

# ESG Report

Based on submission dated 3<sup>rd</sup> March 2023

## Kodiak Copper Corp

and associated mining project(s)

---

### Disclosures in this submission

Type	Name	ESG framework type
Corporate	Kodiak Copper Corp	Exploration stage corporate framework
Project	MPD	Exploration stage project framework



This report is subject to Digbee's Portal, ESG and Customer [Terms and Conditions](#). It has been provided on an 'as is' basis and, to the extent permitted by English law, without warranties of any kind. Digbee and its experts shall not be liable for any content or information contained in this report, or any errors or omissions in relation to the information contained within. Any decision made by you in relation to this report is at your own risk, and Digbee and its experts shall not be responsible for any loss, damage or claim resulting from your use of this report or the information contained within.

## Table of contents

Table of contents .....	2
Introduction.....	3
Executive summary.....	4
Overall score for this submission .....	5
The score breakdown.....	5
Score breakdown (Exploration/pre-PFS stage) - MPD .....	6
Overarching positives and negatives .....	7
Corporate positives and negatives .....	7
Project positives and negatives .....	10
Corporate score distributions.....	14
Projects score distributions .....	16

# Introduction

Digbee ESG is the industry standard ESG disclosure framework for the mining sector. It provides mining companies with a right-sized, futurelooking set of frameworks against which they can credibly disclose, track, compare and improve their ESG performance.

Digbee ESG has been developed in consultation with mining companies, ESG specialists and capital providers and is endorsed by leading financial institutions, producing mining companies and other industry stakeholders.

This Digbee ESG Report is the resulting output from your recent ESG submission and comprises an executive summary, your score, score breakdown, positives and negatives as well as a summary of your ESG submission responses.

## How are scores calculated?

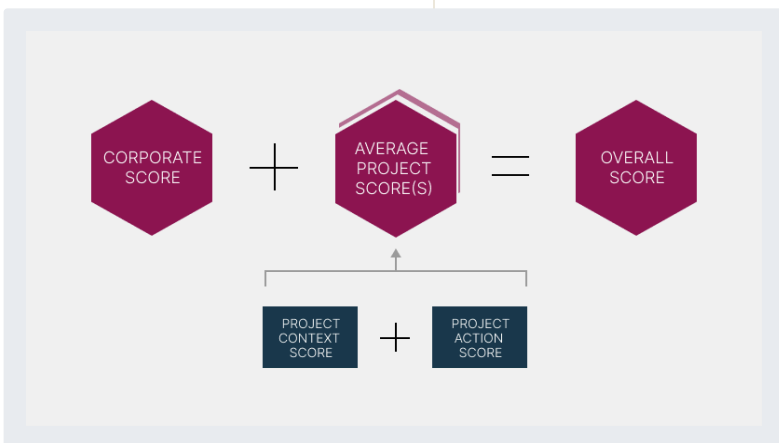
All ESG submissions are manually reviewed and scored against a set of rigorous and standardised scoring criteria.

An ESG submission comprises two types of questionnaire:

1. A single corporate-level questionnaire
2. One or more project-level questionnaires (one for each disclosable project you own).

The questionnaires are tailored to the stage of the mining company and its projects (i.e., exploration, development and/or producing).

The project questionnaires comprise a number of 'Context' questions (relating to the situation of the project) and 'Action' questions (what is being done by the management both in the boardroom and on the ground to mitigate ESG risks).



▲ Visualisation of how Digbee ESG scores are calculated

There is little one can do to influence context scores, however action scores can vary depending on the action being taken by management. Each question is scored in accordance with our scoring criteria and averaged to provide an overall output score along with a confidence banding. A confidence banding illustrates the potential range with which the awarded score can move should any of the risks be realised or mitigated.

## Who scores the submission?

Scoring is undertaken by a team of accredited ESG experts who have deep experience in mining projects similar to those being scored. Each scoring team consists of two scorers and a team lead. This team of three ensures consistent scoring through robust peer review and quality control.

## Executive summary



Your next ESG submission is due on **3<sup>rd</sup> March 2024**. We will notify you 2 months prior to the expiry of your current Digbee ESG score.

**K**odiak Copper is a Vancouver based exploration company. The company is listed on the TSX, and Teck is a major shareholder (9.9%). The company is focused on prospecting for Copper.

Kodiak is a member of the Discovery Group, “an alliance of public companies focused on the advancement of mineral exploration and mining projects with a proven track record of generating shareholder value through responsible, sustainable, and innovative development”.

Kodiak has been in operation since 2014. One project was submitted for review: the MPD project in south central BC. The MPD project is a consolidation of four separate properties on which extensive previous exploration work had been conducted. Kodiak commenced drilling on this property in 2019. The company has a strong cash position and is well positioned to execute its 2023 drilling program which will comprise approximately 25000m of drilling at multiple target zones.

Kodiak currently employs 14 persons, all of whom are from British Columbia. Kodiak has a diverse board which includes an Indigenous member and good gender diversity. The company has developed a range of policies, all of which are readily available on its company website. Kodiak has also developed and implemented an extensive Health, Safety and Environment Plan for its operations. The HSE Plan addresses a wide range of topics and represents a solid tool for helping to assure company performance in HSE matters.

A Director of the company, who also acts as an Advisor, is an expert in Indigenous affairs, and a company employee is responsible for Operations and Sustainability.

**Based on the information provided, Kodiak has achieved an overarching score of A with a range of CCC to AAA. This is a very strong score, and is supported by robust corporate and action scores from the Project. The corporate score is A with a range of BB to AA. The overarching project score is A with a range of CCC to AAA, as supported by an action score of A with a range of BB to AAA and context score of a very high BBB with a range of CCC to AA.**

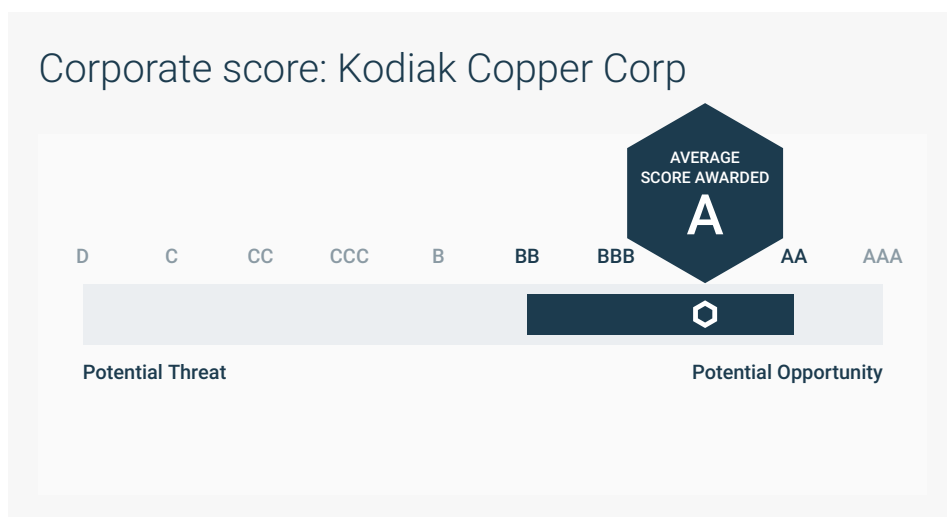
## Your submission team

- Emily McNie - APPROVER
- Claudia Tornquist - ADMIN
- Reesa Meltzer - ADMIN

## Overall score for this submission



## The score breakdown



**Corporate Score:**

*This is the score awarded for the responses to the 'Corporate-level' questionnaire.*

# The score breakdown continued...

**i**

**Project Score:**  
 These are the scores awarded to any 'Project-level' questionnaires that have been submitted.

**Action:**  
 Within each project, action questions try to understand what action is being taken by the mining companies to mitigate ESG risks.

**Risk Context:**  
 Within each project, context questions try to understand the inherent risks of where the mining companies are operating.



## Overarching positives and negatives

Positives	Negatives
<ul style="list-style-type: none"> <li>The company is led by a diverse Board in terms of expertise and background, inclusive of sustainability.</li> <li>The property clearly has huge potential regarding Copper, which is vital for the Energy Transition.</li> <li>A strong set of policies and procedures has been developed to guide those within the company as to how to carry out tasks in a sustainable manner. A highlight of these is the 'Chance Finds' archaeology procedure, which is unusual in a project of this stage of development, yet sets the standard for other similar projects.</li> </ul>	<ul style="list-style-type: none"> <li>As yet, the formal risk management in place within the company, only focuses on health and safety risks rather than providing a fully integrated approach to the management of risks.</li> <li>A small number of minor safety incidents were recorded in 2022. The fact that these were recorded is a positive, however all safety incidents should be considered as being negative to the project.</li> <li>A formal grievance mechanism is not in place, though stakeholders are able to contact the company via the website, raise concerns at the AGM, and a Whistleblower policy has been implemented.</li> </ul>

### Corporate positives and negatives

## Corporate positives

- Kodiak is a company dedicated to exploration for Copper, with a current focus on its MPD project in south central British Columbia.
- Ownership of the company is well defined and does not include JVs or outside interests which could influence strategy or operations.
- The Company structure includes a diverse Board and multiple Committees.
- The Company HSEC Committee, which reports directly to the Board, provides regular updates on a range of environmental and social issues, including metrics on environmental monitoring, water sampling, land disturbance and reclamation, as well as on community consultation, site visits by community members, involvement of Indigenous community members in archaeological 'chance-find' procedures, and relevant comments received from company outreach.
- The Company Audit Committee, which also reports directly to the Board, provides regular updates on financial risk.
- The Company has a Compensation and Governance Committee, reporting to the Board, which develops and implements principles for governance.
- The Board has six members, five of whom are independent. Of the six members, two are female and four are male. The Board members include an Indigenous representative.
- The company maintains a Board skills matrix which clearly illustrates the skills of each

member relevant to the activities and strategies of the company. The information in the skills matrix indicates that several Board members have practical experience in HSE, Government Relations and Permitting, all topics relevant to ESG performance.

9. The skills of Board members are reviewed regularly by the Compensation and Governance Committee. The remuneration of Board members is also reviewed regularly by this Committee.
10. The company has a solid cash position which allows it to proceed with its 2023 drilling program.
11. The company website provides accessible information on its activities with links to its Policies, including those for Business Conduct and Ethics; Diversity, Equity and Inclusion; HSEC; Whistleblower; and Blackout, among others.
12. The Policies are well written and appropriate for a company at this stage of operations.
13. The company has developed and operates with its HSE Plan, updated May 2021, which addresses a wide range of environmental and sustainability issues. The HSE Plan presents mitigation methods for site activities, including those related to water use and discharges; protection of wildlife; protection of aquatic life; disturbance of land; and drilling. This HSE Plan, with well-defined mitigation methods, represents best practice for an exploration company such as Kodiak.
14. A clear budget is assigned to ESG activities.
15. An Advisor and Director of the company is an expert on Indigenous affairs.
16. The company states that it "actively reaches out to local Indigenous communities to build relationships." Information provided by the company indicates that this outreach is conducted regularly and that the feedback from this is reported directly to the Board by the HSEC Committee.
17. The company undertakes on-site compliance reviews with key persons and these visits are reported to the Board. Key members of the company have on site visit experience.
18. An external auditor reviews the accounts on an annual basis.
19. The company has developed a Performance Scorecard which addresses compensation, and includes specific reference to ESG and Health & Safety for specific individuals of the corporate team.
20. The company Performance Scorecard allocates compensation related to ESG for all but two individuals in the corporate team. ESG specific performance objectives are linked to defined remuneration percentages. This submission does not provide specific measures of quantification of performance.



## Corporate negatives

1. While the company Policies are broad ranging and clearly presented, there is no information presented within this submission on the internal compliance with these policies. The methods of implementing the Policies could be developed further, as well as the development of a tracking system for specific Policies such as Whistleblower.
2. The company submission provides a comprehensive Board member skills matrix, however, there is no outline for further Board upskilling or training (if / where required), which could be incorporated as a means of skills alignment with company activities.
3. While the company HSE Plan is well written and encompasses an excellent range of relevant hazards, as well as mitigation measures associated with each identified hazard, there is no information on how the Plan has been implemented or measures of performance. Measures of performance could include, for example, reporting on wildlife sightings, number of drill platforms remediated, and access development and rehabilitation after access is no longer needed.
4. The company HSE Plan has a clear orientation to health, safety and environmental risks, but it has less emphasis on the governance and reporting aspects. Such elements could be incorporated in a Plan update.
5. While the company Diversity, Equity and Inclusion Policy is presented, the level to which it is effective was not presented in this submission. It is assumed that given its drafting in 2022, it may take some time to become fully effective.
6. While a whistleblower system is in place, as is the opportunity to raise concerns at the AGM, other organisations of a similar size typically have additional options to capture internal and external complaints and compliments.
7. The company response indicates the inclusion of Risk Management in its procedures, however, the risks referred to are primarily related to Health and Safety. While this is appropriate regarding Health and Safety risk management, it does not indicate an Integrated Risk Management approach as might be expected for an organization such as this. Risks such as those pertaining to e.g. talent and skills, cyber security, bribery and corruption, changing climate, potential regulation changes etc. were not included.

## Project positives and negatives

### Project positives - MPD

1. The MPD Project, located in south central British Columbia, is focused on exploration for Copper.
2. Through acquisitions, Kodiak currently holds 100% of mining rights for 147 square kilometers of land. It is noted that all surface rights in British Columbia are Crown Lands, and the whole province is unceded First Nations territory.
3. The Regional Development Plan for this region specifically indicates resource extraction as an anticipated and appropriate land use as well as a source of income.
4. The property lies within the area of the well-known Quesnel Trough Copper-Gold porphyry belt, which contains a number of mining operations with many years of operating history, including Teck's Highland Copper to the north and Copper Mountain Mining's flagship mine of the same name to the south.
5. The MPD property has been extensively drilled since the 1960s. However, the average depth of that prior drilling (with a total of 50,000m) was only 120m. Kodiak is now focusing on deeper drilling for future resource definitions, with depths of drilling over 800m.
6. The property is within the high-elevation Thompson Plateau, with limited or no upstream watersheds.
7. The primary commodity for extraction is Copper which is vital for the Energy Transition.
8. The property has very good existing access, with significant highways along its borders. Internal access within the property is primarily via existing forest service roads.
9. For additional internal access, the company installs access in conformance with the procedures identified in its Health, Safety and Environmental (HSE) Plan. The HSE Plan procedures clearly set out requirements for specific routes to be used, as well as access installation, and rehabilitation upon completion of access usage.
10. A transmission line runs adjacent to the property, providing potential future access to the provincial power supply grid which is 98% renewable (hydropower).
11. There are no temporary or permanent residents on the majority of the property, however, the work area does overlap some of the district lots along the road. The company has the right to access the land once notice is given to the surface rights owner.
12. The exploration team has a good split of gender with slightly under 50% of the project team being female.
13. All employees come from British Columbia.
14. No armed security personnel are present on the property.

15. Kodiak holds a permit for its existing and planned drilling programs at MPD as issued by the provincial government.
16. The company indicates that this permit for drilling does not require a water use permit.
17. Kodiak received positive feedback from the permitting authority with regard to the quality of its permit submission as well as its proactive consultation with First Nations community members. The feedback was indicative of best practice in how to consult with First Nations communities.
18. As a component of its ongoing drilling programs, Kodiak is remediating former drilling sites as well as its own platforms upon completion of investigation.
19. Kodiak has a thorough HSE Plan which guides its operations. This Plan includes specific mitigation measures for wildlife, as well as guidance related to environmental effects, including water protection.
20. The HSE plan outlines expectations for how to keep employees, contractors and visitors safe.
21. The HSE Plan addresses wildlife sightings and provides specific mitigation measures related to the species that occur in the area.
22. The HSE Plan addresses water discharges, water management and protection of aquatic life.
23. Baseline monitoring has commenced for Health and Safety, Carbon, Water usage, Surface water chemistry, Biodiversity and Archaeology.
24. The company makes use of satellite imagery to plan exploration activities. This satellite derived data may be used to supplement and support other monitoring datasets in the future.
25. According to its submission, Kodiak has consulted with First Nations community members on a repeated and regular basis. This consultation, as reported by the company, has led to modifications to its monitoring program.
26. The company provides regular updates to the Indigenous community members and comments arising from such outreach are reported to the Board.
27. The company has an archaeological 'chance find' procedure which is reportedly being followed. This procedure includes support by First Nations community individuals for the early identification of potential archaeological finds. This represents best practice for an exploration company in British Columbia.
28. Both drill cuttings and other waste are managed inline with a robust plan.
29. A robust social media plan is in place with a strong website and presence on other relevant platforms.

30. Stakeholder engagement is led by the CEO based in Vancouver.
31. Information provided by the company indicates that Kodiak has held consultations with Indigenous community members. The results of such consultations are being used as means of identifying issues and resolutions and/or commitments made by Kodiak.

## Project negatives - MPD

1. The location of the project is subject to a number of natural hazards including wildfire, floods, earthquakes, drought and the potential for disease.
2. While well managed, there is the potential for the Project to impact on receptors downstream of activities.
3. While unavoidable, some short term destruction of the environment will be carried out through exploration work such as drilling, trenching and sampling.
4. While Copper is vital for the energy transition, the Project also has the potential for the extraction of Gold which incurs a negative score at this point in time.
5. While engagement has and is being undertaken to build a good relationship with all 17 First Nations Communities, it should be noted that there are projects in British Columbia which have been negatively affected by First Nations issues and/or opposition.
6. The company HSE Plan is thorough, however, there is no information provided with regard to compliance with this plan, and such information would be helpful in evaluating the effectiveness of the plan as well as a tool for improvement.
7. The safety incidents reported by the company include three minor injuries in 2022. The fact that these injuries were reported is positive, however all safety incidents are required to be considered to be negative.
8. Action plans for managing noise, vibrations and emissions are not yet fully in place despite their potential to impact on surrounding wildlife (if not humans).
9. The company does not currently have in place a system for receiving questions and complaints from citizens at large. Such a system would allow the company to identify and potentially respond to concerns from neighbors and interested parties.
10. While baseline monitoring has commenced for Health and Safety, Carbon, Water usage, Surface water chemistry, Biodiversity and Archaeology, Climatic data, Air quality and Noise will only commence in 2024.
11. Given the stage of the project, and the stage of Exploration, no EIA is as yet required, however it may be usual for a company such as Kodiak to start preparing for an EIA or at least formally start to collect some of the data required for such a study.
12. Stakeholder engagement is led by the CEO which is a strong approach, however in

future whilst it may be advantageous to have a locally based individual for community-based interaction, the company notes that First Nations in BC expect to speak to someone at an equivalent level (e.g., Chief to CEO).

13. The company submission does not provide information on water extraction, use, or discharge associated with its prior and planned drilling programs. While the submission indicates that the current permit does not require a water use permit, such information would be helpful for tracking water use and helping to ensure the prevention of downstream impacts.
14. The company is providing local support through reported local purchasing, however, additional local support which is in place and not currently reported could be documented as a way of building an understanding of benefits arising.



# Corporate Score Distributions: Kodiak Copper Corp

Exploration Framework: Scores valid for 12 months as of 3<sup>rd</sup> Mar 2023

The following visual is an overview of the corporate-level questionnaire scores.

Question IDs & theme	Potential Threat					Potential Opportunity				
	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
C-01.01 ESG Risk Strategy							BBB	A		
C-01.02 Organisational Commitment								A		
C-01.03 ESG Budgetary Provision									AA	
C-01.04 Updated ESG KPIs							BBB			
C-01.05 Presence of Significant Partners									AA	
C-01.06 Degree of Partner Influence										NOT APPLICABLE
C-01.07 Management of Operating Partner										NOT APPLICABLE
C-02.01 Board and Leadership Structure									AA	
C-02.02 Board Capability								A	AA	
C-02.03 Board Diversity								A		
C-02.04 Succession Planning									AA	
C-02.05 Labour Management								A		
C-02.06 Executive Pay								A		
C-03.01 Government Engagement Appointee								A		
C-03.02 Government Engagement Monitoring										NOT APPLICABLE

C-03.03	Shareholder Oversight		BBB
C-03.04	Management of Shareholders		A
C-03.05	Participation in Industry Bodies		BBB
C-04.01	Verification of Site-Level Compliance		AA
C-04.02	Permitting Compliance Monitoring		AA
C-05.01	Feedback Management	CCC	BBB
C-05.02	Tax Transparency	NOT APPLICABLE	
C-05.03	Corruption	B	A
C-06.01	Promotion of Risk Management		BB
C-06.02	Emergency Preparedness		A
C-06.03	Prioritisation of ESG		A



# Project Score Distributions: MPD

Exploration Framework: Scores valid for 12 months as of 3<sup>rd</sup> Mar 2023

**i** This is an overview of the project-level questionnaire scores. In some instances a question may elicit multiple responses (e.g., context and action). In these cases, we provide multiple scores for that question ID. The individual scores noted on each bar are the scores that have been awarded for that question. If an individual bar comprises 2 scores, it's because the scores covered a range across multiple bandings and are represented as a range.

Question IDs & theme		Potential Threat					Potential Opportunity				
		D	C	CC	CCC	B	BB	BBB	A	AA	AAA
P-01.01	Project Location									AA	
P-01.02	Natural Hazard Risk			CC							
P-01.03	Impact of Upstream Activities										
P-01.04	Impact on Downstream Activities				CCC				A		
P-01.05	Instability					B		BBB			
P-02.01	Exploration Activities		C				BB				
P-02.02	Commodities being explored			CC			BB				
P-03.01	Project Team Size								A		
P-03.01	Project Team Size								A		
P-03.02	Local Representation in Team									AA	
P-03.02	Local Representation in Team									AA	
P-03.03	Health and Safety Record				CCC						
P-03.04	Security and Firearms										AAA



P-04.01	Acquisition History		BBB
P-04.02	Existing Land Use	B	
P-04.03	Adjacent Land Use	B BB	
P-04.04	Competing Land Use		A
P-04.05	Changes to Adjacent Land Use		AAA
P-04.06	Presence of Local Communities		AA
P-04.07	Ownership		AA
P-05.01	Property Access	B AA	
P-05.01	Property Access		BBB
P-05.02	Energy Sources	B	
P-05.02	Energy Sources	BB	
P-05.03	Water Stress		BBB A
P-05.04	Water Use		A
P-05.04	Water Use		A
P-05.05	Water Discharge		A
P-05.05	Water Discharge		A
P-05.06	Waste Management		A
P-05.06	Waste Management		A
P-05.07	Tailings Facility Requirement	NOT APPLICABLE	
P-06.01	Social Media Plan		AA

P-06.02	Regional Mining Activities								BBB	AAA	
P-06.03	Project Attention								BBB		
P-07.01	Government Approval Requirements							B	BB		
P-07.02	Regional Governmental Bodies									AAA	
P-07.03	State Development Plan									AA	
P-08.01	Commencement of Baseline Monitoring								BBB		
P-08.02	Project-Specific Commitments									AA	
P-09.01	EIA/SEIA Activities							B			
P-09.02	Rehabilitation Planning									AA	
P-09.03	Future Mine Planning									NOT APPLICABLE	
P-10.01	Team Health and Safety									A	
P-10.02	Team and Equipment Security									NOT APPLICABLE	
P-10.03	Biodiversity Management									A	AAA
P-10.04	Water Impact Minimisation									A	AAA
P-10.05	Current Remediation Activity									A	AA
P-10.06	Noise Reduction							B			
P-10.07	Emission Reduction								BB		
P-10.08	Vibration Reduction								BB		
P-10.09	Stakeholder Engagement Appointee									A	
P-10.10	Local Language Engagement									AA	

P-10.11 Cultural Preservation

A AAA

P-10.12 Stakeholder Inclusion in Decision Making

AAA

P-10.13 Local Procurement

A

P-10.14 Social Opportunity

BBB