

FALCO RESOURCES LTD.

POLICY¹ ON THE PREVENTION OF PSYCHOLOGICAL OR SEXUAL HARASSMENT IN THE WORKPLACE AND THE HANDLING OF COMPLAINTS

OBJECTIVE

Falco Resources Ltd. (“**Falco**”) does not tolerate nor accept any form of psychological or sexual harassment and is committed to providing a respectful work environment. This policy on prevention of psychological or sexual harassment at work and the handling of complaints (the “**Policy**”) is intended to affirm the commitment of Falco to prevent and put an end to any situation of psychological or sexual harassment in its business, including any form of discriminatory harassment. It is also intended to establish the principles of intervention that are applied when a harassment complaint is filed or a harassment situation is reported to Falco or to its representative, if any.

SCOPE

This Policy applies to all Falco personnel, and at all levels, including the following locations and contexts:

- the workplace;
- common areas;
- any other location an employee is at, in the course of their employment (ex: meetings, training sessions, travel, social activities organized by Falco); and
- communication by any means, electronic or otherwise.

DEFINITION

The *Act respecting labour standards* defines psychological harassment as follows²:

“Any vexatious behaviour in the form of repeated and hostile or unwanted conduct, verbal comments, actions or gestures, that affects an employee’s dignity or psychological or physical integrity and that results in a harmful work environment. For greater certainty, psychological harassment includes such behaviour in the form of such verbal comments, actions or gestures of a sexual nature.

A single serious incidence of such behaviour that has a lasting harmful effect on an employee may also constitute psychological harassment.”

¹ In this Policy, the use of the masculine to designate persons has no other purpose than to lighten the text.

² See Schedule 1 of this policy for additional information.

This definition also includes discriminatory harassment based on the grounds protected by the *Charter of human rights and freedoms*³.

The concept of harassment must be considered separately and distinctly from other situations such as a personal conflict, stress related to work, difficult professional constraints or a normal exercise of management rights (surveillance of job attendance, organization of work, disciplinary measures, etc.).

POLICY STATEMENT

Falco does not tolerate nor accept any form of psychological or sexual harassment within the company, either:

- by management towards employees;
- between colleagues;
- by employees towards their supervisors; or
- by any person associated with the company: agent, client, user, supplier, visitor or otherwise.

Any conduct which constitutes harassment shall result in the imposition of disciplinary measures, including dismissal.

Falco undertakes to take all reasonable measures to:

- offer a work environment free of any form of harassment in order to protect the dignity as well as the physical and psychological integrity of all company personnel;
- disseminate the Policy and make it available to all company personnel, by providing a copy of the Policy to the company personnel and by posting it in common areas of the workplace;
- prevent or, as the case may be, put an end to harassment situations by:
 - a) putting in place a procedure for handling complaints and reporting to the Compensation Committee in respect of psychological or sexual harassment situations;
 - b) ensuring the understanding and compliance with the Policy by all company personnel; and
 - c) promoting respect between individuals.

EXPECTATIONS FROM COMPANY PERSONNEL

An employee who believes that he is being psychologically harassed or sexually harassed, and as long as he feels that it is appropriate to do so, should first inform the person concerned that his behavior is undesirable and unacceptable, and that such behavior must stop. The employee should

³ Such grounds of discrimination are listed in Schedule 1.

also note the date and details of the incidents as well as the steps he took to try to resolve the situation, if applicable. At no point should the employee feel obliged to deal with the situation alone and should seek help by contacting one of the responsible persons designated by Falco.

HANDLING OF COMPLAINTS AND HARASSMENT REPORTS

If the harassment continues despite the efforts of the employee subject to psychological or sexual harassment to have such behavior stop, such employee should report the situation to a responsible person designated for such purpose by Falco in order to identify the aforesaid problematic behavior and for Falco to take all necessary measures.

A complaint may be made verbally or in writing. The description of the problematic behavior and the relevant details of the incidents with as much precision as possible will improve the efficiency of the intervention in order to make the harassment stop.

An employee who witnesses a harassment situation is also invited to report it to one of the below mentioned person.

The responsible person designated by Falco are the following:

Hélène Cartier
Vice-President, Environment and Sustainable Development
Phone: 514 905-3162, ext. 180
Email: hcartier@falcores.com

Upon receipt of a complaint, the responsible person will promptly notify the Chair of the Compensation Committee of Falco to determine and implement the appropriate investigation process. The responsible persons designated by Falco shall report on a quarterly basis to the Compensation Committee on any complaints, if any.

PRINCIPLES OF INTERVENTION

Falco undertakes to:

- handle the complaint or report as soon as possible;
- preserve the dignity and privacy of the persons concerned, i.e. the person who made the complaint, the person who is the subject of the complaint and the witnesses;
- ensure that all persons concerned are treated with humanity, fairness and objectivity and that adequate support is provided;
- protect the confidentiality of the intervention process, including information related to the complaint or report;
- offer to hold a meeting with the persons concerned, with their consent and only if they are comfortable to do so, in order to resolve the situation;
- if necessary, conduct an investigation without delay and in an objective manner, or assign an external party to such investigation. The persons concerned will be informed of the conclusion of such investigation. If the investigation does not establish that there

was inappropriate behaviour, all physical evidence will be retained for two years and destroyed thereafter;

- take all reasonable measures to resolve the situation, including appropriate disciplinary measures.

Any person who violates this Policy will be subject to appropriate disciplinary action. The choice of the applicable measures will take into account the seriousness and consequences of the action(s) as well as the previous record of the person who is the subject of the harassment complaint or report.

A person who makes false accusations with the aim of causing harm is also liable to appropriate disciplinary measures.

In the handling and resolution of a situation involving harassment at work, no one shall be prejudiced or subject to reprisals by Falco.

An employee who believes that he is or has been subjected to psychological or sexual harassment in relation to his or her work may also file a complaint at any time directly with the *Commission des normes, de l'équité, de la santé et de la sécurité du travail* (the "CNESST"). The maximum time limit to do so is two (2) years from the last occurrence of harassment. The complaint can be filed online (<https://www.cnesst.gouv.qc.ca/en/prevention-and-safety/healthy-workplace/harassment-workplace/psychological-or-sexual-harassment-workplace>) or by phone at 1-844-838-0808. The choice of an employee to first contact Falco will not prevent them from also filing a complaint with the CNESST afterwards.

REVIEW

The Compensation Committee shall review the Policy annually and recommend appropriate changes to the Falco Board for approval.

* * * * *

This Policy was adopted by the Compensation Committee and by the Board of Directors on February 13, 2019.

SCHEDULE 1 IDENTIFYING PSYCHOLOGICAL OR SEXUAL HARASSMENT

The *Act respecting labour standards* provides criteria for determining what can be considered psychological or sexual harassment:

- vexatious (hurtful, humiliating) behavior;
- which occurs repeatedly or in a single serious act;
- in a hostile (aggressive, threatening) or unwanted manner;
- violating the dignity or integrity of the person;
- resulting in a harmful (toxic, damaging) work environment for such person.

These conditions include words, actions or gestures of a sexual nature.

Discrimination based on any of the grounds listed in section 10 of the *Charter of Human Rights and Freedoms* may also constitute harassment: race, colour, sex, pregnancy, sexual orientation, civil status, age except to the extent provided by law, religion, political beliefs, language, ethnic or national origin, social condition, disability or the use of any means to palliate such handicap.

For example, the following conducts could be considered as vexatious behavior constituting harassment if they meet all of the criteria provided by law.

Conducts that may be related to psychological harassment

- Intimidation, cyberbullying, threats, isolation;
- Offensive or defamatory comments or actions towards a person or their work;
- Verbal abuse;
- Disparagement.

Conducts that may be related to sexual harassment

- Any form of unwanted attention or advance with a sexual connotation, for example:
 - insistent solicitation;
 - looks, kisses or touching;
 - sexist insults, rude language;
- Comments, jokes or images with a sexual connotation by any means, electronic or other.