



Partners

ESG DUE DILIGENCE PROCESS

Wheaton is focused on high-quality mine projects that can support streaming transactions in the long-term. Due diligence is critical in determining whether mine projects can withstand market pressure and manage ESG risks and issues, with a view to the long-term success of the mine.

DUE DILIGENCE FOR NEW STREAMING AGREEMENTS

When evaluating new streaming opportunities, Wheaton employs extensive and diverse methods to identify and assess risks prior to entering into new agreements. The due diligence process is undertaken by Wheaton's internal staff with experience evaluating financial, technical, ESG and political risks. When appropriate, third-party experts are used to assist in the evaluations. Information provided to Wheaton by Third-Party Operators is subject to obligations of confidentiality.

Wheaton's internal experts use their discretion in determining the level of due diligence that is deemed appropriate for each investment, and the due diligence process can differ depending on the mine project, jurisdiction(s) and context. The due diligence conducted by Wheaton may include, but is not limited to:

- **Technical Analysis:** Wheaton will review the technical aspects of the mine, geology and processing methods; which may include:
 - Exploration data, concession boundaries, permits, reserve and resource estimates, annual reserve replacement, mine plans, mining methods, ground conditions, metallurgy and processing, geography of the site (and any associated challenges with developing or expanding sites), tailings design and capacity, water management, manpower, production statistics and forecasts, costs, profit margins and closure plans.
- **Financial and Economic Analysis:** Wheaton will review a mine project with a view to confirming if the mine project can support the streaming transaction longer-term. Wheaton favours accretive transactions where the mine project has costs of production that place it in the lowest half of the cost curve for the primary metal being

produced so that the mine project is more likely to remain economic throughout the term of the stream transaction and withstand fluctuations in metal prices.

- **Environmental, Social and Governance Analysis:** Wheaton will undertake an ESG risk assessment of the mine project, Third-Party Operator, and surrounding environment; which may include:
 - Undertaking a country-risk analysis, including a thorough assessment of the country's economy, history, political issues, demographics, and the social fractionalization (along ethnolinguistic and religious dimensions) of the population.
 - Reviewing the Third-Party Operators' approach to stakeholder and community engagement and engagement with indigenous peoples, including reviewing relevant policies and programs. For operating mines, social performance records (including grievances, protests and corrective actions) and other existing community initiatives are reviewed.
 - Reviewing the Third-Party Operators' adherence to the labour standards of the International Labour Organization's (ILO) conventions and recommendations for fundamental principles and rights at work.
 - Reviewing environmental impact of mine projects and the associated environmental management programs as described in such documents as an Environmental Impact Assessment (EIA).
 - Assessing environmental protection programs and plans, including water and waste management plans with a focus on tailings and contamination as well as the management of any natural resources applicable to the mine project and the surrounding biodiversity.
 - Reviewing workplace safety records, standards, protections and policies.
 - Review whether any external certifications have been obtained by the Third-Party Operator or mine project and whether the Third-Party Operator has committed to the principles of the International Council on Mining & Metals, Extractive Industries Transparency Initiative (EITI), World Gold Council, United Nations Global Compact, or any other relevant industry standards and principles.
- **Legal Analysis:** Wheaton will undertake legal due diligence on the Third-Party Operator and the mine project, which may include a review of title to mining properties, Third-Party Operator corporate and ownership structure, outstanding and threatened litigation, material contract review, compliance with laws and regulations, and permits and approvals.

Throughout the due diligence process, Wheaton will extensively engage with the management team of the Third-Party Operator. A site visit is performed for every investment, during which technical, financial and ESG issues are discussed and all facilities are visited including open pit and/or underground operations, mineral processing plants, and other infrastructure. The surrounding communities are also visited with a focus on reviewing ESG related programs at the community level.

After the potential investment is analyzed and evaluated by Wheaton's internal experts, the management teams discuss the opportunity, including reviewing the financial, technical, legal and ESG risks uncovered during the due diligence process. The potential investment is then considered on various quantitative and qualitative factors, including ESG risk factors. Wheaton endeavors to add streaming transactions on mine project(s) with reputable partners that effectively manage their ESG risks through the appropriate policies and programs.

Once the due diligence process is completed and management teams are supportive of a potential investment, approval is sought from the applicable Board of Directors.

ONGOING DUE DILIGENCE FOR CURRENT STREAMING AGREEMENTS

Wheaton's streaming agreements typically include the following types of provisions to reduce exposure to ESG risks:

- **Audit and Inspection Rights:** Wheaton may be entitled to audit the books and records of the Third-Party Operators on a periodic basis and may access and inspect the properties comprising the project. These rights provide Wheaton further insight into the operations and management by the Third-Party Operators of such operations and assist in confirming compliance with the terms of the streaming agreement.
- **Reporting Obligations:** Streaming agreements typically contain a series of reporting obligations including the delivery of monthly and annual reports, updated mine plans, forecasts and other documentation, which serve to

keep Wheaton informed of operations. Third-Party Operators are also typically required to notify Wheaton of any material adverse changes to a project or its operations.

- **Operating Covenants:** Streaming agreements typically contain certain operating covenants designed to ensure that Third-Party Operators are conducting mining operations in accordance with applicable law and commercially prudent mining practices. Where applicable, Wheaton may also ask partners to confirm their compliance with accepted third party standards.
- **Transfer Restrictions:** Wheaton's streaming agreements may have restrictions that either (a) require consent for the Third-Party Operator to transfer the mine project, or (b) otherwise establish the circumstances in which such transfer is permissible. Such constraints are intended to ensure Wheaton continues to be partnered with a quality operator over the life of the agreement.
- **Remedies:** Streaming agreements afford Wheaton the ability to terminate and recover specific remedies upon a material breach of the contractual provisions.
- **Security:** Where appropriate, Wheaton will look to have in place suitable security arrangements, including corporate guarantees and other security over the mine project. This security is designed to secure Wheaton's investment during the term of the streaming agreement, including in the event of the insolvency or bankruptcy of the Third-Party Operator.

In addition to the above, Wheaton manages ESG risks arising from current streams by undertaking ongoing due diligence. Ongoing compliance and due diligence is overseen by Wheaton's Director of Contract Compliance and the Vice President of Mining Operations, and typically includes, but is not limited to:

- Regular and ongoing dialogue with Third-Party Operators. This dialogue allows Wheaton to have a deeper understanding of the mine project.
- Monitoring of external reports, including media reports related to ESG issues, in order to identify potential additional issues or risks that may not yet be disclosed.
- Annual site visits at which relevant issues are discussed, including exploration, development, operational, workplace health and safety, and ESG issues.



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