

## Public Information Summary

<b>Host Country</b>	Colombia
<b>Name of Insured Party</b>	Touchstone Gold Holdings S.A.
<b>Private Insurer Participation</b>	Reinsurance by a private U.S. insurer for up to 50% of DFC's liability
<b>Project Description</b>	The Project involves DFC insurance of up to \$25,000,000 in support of Touchstone Gold Holdings S.A. for the development and operation of a gold mine and processing facility in Antioquia, Colombia.
<b>Investment Amount</b>	\$28,000,000
<b>Investment Type</b>	Equity
<b>Proposed Insurance Amount</b>	\$25,000,000
<b>Total Project Costs</b>	\$28,000,000
<b>U.S. Involvement</b>	93.67%
<b>Foreign Enterprise</b>	Touchstone Gold Holdings S.A.
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a positive developmental impact in Colombia through expanding a modest-sized gold mine. The expansion includes employing around 200 local workers and will result in substantial export earnings for the country. The exports will mitigate a persistent trade deficit, while the promotion of gold mining diversifies the country's extractive sector, otherwise negatively impacted by low oil prices in recent years. The Project supports formalizing gold production, which increases tax payments and enhances environmental practices.
<b>Environment and Social Assessment</b>	<b>Screening:</b> The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. The Project has been screened as Category A because it involves gold mining and processing facilities. The primary environmental and social issues include adequate management of waste rock, tailings, worker health and safety, labor management, biodiversity, potential impacts to artisanal miners, security risks related to armed groups and criminal activities, and community health and safety which require a robust environmental and social management system to ensure the Project is implemented in accordance with international best practices for the mining sector.

This review covers the commensurate human rights risks associated with gold mining in Colombia.

**Applicable Standards:** Under DFC's Environmental and Social Policy and Procedures (January 2020), the Foreign Enterprise is required to comply with applicable national laws and regulations related to environmental and social performance. DFC's environmental due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's Performance Standards (PS):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety, and Security
- PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

PS 5: Land Acquisition and Involuntary Resettlement, PS 7: Indigenous People, and PS 8: Cultural Heritage are not triggered by the Project at this time.

The Project will be required to meet applicable provisions of the IFC Environmental Health and Safety (EHS) General Guidelines (2007) and EHS Guidelines for Mining (2007).

DFC's statutorily required language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers.

**Environmental and Social Risks and Mitigation:** The Foreign Enterprise completed an Environmental and Social Impact Assessment and received legal authorization for its mining operations in accordance with national requirements for environmental and social safeguards. The Foreign Enterprise's Environmental and Social Policy will be updated to address the mine risk profile and compliance with IFC Performance Standards. The Foreign Enterprise will complete additional risk-based assessments and update its existing environmental and social management system (ESMS) for compliance with requirements based on IFC Performance Standards, EHS General Guidelines and EHS Guidelines for the Mining Sector. Updates to the Project ESMS will

include incorporation of an E&S risk register to address at a minimum the following relevant environmental risks:

- Impacts from a potential tailings storage facility (TSF) dam wall collapse;
- Impacts of potential cyanide spills or accidental releases of cyanide from the ore processing facility and cyanidation pond;
- Impacts on biodiversity (fauna and flora) and the Magdalena Forest Reserve from mining activities, such as the waste rock dumps, explosives, access roads and pollution from hazardous materials;
- Impacts on both ground and surface water resources; and
- Impacts on occupational health and safety of the mining works and mine camp.

In compliance with international standards and best practices, the Foreign Enterprise will be required to maintain an Engineer of Record (EOR) for the Tailings Storage Facilities. The Terms of Reference for the EOR must include the following responsibilities:

- Stand-alone TSF operation, maintenance and surveillance manuals, including daily check procedures.
- Register for each TSF and dam to include the basis of design; dam height; volume stored; operational status; operating volume of water; and the downstream environment that could be affected by failure as well as any other important information.
- Annual Dam Safety Assessments to include as a minimum:
  - Review of consequence classification;
  - Summary of construction/ raise works;
  - QA/ QC results;
  - Instrumentation and monitoring results;
  - Stability of structure review;
  - Incident reporting;
  - Recommendations for “dam safety” requirements; and
  - Recommendations for “improvement of practices.”
- As-built representative cross sections showing geotechnical conditions for all elements that are constructed must be retained (including a digital backup) and be readily accessible. Where these are not available, investigations into the design and construction must be performed to determine the appropriate design and construction methodology.

The Foreign Enterprise will update its Emergency Preparedness and Response Plan according to international requirements including stand-alone emergency procedures and communication plan for TSF failure.

	<p>The Foreign Enterprise will develop a Mine Closure Plan with 5-yr. revision schedule to achieve the following management objectives and to ensure suitable financial provisions for the following:</p> <ul style="list-style-type: none"><li>• Physical and geochemical stability;</li><li>• TSFs must be closed without the ability to store water and provisions for ongoing water treatment and dewatering, where required;</li><li>• Rehabilitation of all mining infrastructure;</li><li>• Rehabilitation and contouring of waste rock dumps to blend into the natural environment; and</li><li>• Capital expenditures and provisions for future liabilities.</li></ul> <p>The Foreign Enterprise will be required to update and strengthen its existing social baseline and stakeholder engagement procedures, and develop a project-specific labor management system including provisions for adequate contractor management.</p>
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