporate Procurement, much of 2016 was spent informing both internal and external stakeholders about the purchasing and contracting opportunities Meliadine will bring to the region; and, to maximizing those opportunities for Inuit and locally owned businesses in order to lay the foundation for continued economic success in Nunavut.
“Our first order of business was to conduct an awareness campaign, for our own people and for potential suppliers, to ensure everyone understood the procurement processes contained in the Meliadine IIBA.

Internally, we also wanted to ensure we were designing an effective pre-qualification process that would allow us to achieve compliance with the commitments we’ve made to the KIA. Specifically, the IIBA establishes a preference point program that awards Inuit firms preference based on, for example, Inuit profit participation, location of business, and the level of Inuit participation in the contractor’s workforce.

Externally, we conducted community information sessions in Nunavut, attended mine shows, and met one-on-one with Nunavut-based and Inuit firms that we’ve done business with in the past. We also set up a dedicated portal on our website. In the south, our team made presentations to our traditional supplier base to ensure that they understood the process and advantages of seeking Inuit partners.

We encouraged everyone to review the Meliadine IIBA, which is a public document, and to educate themselves on the pre-qualification process and opportunities. Those opportunities include providing goods such as food, mobile equipment, safety equipment and tires; and important services such as construction, camp catering, mining contracting, plumbing, electrical and mechanical services.

No matter where we are, we want to set our suppliers up for success so that together we can build a sustainable and efficient supply chain. In Nunavut, if an Inuit or Nunavut-based vendor indicated they couldn’t comfortably qualify to provide a service, we looked at ways to offer them a portion of a contract until they were able to expand their capacity. Our team was committed to going above and beyond to help Inuit businesses successfully get off the ground.”

Local Inuit business leaders have appreciated Agnico Eagle’s support. Peter Tapatai, President of Peter’s Expediting Ltd. in Baker Lake says, “Meadowbank was one of my first clients when I started my overland hauling business. It has gone from no employment to so many opportunities – which is what we need as we build Nunavut. This is what Meadowbank has done for us. It’s been great to work side-by-side with them.”

Richard Connelly, Vice-President of Sarliaq Holdings Ltd. in Rankin Inlet adds, “We started out very small and the fact that Agnico Eagle believes in supporting local business, and giving opportunities to local business, gives us the chance to hire more people, do more training and provide more jobs locally. All of the skills that people learn here, whether it’s mining, whether it’s environment – it doesn’t matter, all of the skills that they learn here are transferable. They can use them somewhere else and that is very important for us.”

If 2016 was all about information, awareness and preparation, 2017 is all about execution as we work in partnership with the KIA to share the benefits of economic development with the region.
Implementing Meliadine IIBA to Benefit the Communities

While procurement and business opportunities took centre stage in 2016, Agnico Eagle has been working with the KIA to maximize the opportunities for all Inuit to participate in and benefit from all aspects of the IIBA agreements in Nunavut.

Leading this work is Jason Allaire, Nunavut Service Group Manager. “My role is all about building trust and facilitating our relationship with the KIA. We build that trust—day by day and week by week—by actively demonstrating that we are living up to our commitments and doing what we say we’ll do.”

Under the process laid out in the IIBA, the Agnico Eagle implementation team regularly updates the KIA during Implementation Committee meetings, via monthly reports, through ongoing discussions, and by tracking the status of initiatives on a Project Scorecard.

Readiness Training Initiative and an “Inuit Labour Pool” web portal has been established to encourage and help local Inuit benefit from the employment and training opportunities that flow from the Meliadine project.

“Our long-term goal is to have Meliadine, and all of our Nunavut sites, 100% Inuit led. That is what we have achieved, for example, at our Pinos Altos mine in Mexico. Our immediate goal is to continue creating value for the north by fostering dialogue, reducing red tape, and producing results we can all be proud of as we build the Meliadine project.”
Pinos Altos Helps Local Tortilla Maker Expand Business

As part of our efforts to support locally based suppliers, the Pinos Altos mine has been helping a local tortilla maker expand his business in the region.

Each morning, Jose Antonio Macias starts making tortillas at 3:00 am so he can make his first delivery of corn and flour tortillas at 5:30 am to the Pinos Altos site.

Not only does Pinos Altos purchase Jose’s tortillas for the camp cafeteria, Agnico Eagle Mexico has provided training and has helped him to become a Certified Supplier, which has enabled the business to be licensed to sell tortillas to other local cafeterias and stores.

The training has also allowed him to continuously expand production and make over 800 kilos of tortillas daily. That’s up from 120 kilos when Jose’s father first owned the business, and up from 500 kilos a day when he took on the family business.

“What we produce for Agnico is only 15% of our sales but the training they gave us helped us to be in a better position. In the future we would like to have the opportunity to expand and to distribute in other areas where there are mines, because the mines here are not going to last forever. We now have the ability to grow and we also have the ability to expand and to distribute in other areas.”
Keep up to date on Agnico Eagle news

Sustainability Online
agnicoeagle.com/English/sustainability

Online Annual Report 2016
agnicoeagle.com/English/investor-relations

Printed Annual Report 2016
agnicoeagle.com/English/investor-relations
Agnico Eagle’s Five Values

At Agnico Eagle, our efforts are supported by our Five Values: Trust, Respect, Equality, Family and Responsibility. These values define who we are and guide us in everything we do. They are a vital link to our history, central to our culture and an essential element to our success.